Asseco Business Solutions S.A.

Interim condensed financial statements
for the six months ended 30 June 2018
together with the report of a review
by an independent certified accountant

2 August 2018

CONTENTS

for the six months ended 30 June 2018 (in PLN thousand)

Interim condensed statement of comprehensive income

For the 6 months ended 30 June 2018

	Note	*3 months ended 30 June 2018 (unaudited)*	*6 months ended 30 June 2018 (unaudited)*	*3 months ended 30 June 2017 (unaudited) Restated*	*6 months ended 30 June 2017 (unaudited) Restated*
Receipts from sales	10,11	63,646	125,355	41,680	89,642
Own cost of sales	12	(37,339)	(73,450)	(24,009)	(50,008)
Gross profit		**26,307**	**51,905**	**17,671**	**39,634**
Cost of sales	12	(3,509)	(7,034)	(1,988)	(4,056)
Administrative expenses	12	(4,911)	(9,183)	(3,897)	(7,788)
Net profit on sales		**17,887**	**35,688**	**11,786**	**27,790**
Other operating income	13	167	431	127	333
Other operating expenses	13	(109)	(231)	(60)	(156)
Operating income		**17,945**	**35,888**	**11,853**	**27,967**
Financial income	14	476	655	249	1,015
Financial expenses	14	(752)	(1,003)	(262)	(521)
Profit before tax		**17,669**	**35,540**	**11,840**	**28,461**
Tax on profit or loss	18	(3,166)	(6,315)	(2,252)	(5,469)
Net profit from continuing operations		**14,503**	**29,225**	**9,588**	**22,992**
Discontinued operations		–	–	–	–
Net profit for reporting period		**14,503**	**29,225**	**9,588**	**22,992**
Other comprehensive income					
- Items subject to reclassification to profit/loss in subsequent reporting periods		–	–	–	–
- Items not subject to reclassification to profit/loss in subsequent reporting periods		–	–	–	–
Other comprehensive income net		–	–	–	–
Total income for period		**14,503**	**29,225**	**9,588**	**22,992**
Net profit attributable to:					
Shareholders of the Parent		14,503	29,225	9,588	22,905
Non-controlling interest		–	–	–	–
Total income attributable to:					
Shareholders of the Parent		14,503	29,225	9,588	22,905
Non-controlling interest		–	–	–	–
Earnings per share attributable to shareholders of the Parent:	15				
- basic/diluted profit for reporting period		0,43	0,87	0,29	0,69
- basic/diluted profit for continued activity in reporting period		0,43	0,87	0,29	0,69

for the six months ended 30 June 2018 (in PLN thousand)

Interim condensed balance sheet

as at 30 June 2018

ASSETS	Note	30 June 2018 (unaudited)	31 December 2017 Restated	30 June 2017 (unaudited) Restated
Non-current assets		**303,181**	**302,700**	**302,970**
Property, plant and equipment	19	21,046	17,851	20,692
Intangible assets	20	26,092	26,810	26,132
Goodwill	22	252,879	252,879	252,879
Long-term receivables		599	772	770
Deferred tax assets		2,414	4,325	2,421
Long-term prepayments and accrued income		151	63	76
Current assets		**55,895**	**55,450**	**52,890**
Inventories	23	466	476	805
Prepayments and accrued income		1,409	1,327	1,543
Trade receivables	24	44,050	43,070	39,222
Other receivables	24	1,470	2,128	1,260
Income tax receivables		39	144	–
Financial instruments valued at fair value through profit or loss		–	291	343
Cash and short-term deposits	16	8,461	8,014	9,717
TOTAL ASSETS		**359,076**	**358,150**	**355,860**

LIABILITIES	Note	30 June 2018 (unaudited)	31 December 2017 Restated	30 June 2017 (unaudited) Restated
Subscribed capital		167,091	167,091	167,091
Premium		62,543	62,543	62,543
Retained earnings		35,742	50,023	26,491
Total equity	**26**	**265,376**	**279,657**	**256,125**
Long-term liabilities		**18,692**	**15,704**	**22,609**
Interest-bearing loans and borrowings	25	13,351	13,352	20,003
Provisions		1,077	1,434	1,302
Long-term finance lease obligations		4,264	918	1,207
Long-term accruals and deferred income		–	–	97
Short-term liabilities		**75,008**	**62,789**	**77,126**
Interest-bearing loans and borrowings	25	35,064	17,578	43,540
Trade liabilities		4,793	5,385	6,089
Other liabilities		10,314	9,478	7,429
Income tax liabilities		–	4,496	1,231
Short-term finance lease obligations		1,418	555	574
Financial liabilities		326	–	–
Provisions		782	426	378
Prepayments and accrued income	27	22,311	24,871	17,885
Total liabilities		**93,700**	**78,493**	**99,735**
TOTAL EQUITY AND LIABILITIES		**359,076**	**358,150**	**355,860**

for the six months ended 30 June 2018 (in PLN thousand)

Interim condensed statement of cash flows

For the 6 months ended 30 June 2018

	Note	*6 months ended 30 June 2018 (unaudited)*	*6 months ended 30 June 2017 (unaudited) Restated*
Cash flow from operating activities			
Profit before tax		35,540	28,461
Adjustments:		**(1,652)**	**(6,141)**
Amortization/Depreciation	12	9,183	5,362
Change in inventories		10	(475)
Change in receivables		(262)	991
Change in liabilities, excluding credits and loans		212	(996)
Change in the balance of accruals and prepayments		(2,730)	(2,646)
Change in provisions		(1)	–
Revenue on interest		288	(369)
Gain/(loss) on investing activities		502	(668)
Income tax paid		(8,854)	(7,340)
Net cash from operating activities		**33,888**	**22,320**
Cash flow from investing activities			
Proceeds from the sale of non-financial fixed assets		157	242
Acquisition of property, plant and equipment		(1,730)	(2,531)
Acquisition of intangible assets		(5,474)	(3,166)
Acquisition of a subsidiary net of acquired cash	21	–	(97,603)
Acquisition/settlement of financial assets at fair value through profit and loss		209	9
Interest received		33	499
Other flows from investing activities		54	–
Net cash from investing activities		**(6,751)**	**(102,550)**
Cash flow from financing activities			
Proceeds from obtained loans		17,486	62,059
Paid interest		(322)	(41)
Repayment of finance lease obligations		(410)	–
Dividend paid		(43,444)	(42,441)
Net cash from financing activities		**(26,690)**	**19,577**
Increase/(Decrease) in net cash and cash equivalents		447	(60,653)
Net exchange differences		–	–
Opening cash	**16**	**8,014**	**70,370**
Closing cash	**16**	**8,461**	**9,717**

for the six months ended 30 June 2018 (in PLN thousand)

Interim condensed statement of changes in equity

For the 6 months ended 30 June 2018

	Subscribed capital	Surplus from the sale of shares above their nominal value	Retained earnings	Total equity
6 months ended 30 June 2018 (unaudited)				
As at 1 January 2018	**167,091**	**62,543**	**50,023**	**279,657**
Total income for period	–	–	29,225	**29,225**
Payment of dividend	–	–	(43,444)	(43,444)
Other transactions	–	–	(62)	(62)
As at 30 June 2018	**167,091**	**62,543**	**35,742**	**265,376**
6 months ended 30 June 2017 (unaudited)				
		Restated		
As at 1 January 2017	**167,091**	**62,543**	**45,374**	**275,008**
Total income for period	–	–	22,992	**22,992**
Payment of dividend	–	–	(42,441)	(42,441)
Other transactions	–	–	566	566
As at 30 June 2017	**167,091**	**62,543**	**26,491**	**256,125**
12 months ended 31 December 2017				
		Restated		
As at 1 January 2017	**167,091**	**62,543**	**45,374**	**275,008**
Total income for period	**–**	**–**	50,064	**50,064**
Payment of dividend	**–**	**–**	(42,441)	**(42,441)**
Taking control of subsidiaries	**–**	**–**	**–**	**–**
Buyout of non-controlling interest	–	–	(2,819)	**(2,819)**
Other transactions	–	–	(155)	**(155)**
As at 31 December 2017	**167,091**	**62,543**	**50,023**	**279,657**

Additional explanatory notes to these financial statements attached on pages 8 to 36 constitute their integral part.

Additional explanatory notes

1. General Information

Asseco Business Solutions S.A. ("the Company," "the Issuer," "Asseco BS") is a joint-stock company having its registered office in Lublin and publicly traded shares. These interim condensed financial statements cover the period of 6 months ended 30 June 2018 and include comparative data for the period of 6 months ended 30 June 2017 and as at 31 December 2017. The statement of comprehensive income and the notes to the statement of comprehensive income include data for the 6 months ended 30 June 2018 and comparative data for the 6 months ended 30 June 2017.

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."

Asseco Business Solutions S.A. 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 includes ERP systems that support business processes in SMEs, a suite of applications for small-company management, programs optimizing the HR area, mobile SFA applications for the mobile workforce marketed Europe-wide, data exchange platforms, and programs handling factoring transactions. All products designed by Asseco BS are based on the knowledge and expertise of experienced professionals, proven project methodology and the use of tomorrow's information technology tools. With the original high-quality products and related services, the software from Asseco BS has been successful in supporting the operations of tens of thousands of companies for many years. The Company's track record covers dozens of completed software deployments in Poland and in most European countries.

The parent of Asseco Business Solutions S.A. is Asseco Enterprise Solutions a.s., seated in Bratislava, 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, 96.51% of shares in Asseco Enterprise Solutions a.s. The existence of control in accordance with IFRS 10 has been determined based on the following factors:

- decisions at the General Meeting of Shareholders are taken by a simple majority of votes present at the meeting;
- the Company's shareholding is dispersed and, apart from Asseco Enterprise Solutions a.s., there are only two shareholders holding more than 5% of votes at the General Meeting (the second largest shareholder after Asseco Enterprise Solutions holds 13.5% of votes).

These interim condensed financial statements for the 6 months ended 30 June 2018 was approved by the Management Board for publication on 2 August 2018.

for the six months ended 30 June 2018 (in PLN thousand)

2. Changes to the organisation and composition of the Issuer's Group

On 2 January 2018, the District Court in Lublin registered the merger of Asseco Business Solutions S.A. with Macrologic S.A. The merger of the companies was conducted under Article 492(1)(1) of the Code of Commercial Companies and Partnerships (merger by acquisition), i.e. by the transfer of Macrologic's entire assets to Asseco BS. As a result of the merger, Macrologic S.A. was dissolved without liquidation. The merger was carried out in accordance with Article 515(1) of the Code of Commercial Companies and Partnerships, i.e. without increasing the share capital of Asseco Business Solutions S.A. and without exchanging Macrologic's shares for shares in the share capital of Asseco Business Solutions S.A.

As at 31 December 2017, Asseco Business Solutions S.A. held a 100% interest in the capital of Macrologic S.A.

The effect of the merger on these interim condensed financial statements are described in Note 21.

3. Composition of the Management Board and the Supervisory Board of the Company

On 30 June 2018, the Management Board of the Company consisted of:

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

On 30 June 2018, the Supervisory Board of the Company consisted 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).

4. Basis for the preparation of these interim condensed financial statements

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting approved by the EU ("IAS 34").

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

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

These separate and condensed financial statements are presented in zloty ("PLN") and all values, unless specified otherwise, are expressed in thousands of PLN.

While preparing these interim condensed financial statements, it was assumed that the Company intended to continue its business activity in the foreseeable future. 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.

The 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 2017, approved for publication on 6 March 2018.

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

It should be noted that the data for the 3 and 6 months ended 30 June 2018 are not fully comparable to the data for the 3 and 6 months ended 30 June 2017 due to the takeover of Macrologic S.A. effective from 14 June 2017 and the subsequent merger of the Issuer with this subsidiary. The impact of these transactions on these interim condensed financial statements and changes made to comparative data are described in Note 21. As a result of the above changes, the statement of comprehensive income for the period after 30 June 2017 also includes the data of Macrologic S.A.

5. Restatement of comparative data

On 2 January 2018, Asseco Business Solutions S.A. merged with Macrologic S.A. The facts of on merger are provided in Notes 2 and 21 of these financial statements.

Due to the nature of the transaction, the Issuer decided to apply the predecessor accounting method. In the variant pursued by the Company, this method involves the combination of assets and liabilities as well as revenues and costs of the merged companies. The comparative data for the previous reporting periods are restated in such a way as if the merger occurred on the date of the Company's takeover of the target company.

The changes in comparative data are described in Note 21 of these interim condensed financial statements.

6. Significant accounting rules (policy)

A description of the significant accounting (rules) policies applied by Asseco Business Solutions S.A. is included in the financial statements for the year ended 31 December 2017 – published on 6 March 2018.

The accounting rules (policies) used to prepare these interim condensed financial statements are consistent with those applied in preparing the annual financial statements of Asseco Business Solutions S.A. for the year ended 31 December 2017.

Due to merger transactions taking place in the period covered by the financial statements, the Issuer opted for the accounting policy applicable to the combination of businesses under joint control.

- *Business combinations under joint control*

The problem of acquisitions and mergers is generally addressed in IFRS 3 Business Combinations. However, this standard excludes transactions between entities under joint control. A situation in which a given transaction or economic phenomenon that requires recognition in the financial statements prepared in accordance with the IFRS does not fall under individual standards is regulated by the provisions of IAS 8, items 10-12. In accordance with the IFRS, these provisions impose on the reporting entity the obligation to determine its accounting rule and to apply it for similar transactions. To settle the merger of entities under joint control, the Company decided to apply the predecessor accounting method, according to which the buyer does not measure assets and liabilities as at the combination date at fair value but applies the book values of the acquired business from the consolidated financial statements of higher level entities. In case of Company's merger with a subsidiary, it is the Company's consolidated financial statements. As a result of the settlement with the predecessor accounting method, no new goodwill is created in excess of the amounts previously recognised in the consolidated financial statements upon the taking of control.

In the variant pursued by the Company, the predecessor accounting method involves the combination of assets and liabilities as well as revenues and costs of the merged businesses. The comparative data for the previous financial year is restated in such a way as if the merger occurred on the date of takeover of the target company the Company.

- IFRS 15 *Revenues from Contracts with Customers*

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

- IAS 9 *Financial Instruments*

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

- Interpretation of IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

The interpretation defines which conversion rate should be applied to foreign currency transactions that involve the receipt or expending of advance payments booked prior to the recognition of the relevant asset, cost or income resulting from the transaction.

- Amendments to IAS 40 *Investment Property*

The amendments clarify the provisions regarding the qualification of property intended for and resulting from investments.

- Amendments to IFRS 2 *Classification and Measurement of Share-Based Payment Transactions* (published on 20 June 2016).

The amendments clarify that share-based payment transactions should be measured using the same approach as in the case of share-based payments accounted for in capital instruments – i.e. the method of modification of the vesting date.

- Amendments to IFRS 4: *Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* resulting from *Amendments resulting from the review of IFRS 2014-2016*
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* as part of *Amendments resulting from the review of IFRS 2014-2016*

These standards did not have a significant impact on the presented and disclosed financial information, or they did not apply to transactions concluded by the Company.

6.1 IFRS 15

As from 15 January 2018, the Company implemented IFRS 15 and decided to apply the modified retrospective method, i.e. with the combined effect of the first-time adoption of the standard recognised on the first adoption date.

The Company has taken advantage of a practical exception permitted in IFRS 15 and has resigned from restating the comparable data. This means that the data as at 31 December 2017 and for the six months ended 30 June 2017 has been prepared based on the effective standards: IAS 18 *Revenue*, IAS 11 *Construction Contracts* and interpretations related to the recognition of revenues before the entry into force of IFRS 15.

The Company has applied the modified retrospective approach with the combined effect of the first-time adoption of IFRS 15 recognised on 1 January 2018. A comparison of selected items from this interim balance sheet as at 30 June 2018 with the relevant balance sheet items from the same date prepared in accordance with the standards applicable prior to the implementation of IFRS 15 in the Company, i.e. in accordance with IAS 18, IAS 11 and the relevant interpretations, has shown no impact of the introduced change on the items of the financial statements. The analysis of revenues has shown no impact of the application of IFRS 15 on the value of Issuer's revenues and net result.

a) Guarantees

In many cases, the Company provides guarantees for the sold goods and services. Along with the guarantee a maintenance service is provided which, in principle, is a broader category than the guarantee. This means that the accounting approach used so far remains unchanged, since, under the previously effective provisions, the Company has allocated the contract price to the maintenance service.

b) Variable remuneration

In accordance with IFRS 15, if the remuneration specified in the contract includes a variable amount, the entity estimates the amount of remuneration to which it will be entitled in exchange for the transfer of promised goods or services to the client and includes in the transaction price a part or the entire amount of variable remuneration only to the extent in which there is a high probability of no reversal of a significant part of the amount of previously recognised accumulated revenues when the uncertainty as to the amount of variable remuneration is no more.

The Company is a party to contracts that provide for contractual penalties for the non-performance or improper performance of contractual obligations. The expected contractual penalties may, therefore, cause the fixed remuneration provided for in the contract to be subject to changes due to imposed penalties. In such cases, from 1 January 2018, with regard to the estimation of remuneration, to which the Company is entitled under a contract, the expected remuneration value is estimated taking into account the probability of payment of such contractual penalties. Potentially, this may result in a decrease in the value of revenues as opposed to an increase in the value of provisions and relevant costs, as has been the case so far. The scale of the phenomenon is insignificant, but this area has been identified as a change of the current approach. The conducted analysis has not revealed any other elements in the Company that might cause contractual remuneration to be variable.

c) Valuation of IT contracts – package delivery of goods and services

While implementing IFRS 15, the Company analysed the obligations related to performance under contracts that, under the previously applicable regulations, were subject to the provisions of IAS 11 Construction Contracts and were therefore valued according to the percentage of completion method. The results of the analysis show that in the case of such contracts the Company is required to provide comprehensive goods or services to its clients. They include the supply of: own licences and/or own modification services and/or own implementation services. This means that the so-called comprehensive IT contracts usually provide for a separate obligation of performance consisting in providing the client with a functional IT system. Revenues from such a performance obligation in accordance with IFRS 15 may be recognised during the transfer of control over the provided services/goods, unless, as a result of such operations, assets are created of alternative use and, at the same time, for the entire duration of the contract, the entity enjoys an enforceable right to receive remuneration for its performance. In the opinion of the Management Board, in the case of delivering comprehensive IT projects, their alternative use from the vendor's point of view is excluded because these systems, along with the accompanying implementation services, are of a tailored nature. The sale of the Mobile Touch system is a similar situation. The Company is obliged to deliver a comprehensive solution covering the licence, implementation, modification and maintenance of software, as well as the rental of hardware. The Company recognises revenues in this respect as total. At the same time, the conducted analysis shows that in all cases the criterion of having an enforceable right to remuneration for performance throughout the duration of the contract is met.

Given the arguments described above, the implementation of IFRS 15 regarding the recognition of revenues from contracts to deliver comprehensive IT projects does not produce changes that would affect solutions included in such comprehensive projects.

d) Licences

IFRS 15 has introduced detailed provisions on the recognition of revenues from sold licences. If the promise to grant a licence is separate from other goods or services promised in the contract, thus being a separate obligation to perform, the entity determines whether the transfer to the client under licence takes place at a specific time or over time. In determining this circumstance, the entity considers whether the promise of granting a licence to a client is intended to provide the client with:

- the right to access the entity's intellectual property in the form in which it exists throughout the life of the licence; or

- the right to use the entity's intellectual property in the form in which it exists at the time of granting the licence.

The Company has analysed the nature of licences sold separately. It shows that the Company sells both licences with the right to use and access intellectual property.

In the case of licences conveying the right to use intellectual property that meet the separation criteria, i.e. being a separate obligation to perform, in accordance with IFRS 15, the revenue from the sale of such licences should be recognised once upon the transfer of control over the license to the client.

In this case, the method of recognising revenues has not changed. In the case of licences sold without significant accompanying services for an indefinite period of time, the moment of recognition of revenue is the moment of transfer of control, which will be the same as the moment of transferring the risks and benefits resulting from the licence.

The licences granting the right to access intellectual property are, in principle, sold for a definite period, and, until now, the revenue from such licences has been recognised for the period for which the licence was granted. This means that in spite of the changing context of determining the method of recognising revenues from licences, i.e. the fact that the period for which a licence is granted is, in the light of IFRS 15, irrelevant to the manner of recognising revenue, the method of revenue recognition as such has not changed.

The above analysis applies to licences sold separately, i.e. such that the Company regards as a separate obligation to perform. In the case of the sale of own licences with significant modification or implementation services, based on the conducted analysis, the Company concluded that the separation criterion is not met. For such contracts, of value for the customer is the delivered system, i.e. the final product made up of own licences and related significant services.

6.2 IFRS 9

The Company implemented IFRS 9 on 1 January 2018 and decided to apply a modified retrospective approach as from 1 January 2018. Also in this case, as permitted by the said standard, the Company has resigned from restating comparable data, which means that the data presented as at 31 December 2017 and for the six months ended 30 June 2017 was prepared on the basis of IAS 39.

The Company does not apply hedge accounting; therefore, IFRS 9 is not applicable.

In the case of trade receivables, from 1 January 2018, the Company has been applying a simplified approach, and it measures the allowance for credit losses in the amount equal to the expected credit losses over the whole life. Due to the nature of trade receivables, the write-down for receivables, despite the implementation of the changes provided for in the standard, has remained at a level similar to the value of the write-down calculated according to the rules effective before 1 January 2018. The impact of the implementation of IFRS 9 on retained earnings has been insignificant.

In the case of other items covered by the scope of IFRS 9, i.e. cash, bank loans and trade liabilities, no significant impact has been reported.

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

7. 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:

- IFRS 16 *Leasing* (published on 13 January 2016) – applicable to annual periods beginning on or after 1 January 2019,
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (published on 12 October 2017) – applicable to annual periods beginning on or after 1 January 2019,
- IFRIC 17 *Insurance Contracts* (published on 18 May 2017) – applicable to annual periods beginning on or after 1 January 2021; not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 28 *Long-Term Interests in Associates and Joint Ventures* (published on 12 October 2017) – applicable to annual periods beginning on or after 1 January 2019; not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRS 19 *Plan Amendment, Curtailment or Settlement* (published on 7 February 2018) – applicable to annual periods beginning on or after 1 January 2019; not approved by the EU until the date of approval of these financial statements,
- *Amendments resulting from the review of IFRS 2015-2017 concerning four standards: IFRS 3, IFRS 11, IAS 12 and IAS 23* (published on 18 May 2017) – applicable to annual periods beginning on or after 1 January 2019; not approved by the EU until the date of approval of these financial statements,
- IFRS 14 *Regulatory Deferral Accounts* (published on 30 January 2014) – as decided by the European Commission, the process of approving the standard in its preliminary version will not be initiated before the final version of the standard is ready; not approved by the EU until the date of approval of these financial statements; applicable to annual periods beginning on or after 1 January 2016,
- Amendments to IAS 10 and IAS 28 *Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture* (published on 11 September 2014); the work intended to approve these amendments have been postponed by the EU for an unlimited period of time. The date of entry into force has been postponed by the IASB for an indefinite period of time,
- Interpretation of IFRIC 23 *Uncertainty over Income Tax Treatments* (published on 7 June 2017) – the interpretation is applicable to annual periods beginning on or after 1 January 2019; not approved by the EU until the date of approval of these financial statements,
- Amendments to the Conceptual Framework of the International Financial Reporting Standards (published on 29 March 2018) – applicable to annual periods beginning on or after 1 January 2010; not approved by the EU until the date of approval of these financial statements.

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

IFRS 16 Leases

The new standard shows how to recognise, measure, present and disclose information on rental, tenancy and lease agreements which provide for the lease of an asset for consideration a specific period of time. The standard introduces one accounting model for all lessees: the division into operational and finance lease is no more applicable. Lessees will have to recognise their rights to use assets and lease liabilities in the balance sheet. In the case of short-term leases (less than 12 months) or low-value leases, the lessee has the right to take advantage of exclusion and settle such agreements on the existing terms.

Under the new provisions, lessors will continue to classify their transactions as operating or finance lease in the same way as in current IAS 17.

The Company has entered into rental agreements for office space, which are now recognised as operating lease. The impact of IFRS 16 will be the recognition in the balance sheet of (i) assets such as the right to use office premises and (ii) liabilities under lease agreements.

On the day of approval of these financial statements for publication, the Management Board had not yet completed the work on the assessment of the introduction of IFRS 16 *Leases* on the Company's application of the accounting rule in relation to the Company's financial results or performance.

8. Change of estimates

8.1 Professional judgement

In the process of applying accounting rules (policy) to the issues listed below, of utmost importance, in addition to accounting estimates, was professional judgement of the management. In the period of six months ended 30 June 2018, 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 2017, except for the newly adopted accounting standards described in item 6 of these financial statements.

8.2 Estimation uncertainty

Below, the main assumptions have been made about the future and other key sources of uncertainty occurring on the balance sheet date which carry a significant risk of substantial adjustments to the carrying amounts of assets and liabilities within the next financial year. Although the estimates and assumptions are based on the Management Board's best knowledge of the current activities and events, the actual results may differ materially from those projected.

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

The Company realises 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 Company is a party to contracts with contractual penalties for the non-performance or improper performance of contractual obligations, which may result in the variability of the remuneration set in the contract. The Company estimates the amount of its remuneration due under valid contracts taking into account the probability of payment of contractual penalties.

Amortisation/depreciation rates

The amount of amortisation/depreciation rates is determined on the basis of the expected economic lifetime of tangible fixed assets and intangible assets. The Company reviews annually the adopted periods of economic useful life based on current estimates. Beginning with 1 January 2018, the Company has verified the depreciation rates for the means of transport and has extended them from 5 to 7 years. The depreciation amount recognised in the statement of comprehensive income amounted to PLN 262 thousand. If the Company applied the former rate, the depreciation amount would be PLN 364 thousand.

Goodwill and impairment test

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

Each time, the impairment test requires the estimation of value in use of cash-generating units to which goodwill is allocated. 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.

Deferred tax asset

The Company recognises 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.

Receivables from recipients

The Company estimates the amount of write-downs for receivables from customers in accordance with the new requirements of IFRS 9 *Financial Instruments*. As described above, due to the nature of trade receivables, the write-down for receivables, despite the implementation of the methodology changes provided for in the standard, has remained at a level similar to the value of the write-down calculated according to the rules effective before 1 January 2018.

9. Seasonality of operations

The operations of Asseco Business Solutions S.A. are subject to moderate seasonal fluctuations. As regards ERP systems, the highest sales figures are reported in the first and fourth quarter of the year. This is due to 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.

10. Information on operating segments

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

for the six months ended 30 June 2018 (in PLN thousand)

For the management purposes, the Company was divided into segments reflecting its developed products and rendered services. Based on that, the Management Board have identified the ERP systems segment which accounts for more than 94% of total Company's revenues. Other activities do not meet the quantitative thresholds 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, especially in the apparel segment. The solutions are based on the Oracle and Microsoft technology, and in the case of Macrologic S.A., on the original MacroBASE database system. These applications support business processes and information flow processes, covering most areas of the business, including: finance and accounting, personnel management, HR and payroll, logistics and WMS, mobile and retail sales in chains of stores, production and Internet applications. The systems provide a number of management tools: advanced reporting instruments and Business Intelligence solutions. The technological capacity of the systems 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 corporate expenses and income not allocated to segments have to do with those Company's operations that are not related to IT. They cover financial expenses and income and other operating expenses and income.

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

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

3 months ended 30 June 2018 (unaudited)	**ERP systems**	**Unallocated**	**Activity total**
Sales to external customers	58,905	4,741	63,646
Sales between segments	–	–	–
Total segment revenue	**58,905**	**4,741**	**63,646**
Gains on segment sales	**17,474**	**413**	**17,887**
Other net operating income/(expenses)		58	58
Net financial income/(expenses)		(276)	(276)
Tax on profit or loss		(3,166)	(3,166)

for the six months ended 30 June 2018 (in PLN thousand)

Profit for period	**17,474**	**(2,971)**	**14,503**

Segment operating profit does not include financial income (PLN 476 thousand), financial expenses (PLN 752 thousand), other operating income (PLN 167 thousand) and other operating expenses (PLN 109 thousand) and the result of unallocated activity (PLN 413 thousand).

6 months ended 30 June 2018 (unaudited)	ERP systems	Unallocated	Activity total
Sales to external customers	117,729	7,626	125,355
Sales between segments	–	–	–
Total segment revenue	**117,729**	**7,626**	**125,355**
Gains on segment sales	**35,059**	**629**	**35,688**
Other net operating income/(expenses)		200	200
Net financial income/(expenses)		(348)	(348)
Tax on profit or loss		(6,315)	(6,315)
Profit for period	**35,059**	**(5,834)**	**29,225**
Other information			
Amortisation/Depreciation	(9,154)	(29)	**(9,183)**

Segment operating profit does not include financial income (PLN 655 thousand), financial expenses (PLN 1,003 thousand), other operating income (PLN 431 thousand) and other operating expenses (PLN 231 thousand) and the result of unallocated activity (PLN 629 thousand).

3 months ended 30 June 2017 (unaudited)	ERP systems	Unallocated	Activity total
Sales to external customers	39,898	1,782	41,680
Sales between segments	–	–	–
Total segment revenue	**39,898**	**1,782**	**41,680**
Net profit/(loss) on segment sales	**11,939**	**(153)**	**11,786**
Other net operating income/(expenses)		67	67
Net financial income/(expenses)		(13)	(13)
Tax on profit or loss		(2,252)	(2,252)
Profit for period	**11,939**	**(2,351)**	**9,588**

Segment operating profit does not include financial income (PLN 249 thousand), financial expenses (PLN 262 thousand), other operating income (PLN 127 thousand) and other operating expenses (PLN 60 thousand) and the result of unallocated activity (PLN -153 thousand).

6 months ended 30 June 2017 (unaudited)	ERP systems	Unallocated	Activity total
Sales to external customers	85,187	4,455	89,642

for the six months ended 30 June 2018 (in PLN thousand)

Sales between segments	–	–	–
Total segment revenue	**85,187**	**4,455**	**89,642**
Net profit/(loss) on segment sales	**27,721**	**69**	**27,790**
Other net operating income/(expenses)		177	177
Net financial income/(expenses)		494	494
Tax on profit or loss		(5,469)	(5,469)
Profit for period	**27,721**	**(4,729)**	**22,992**
Other information			
Amortisation/Depreciation	(5,335)	(27)	**(5,362)**

Segment operating profit does not include financial income (PLN 1,015 thousand), financial expenses (PLN 521 thousand), other operating income (PLN 333 thousand) and other operating expenses (PLN 156 thousand) and the result of unallocated activity (PLN 69 thousand).

Geographic information

Revenues from external customers:

	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
Poland	110,480	76,506
Abroad, including:	14,875	13,136
– The Netherlands	3,881	5,336
– France	5,408	3,810
- Romania	1,423	744
- Germany	1,245	1,414
– Spain	203	255
- United Kingdom	806	439
- Turkey	101	102
- Czech Republic	233	407
- the Baltics (Lithuania, Latvia, Estonia) and Russia	50	36
- others	1,525	593
	125,355	**89,642**

This information is based on data from customers' headquarters.

11. Receipts from sales

	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Revenues from goods or services provided to the client at a specified time, including:	9,557	21,910	4,481	13,849

for the six months ended 30 June 2018 (in PLN thousand)

ERP systems	*5,448*	*15,554*	*3,114*	*10,300*
Unallocated revenues	*4,109*	*6,356*	*1,367*	*3,549*
Revenues from goods or services provided over time, including:	54,089	103,445	37,199	75,793
ERP systems	*53,457*	*102,175*	*36,784*	*74,887*
Unallocated revenues	*632*	*1,270*	*415*	*906*
Total	**63,646**	**125,355**	**41,680**	**89,642**

12. Expenses by type

	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Value of goods, materials and external services sold (COGS)	(4,914)	(8,144)	(1,819)	(4,417)
Consumption of materials and energy	(1,224)	(2,330)	(626)	(1,230)
External services	(6,505)	(13,198)	(5,005)	(9,709)
Wages and salaries	(23,009)	(45,713)	(15,929)	(33,327)
Employee benefits	(4,762)	(9,935)	(3,341)	(7,093)
Amortisation/Depreciation	(4,638)	(9,183)	(2,681)	(5,362)
Taxes and fees	(316)	(560)	(235)	(429)
Business trips	(172)	(329)	(170)	(287)
Other	(219)	(275)	(88)	2
Total	**(45,759)**	**(89,667)**	**(29,894)**	**(61,852)**
Own cost of sales, including:	(37,339)	(73,450)	(24,009)	(50,008)
cost price	*(32,425)*	*(65,306)*	*(22,190)*	*(45,591)*
value of goods, materials and external services sold (COGS)	*(4,914)*	*(8,144)*	*(1,819)*	*(4,417)*
Cost of sales	(3,509)	(7,034)	(1,988)	(4,056)
Administrative expenses	(4,911)	(9,183)	(3,897)	(7,788)
Total	**(45,759)**	**(89,667)**	**(29,894)**	**(61,852)**

13. Other operating income and expenses

Other operating income	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Profit from the sale of non-financial fixed assets	27	53	32	153
Proceeds from rental of office space	83	165	79	160
Other	57	213	16	20
Total	**167**	**431**	**127**	**333**

for the six months ended 30 June 2018 (in PLN thousand)

Other operating expenses	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Donations to unrelated parties	(2)	(19)	(15)	(23)
Liquidation of fixed assets	(43)	(78)	–	(3)
Other operating expenses	(64)	(134)	(45)	(130)
Total	**(109)**	**(231)**	**(60)**	**(156)**

14. Financial income and expenses

Financial income	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Income from bank interest	18	33	203	499
Other interest income	1	3	–	–
Positive exchange differences	331	410	9	–
Gains from foreign currency derivatives - entered forward contracts	126	209	37	9
Loss from changes in fair value of foreign currency derivatives - entered forward contracts	–	–	–	507
Total	**476**	**655**	**249**	**1,015**

Financial expenses	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Interest cost on loans	(192)	(326)	(116)	(116)
Negative exchange rates	–	–	–	(271)
Other interest expense	–	(5)	(4)	(4)
Interest on finance lease	(43)	(55)	–	–
Bank fees and charges	–	–	(130)	(130)
Loss from foreign currency derivatives - entered forward contracts	–	–	–	–
Loss from changes in fair value of currency derivatives - entered forward contracts	(517)	(617)	(12)	–
Total	**(752)**	**(1,003)**	**(262)**	**(521)**

for the six months ended 30 June 2018 (in PLN thousand)

15. Earnings per share

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

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

The data below covers earnings and shares that were used in calculating the basic and diluted earnings per share:

	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Net profit attributable to shareholders of the parent for the reporting period	14,503	29,225	9,588	22,992
Net profit attributable to ordinary shareholders used in the calculation of diluted earnings per share	14,503	29,225	9,588	22,992
Weighted average number of issued ordinary shares used to calculate basic earnings per share	33,418,193	33,418,193	33,418,193	33,418,193
Basic/diluted earnings per share total	**0,43**	**0,87**	**0,29**	**0,69**

16. Cash and short-term deposits

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

Cash and short-term deposits

The fair value of cash and short-term deposits at 30 June 2018 amounts to PLN 8,461 thousand (31 December 2017: PLN 8,014 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:

for the six months ended 30 June 2018 (in PLN thousand)

Cash	30 June 2018 (unaudited)	31 December 2017 Restated	30 June 2017 (unaudited) Restated
Cash at bank and in hand	8,461	8,014	8,890
Short-term deposits up to 3 months	–	–	827
Cash in the balance sheet	**8,461**	**8,014**	**9,717**
Interest accrued on short-term deposits	–	–	–
Cash in cash flow statement	**8,461**	**8,014**	**9,717**

17. Paid and proposed dividends

Dividend on ordinary shares for 2017 was paid on 5 June 2018 and amounted to PLN 43,444 thousand (dividend for 2016 was paid on 1 June 2017 and amounted to PLN 42,441 thousand).

The value of dividends per share paid for 2017 amounted to PLN 1.30 (2016: PLN 1.27). The Company did not pay an interim dividend for 2018.

18. Tax on profit or loss

The main components of tax expense in the profit and loss account are as follows:

	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Current income tax	(2,982)	(4,473)	(2,146)	(4,636)
Deferred income tax	(184)	(1,842)	(106)	(833)
Tax expense reported in profit and loss account, including:	**(3,166)**	**(6,315)**	**(2,252)**	**(5,469)**
Income tax attributed to discontinued operations	*(3,166)*	*(6,315)*	*(2,252)*	*(5,469)*

The effective tax rate in the six months ended 30 June 2018 was 17.8% compared to 19.3% in the comparable period.

19. Property, plant and equipment

Changes in net worth of property, plant and equipment in the period of the six months ended 30 June 2018 and in the comparable period were attributed to the following:

Property, plant and equipment	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited) Restated
Net value as at 1 January	17,851	11,721
Increase through:	**6,377**	**11,161**
Acquisitions	6,377	2,531

for the six months ended 30 June 2018 (in PLN thousand)

Taking control of subsidiaries	–	8,630
Decrease through:	**(3,182)**	**(2,190)**
Depreciation allowance for the reporting period	(3,088)	(2,098)
Sales and liquidation	(94)	(92)
Net value of fixed assets as at 30 June	**21,046**	**20,692**

During the period ended 30 June 2018 (or in the same period of the previous year), the Company did not recognise impairment losses on assets.

20. Intangible assets

20.1 Sales and purchase

Changes in net worth of intangible assets in the period of the six months ended 30 June 2018 and in the comparable period were attributed to the following:

Intangible assets	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited) Restated
Net value as at 1 January	26,810	10,528
Increase through:	**5,477**	**18,875**
Acquisitions	243	25
Taking control of subsidiaries	–	15,701
Capitalisation of costs of ongoing development projects	5,234	3,149
Decrease through:	**(6,195)**	**(3,271)**
Depreciation allowance for the reporting period	(6,195)	(3,271)
Sales and liquidation	–	–
Net value of intangible assets as at 30 June	**26,092**	**26,132**

During the period ended 30 June 2018 (or in the same period in the previous year), the Company did not recognise impairment losses on intangible assets.

21. Merger with Macrologic S.A.

On 14 June 2017, the transactions were settled that were concluded in connection with the tender offer for the shares of Macrologic S.A. announced by Asseco Business Solutions S.A. on 11 April 2017. After the settlement of the tender offer, Asseco BS held 1,667,603 shares of Macrologic S.A., representing 88.29% of the share capital and votes at the General Meeting of Macrologic S.A. In addition, Macrologic S.A. held 159,436 own shares, which is approximately 8.44% of the share capital and votes at the General Meeting of Macrologic S.A.

On 24 July 2017, a squeeze-out procedure took place on the shares of Macrologic S.A. announced by Asseco Business Solutions S.A. on 19 July 2017. The subject of the squeeze-out was the remaining shares of Macrologic S.A., i.e. 61,680 shares representing approx.

for the six months ended 30 June 2018 (in PLN thousand)

3.27% of the share capital of Macrologic S.A. and of the total number of votes at the General Meeting of Macrologic S.A.

After the settlement of the squeeze-out, Asseco BS held directly 1,729,283 shares of Macrologic S.A. representing 91,56% of the share capital and votes at the General Meeting of Macrologic S.A.

The merger is described in Note 20 to the consolidated financial statements for the year ended 31 December 2017.

On 2 January 2018, Asseco Business Solutions S.A. merged (as the acquiring company) with Macrologic S.A. (as the target company). The merger of the companies was conducted under Article 492(1)(1) of the Code of Commercial Companies and Partnerships (merger by acquisition), i.e. by the transfer of Macrologic's entire assets to Asseco BS. Macrologic S.A. was dissolved without liquidation. Since Asseco Business Solutions S.A. was the sole shareholder of Macrologic S.A. that was in a position to exercise the rights attached to the shares of Macrologic S.A., the merger was carried out pursuant to Article 515(1) of the Code of Commercial Companies and Partnerships, i.e. without increasing the share capital of Asseco Business Solutions S.A. and without exchanging Macrologic's shares for shares in the share capital of Asseco Business Solutions S.A.

Due to the nature of the transaction, the Issuer decided to apply the predecessor accounting method. In the variant pursued by the Company, this method involves the combination of assets and liabilities as well as revenues and costs of the merged companies. The comparative data for the reporting periods are restated in such a way as if the merger occurred on the date of the Company's takeover of the target company. As a result of the settlement with the predecessor accounting method, no new goodwill is created in excess of the amounts previously recognised in the consolidated financial statements upon the taking of control. In addition, the comparative data was restated as a result of recognition of adjustment reducing the fair value of intangible assets of Macrologic S.A. as at the date of taking of control, thus increasing goodwill by PLN 5,371 thousand. The impact of the settlement of the merger on equity is presented in retained earnings.

The settlement of the merger did not affect the restatement of the comparative data of the statement of comprehensive income for the period of 3 and 6 months ended 30 June 2017 due to the decision of the Management Board to launch the consolidation of Macrologic S.A. from 30 June 2017 and their assessment that the lack of consolidation of Macrologic's results from the date of taking control has no impact on the interim condensed financial statements.

The impact of the changes discussed above on the comparative data is presented in the table below:

	30 June 2017 (unaudited) Reported	Impact of the settlement of merger with Macrologic S.A.	30 June 2017 (unaudited) Restated
Non-current assets	**293,744**	**9,226**	**302,970**
Property, plant and equipment	12,062	8,630	20,692
Intangible assets	10,431	15,701	26,132
Goodwill	170,938	81,941	252,879
Investments in subsidiaries	98,476	(98,476)	–

for the six months ended 30 June 2018 (in PLN thousand)

Long-term receivables	599	171	770
Deferred tax assets	1,162	1,259	2,421
Long-term accruals and deferred income	76	–	76
Current assets	**43,828**	**9,062**	**52,890**
Inventories	669	136	805
Prepayments and accrued income	861	682	1,543
Trade receivables	29,080	10,142	39,222
Other receivables	4,031	(2,771)	1,260
Income tax receivables	–	–	–
Financial instruments valued at fair value through profit or loss	343	–	343
Cash and short-term deposits	8,844	873	9,717
TOTAL ASSETS	**337,572**	**18,288**	**355,860**

LIABILITIES			
Subscribed capital	167,091	–	167,091
Premium	62,543	–	62,543
Retained earnings	25,770	721	26,491
Total equity	**255,404**	**721**	**256,125**
Long-term liabilities	**20,891**	**1,718**	**22,609**
Interest-bearing loans and borrowings	20,003		20,003
Provisions	888	414	1,302
Long-term finance lease obligations	–	1,207	1,207
Long-term accruals and deferred income	–	97	97
Short-term liabilities	**61,277**	**15,849**	**77,126**
Interest-bearing loans and borrowings	42,059	1,481	43,540
Trade liabilities	2,824	3,265	6,089
Other liabilities	6,105	1,324	7,429
Income tax liabilities	1,188	43	1,231
Short-term finance lease obligations	–	574	574
Provisions	378	–	378
Prepayments and accrued income	8,723	9,162	17,885
Total liabilities	**82,168**	**17,567**	**99,735**
TOTAL EQUITY AND LIABILITIES	**337,572**	**18,288**	**355,860**

	31 December 2017 Reported	Impact of the settlement of merger with Macrologic S.A.	31 December 2017 Restated
Non-current assets	**298,463**	**4,237**	**302,700**
Property, plant and equipment	10,801	7,050	17,851
Intangible assets	10,985	15,825	26,810
Goodwill	170,938	81,941	252,879

for the six months ended 30 June 2018 (in PLN thousand)

Investments in subsidiaries	102,349	(102,349)	–
Long-term receivables	599	173	772
Deferred tax assets	2,728	1,597	4,325
Long-term accruals and deferred income	63	–	63
Current assets	**43,571**	**11,879**	**55,450**
Inventories	375	101	476
Prepayments and accrued income	811	516	1,327
Trade receivables	36,093	6,977	43,070
Other receivables	1,403	725	2,128
Income tax receivables	–	144	144
Financial instruments valued at fair value through profit or loss	291	–	291
Cash and short-term deposits	4,598	3,416	8,014
TOTAL ASSETS	**342,034**	**16,116**	**358,150**

LIABILITIES			
Subscribed capital	167,091	–	167,091
Premium	62,543	–	62,543
Retained earnings	49,999	24	50,023
Non-controlling interest	–	–	–
Total equity	**279,633**	**24**	**279,657**
Long-term liabilities	**14,429**	**1,275**	**15,704**
Interest-bearing loans and borrowings	13,352		13,352
Provisions	1,077	357	1,434
Long-term finance lease obligations	–	918	918
Long-term accruals and deferred income	–	–	–
Short-term liabilities	**47,972**	**14,817**	**62,789**
Interest-bearing loans and borrowings	17,578		17,578
Trade liabilities	3,640	1,745	5,385
Other liabilities	8,234	1,244	9,478
Income tax liabilities	4,370	126	4,496
Short-term finance lease obligations	–	555	555
Provisions	401	25	426
Prepayments and accrued income	13,749	11,122	24,871
Total liabilities	**62,401**	**16,092**	**78,493**
TOTAL EQUITY AND LIABILITIES	**342,034**	**16,116**	**358,150**

	6 months ended 30 June 2017 (unaudited) Reported	*Impact of the settlement of merger with Macrologic S.A.*	*6 months ended 30 June 2017 (unaudited) Restated*

Cash flow from operating activities			
Profit before tax	28,461		28,461
Adjustments:	**(6,141)**	**–**	**(6,141)**
Net cash from operating activities	**22,320**	**–**	**22,320**
Cash flow from investing activities			
Acquisition of a subsidiary net of acquired cash	(98,476)	873	(97,603)
Net cash from investing activities	**(103,423)**	**873**	**(102,550)**
Cash flow from financing activities			
Net cash from financing activities	**19,577**	**–**	**19,577**
Increase/(Decrease) in net cash and cash equivalents	(61,526)	873	(60,653)
Net exchange differences	–	–	–
Opening cash	**70,370**		**70,370**
Closing cash	**8,844**	**873**	**9,717**

22. 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 2018 (unaudited)	31 December 2017 Restated	30 June 2017 (unaudited) Restated
Carrying value of goodwill	252,879	252,879	252,879

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

At 30 June 2018, there were no indications that there might be any loss of goodwill, and any assumptions to the test at the end of 2017 (which are described in the financial statements for the year ended 31 December 2017 in Note 18) remain valid on the balance sheet date of 30 June 2018.

23. Inventories

At 30 June 2018, the inventory write-down amounted to PLN 154 thousand (as at 31 December 2017: PLN 146 thousand). In the six months ended 30 June 2018, the Company wrote down the inventory value to the recoverable net value in the amount of PLN 8 thousand to operating expenses. The created write-down was related to computer accessories stored in the warehouse for more than 12 months.

for the six months ended 30 June 2018 (in PLN thousand)

24. Trade and other receivables

Trade receivables (short-term)	30 June 2018 (unaudited)	31 December 2017 Restated	30 June 2017 (unaudited) Restated
Trade receivables from unrelated parties	42,345	42,510	35,331
Trade receivables from related parties	323	236	433
Contract assets	1,382	324	3,458
Trade receivables (net)	**44,050**	**43,070**	**39,222**
Allowance on doubtful accounts	1,840	999	1,291
Trade receivables (gross)	**45,890**	**44,069**	**40,513**

Other receivables	30 June 2018 (unaudited)	31 December 2017 Restated	30 June 2017 (unaudited) Restated
Advances paid to suppliers	127	9	101
Other trade receivables (bid bonds, deposits)	736	861	394
Receivables from employees	26	16	21
CSBF	–	225	–
Other receivables	581	1,017	744
	1,470	**2,128**	**1,260**

25. Interest-bearing bank loans and borrowings

On 30 May 2017, Asseco Business Solutions S.A. entered into the Credit Facility Agreement with Raiffeisen Bank Polska S.A.
covering the amount of PLN 65,000 thousand. The credit facility is intended for:

- an overdraft facility of up to PLN 45,000 thousand with the repayment date of 30 June 2020; the facility amount used as at the balance sheet date is PLN 28,414 thousand;

- a revolving loan facility of up to PLN 20,000 thousand with the repayment date of 30 September 2020, of which PLN 6,650 thousand is to be repaid within 12 months from the balance sheet date.

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 + margin.

26. Share capital and reserve capitals

During the 6 months ended 30 June 2018, the Company did not issue any shares.

All issued shares have a nominal value of PLN 5 and have been fully paid up. All shares are ordinary shares. There are no preference shares.

During the six months ended 30 June 2018, there were no changes in the Issuer's share capital.

for the six months ended 30 June 2018 (in PLN thousand)

27. Prepayments and accrued income

	30 June 2018 (unaudited)	31 December 2017 Restated	30 June 2017 (unaudited) Restated
Accrued expenses for:			
Unused leaves	4,675	3,720	4,886
Bonuses	7,829	11,327	5,566
	12,504	**15,047**	**10,452**
Accrued income for:			
Prepaid services	2,804	1,603	182
Other income	7,003	8,221	7,348
	9,807	**9,824**	**7,530**
Total	**22,311**	**24,871**	**17,982**
- short-term	22,311	24,871	17,885
- long-term	–	–	97

28. Lawsuits

The Company is a party to several lawsuits and enforcement proceedings to recover payments for delivered products and services. Allowances have been made to the receivables covered by the above-mentioned proceedings.

In addition to the recovery of receivables, the Company is a party to a case connected with the decision of the Office of Competition and Consumer Protection of December 2013 imposing a fine on Asseco Business Solutions. The fine was associated with investigations by the OCCP related to the use of abusive clauses in agreements concluded by the Company (and its legal predecessors) with the distributors of the WAPRO-branded software. In November 2016, the Court of Appeal in Warsaw changed the contested decision of the District Court and revoked the decision of the President of the Office of Competition and Consumer Protection. The Office of Competition and Consumer Protection appealed to the highest instance against the decision of the Court of Appeal. The appeal contained, inter alia, a request for the cancellation of the contested decision of that court. In March 2017, the Company responded to the appeal. In accordance with the precautionary principle, the entire amount of the fine was secured by a provision created within the 2013 expenses.

29. Financial instruments

In the period covered by these financial statements, there were no significant changes to the value and type of financial instruments in relation to the value and type of financial instruments reported in the Company's financial statements for the year ended 31 December 2017. Change in the level of receivables is due to the daily cycle of operations of the Company.

30. Objectives and principles of financial risk management

The objectives and principles of financial risk management applied by the Company are consistent with the objectives and principles that were reported in the Company's financial statements for the year ended 31 December 2017.

for the six months ended 30 June 2018 (in PLN thousand)

31. Financial instruments

29.1 Fair values of each class of financial instruments

Fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard conditions, which are traded on active, liquid markets, is determined by reference to stock prices;
- the fair value of other financial assets and financial liabilities (excluding derivatives) is determined in accordance with generally accepted valuation models based on discounted cash flow analysis, using the prices from observable current market transactions and dealer quotes for similar instruments;

The following table compares the carrying values and fair values of all the Company's financial instruments, broken down by classes and categories of assets and liabilities.

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.

	carrying values		fair values	
	30 June 2018 (unaudited)	31 December 2017 Restated	30 June 2018 (unaudited)	31 December 2017 Restated
Financial assets				
measured at fair value through profit or loss				
Forward currency contracts	–	291	–	291
measured at amortised cost				
Trade and other receivables	45,393	45,189	45,393	45,189
Other financial assets	–	–	–	–
Cash and short-term deposits	8,461	8,014	8,461	8,014
	53,854	**53,494**	**53,854**	**53,494**
Financial liabilities				
Interest-bearing loans and borrowings - fixed %	48,415	30,930	48,415	30,930
Trade and other liabilities	6,313	6,377	6,313	6,377
Liabilities under finance lease	5,682	1,473	5,682	1,473
Forward currency contracts	326	–	326	–
	60,736	**38,780**	**60,736**	**38,780**

As at 30 June 2018 and as at 31 December 2017, the Company held the following financial instruments measured at fair value:

for the six months ended 30 June 2018 (in PLN thousand)

	30 June 2018 (unaudited)	Level 1	Level 2	Level 3
Financial liabilities measured at fair value through profit or loss				
Concluded forward contracts	326	–	326	–
	326	**–**	**326**	**–**

	31 December 2017	Level 1	Level 2	Level 3
Financial assets valued at fair value through profit or loss				
Concluded forward contracts	291	–	291	–
	291	**–**	**291**	**–**

i. fair value is determined based on quoted prices offered for identical assets on 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;

In the year ended 30 June 2018 and in the year ended 31 December 2017, there were no transfers between Level 1 and Level 2 of the fair value hierarchy, or none of the instruments was moved from/to the Level 3 of the fair value hierarchy.

The fair value of financial assets and liabilities held by the Company as at 30 June 2018 and as at 31 December 2017 does not differ significantly from their carrying value.

32. Capital management

The objectives and principles of capital management applied by the Company are consistent with the objectives and principles that were reported in the Company's financial statements for the year ended 31 December 2017.

33. Related party transactions

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

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

The following table shows the total amount of transactions with related parties during the 6 months ended 30 June 2018 and 2017:

for the six months ended 30 June 2018 (in PLN thousand)

Related party		*Sales to related parties*	*Purchase from related parties*	*Receivables from related parties*	*Liabilities to related parties*
Parent of the Group:					
Asseco Poland S.A.	*1H2018*	1,400	811	184	23
	1H2017	844	1,100	261	303
Other related parties:					
Other parties	*1H2018*	130	241	139	39
	1H2017	204	200	172	55
	1H2018	**1,530**	**1,052**	**323**	**62**
	1H2017	**1,048**	**1,300**	**433**	**358**

According to the information held by Asseco Business Solutions S.A., neither at 30 June 2018 nor at 30 June 2017 there was an outstanding balance of receivables arising from related party transactions held by the Company Executives and with the Company Executives.

According to the information held by Asseco Business Solutions S.A., neither at 30 June 2018 nor at 30 June 2017 there were outstanding liabilities arising from related party transactions by the Company Executives and with the Company Executives.

According to the records of Asseco Business Solutions S.A., for the six months ended 30 June 2018, the (net) value of goods and services sale and purchase transactions (including lease) with related parties by the Company Executives and with the Company Executives amounted to PLN 928 thousand (in the six months ended 30 June 2017: PLN 931 thousand).

34. Remuneration of the Issuer’s executives

The remuneration paid or payable to the members of the Management Board and Supervisory Board:

	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
Management Board	4,859	3,974
Supervisory Board	147	147
Total	**5,006**	**4,121**

35. Events after the balance sheet date

After the balance sheet date there were no significant events that could have a significant impact on the presented results for the six months ended 30 June 2018, not included in the current financial statement.

36. Signatures of the Management Board Members

Full name	Position/Function	Signature
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	
Artur Czabaj	Responsible for book-keeping	

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