

**Asseco Group**

Financial results for the first half of 2019

**ASSECO**



Present in  
**55 countries**



**PLN 4,991 million**  
in sales revenues



**25,841**  
highly committed  
employees



**PLN 159.7 million**  
in net profit  
for Shareholders of  
the Parent Company



**PLN 9,126 million**  
in order backlog  
for 2019



**PLN 4.6 billion**  
in market capitalization

## Asseco Group

# Financial results for the first half of 2019

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# Financial Highlights

## Asseco Group

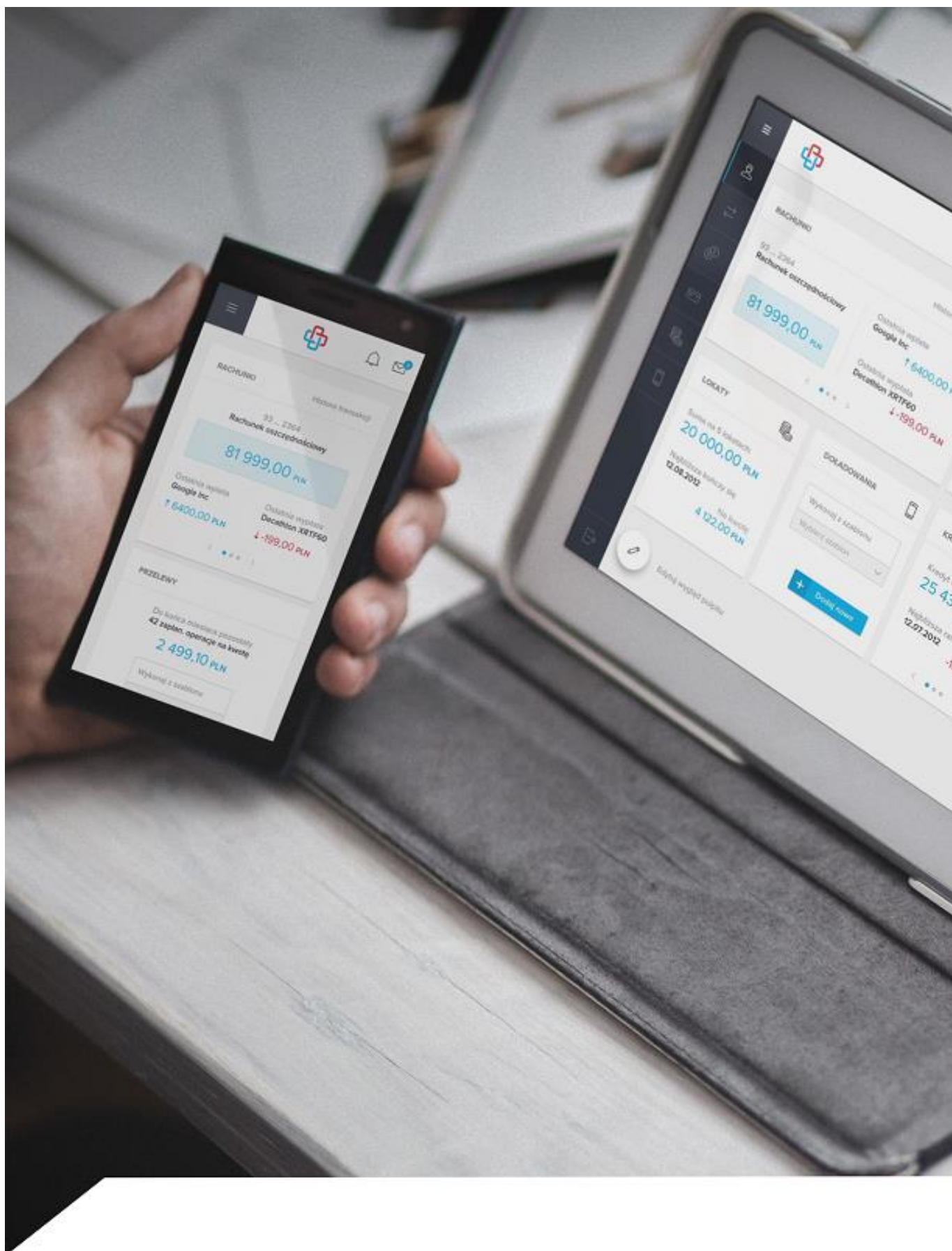
The following table presents the selected financial data of Asseco Group.

	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN	6 months ended 30 June 2019 mEUR	6 months ended 30 June 2018 mEUR
Operating revenues	4,990.9	4,459.9	1,163.9	1,052.0
Operating profit	453.6	371.1	105.8	87.5
Pre-tax profit before share of profits of associates	418.0	358.5	97.5	84.6
Net profit for the reporting period	326.6	268.0	76.2	63.2
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>159.7</b>	<b>157.3</b>	<b>37.2</b>	<b>37.1</b>
Net cash provided by (used in) operating activities	429.9	326.9	100.3	77.1
Net cash provided by (used in) investing activities	(231.9)	(230.1)	(54.1)	(54.3)
Net cash provided by (used in) financing activities	(130.8)	(258.2)	(30.5)	(60.9)
Cash and short-term deposits (comparable data as at 31 December 2018)	1,867.5	1,800.5	439.2	418.7
Basic earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	1.92	1.90	0.45	0.45
Diluted earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	1.92	1.90	0.45	0.45

The selected financial data disclosed in these interim condensed consolidated financial statements have been translated into euros (EUR) in the following way:

- Items of the interim condensed consolidated income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were respectively:
  - for the period from 1 January 2019 to 30 June 2019: EUR 1 = PLN 4.2880
  - for the period from 1 January 2018 to 30 June 2018: EUR 1 = PLN 4.2395
- The Group's cash and cash equivalents as at the end of the reporting period and the comparable period of the previous year have been translated into EUR at daily mid exchange rates as published by the National Bank of Poland. These exchange rates were respectively:
  - exchange rate effective on 30 June 2019: EUR 1 = PLN 4.2520
  - exchange rate effective on 31 December 2018: EUR 1 = PLN 4.3000

All figures in this report are presented in millions of Polish zlotys (PLN), unless stated otherwise.



**Interim Condensed Consolidated Financial  
Statements of [Asseco Group](#)  
for the period of 6 months ended 30 June 2019**



# Interim Condensed Consolidated Statement of Income and Other Comprehensive Income

## Asseco Group

INCOME STATEMENT	Note	3 months ended 30 June 2019 mPLN	6 months ended 30 June 2019 mPLN	3 months ended 30 June 2018 mPLN	6 months ended 30 June 2018 mPLN
Operating revenues	<u>5.1</u>	2,538.7	4,990.9	2,310.9	4,459.9
Cost of sales	<u>5.2</u>	(1,993.5)	(3,917.1)	(1,791.7)	(3,509.3)
(Recognition)/Reversal of allowances for trade receivables	<u>5.2</u>	4.2	4.4	(6.1)	(0.2)
<b>Gross profit on sales</b>		<b>549.4</b>	<b>1,078.2</b>	<b>513.1</b>	<b>950.4</b>
Selling costs	<u>5.2</u>	(132.8)	(263.0)	(130.7)	(249.1)
General and administrative expenses	<u>5.2</u>	(185.2)	(354.1)	(176.6)	(324.4)
<b>Net profit on sales</b>		<b>231.4</b>	<b>461.1</b>	<b>205.8</b>	<b>376.9</b>
Other operating income		7.1	19.0	8.1	16.7
Other operating expenses		(9.5)	(26.4)	(10.0)	(22.4)
Recognition/(Reversal) of impairment losses on financial assets		(0.1)	(0.1)	(0.1)	(0.1)
<b>Operating profit</b>		<b>228.9</b>	<b>453.6</b>	<b>203.8</b>	<b>371.1</b>
Financial income	<u>5.3</u>	10.1	25.4	38.4	54.5
Financial expenses	<u>5.3</u>	(21.1)	(61.0)	(44.9)	(67.1)
<b>Pre-tax profit before share of profits of associates and joint ventures</b>		<b>217.9</b>	<b>418.0</b>	<b>197.3</b>	<b>358.5</b>
Corporate income tax (current and deferred tax expense)	<u>5.4</u>	(48.2)	(92.0)	(45.2)	(88.4)
Share of profits of associates and joint ventures	<u>6.6</u>	(0.3)	0.6	(0.7)	(2.1)
<b>Net profit for the reporting period</b>		<b>169.4</b>	<b>326.6</b>	<b>151.4</b>	<b>268.0</b>
<i>Attributable to:</i>					
<b>Shareholders of the Parent Company</b>		<b>80.1</b>	<b>159.7</b>	<b>88.4</b>	<b>157.3</b>
Non-controlling interests		89.3	166.9	63.0	110.7
Basic and diluted consolidated earnings per share for the reporting period, attributable to shareholders of the Parent Company (in PLN)	<u>5.5</u>	0.97	1.92	1.07	1.90
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Net profit for the reporting period</b>		<b>169.4</b>	<b>326.6</b>	<b>151.4</b>	<b>268.0</b>
<i>Components that may be reclassified to profit or loss</i>					
Net gain/loss on valuation of financial assets		0.3	0.4	-	(0.3)
Foreign exchange differences on translation of foreign operations		(80.6)	(15.6)	252.4	122.7
<i>Components that will not be reclassified to profit or loss</i>					
Amortization of intangible assets recognized directly in equity		(2.2)	(2.4)	(0.2)	(0.4)
Actuarial gains/losses		(1.3)	(1.5)	(0.2)	-
Income tax relating to components of other comprehensive income		0.6	0.7	0.1	0.1
<b>Total other comprehensive income</b>		<b>(83.2)</b>	<b>(18.4)</b>	<b>252.1</b>	<b>122.1</b>
<b>TOTAL COMPREHENSIVE INCOME attributable to:</b>		<b>86.2</b>	<b>308.2</b>	<b>403.5</b>	<b>390.1</b>
<b>Shareholders of the Parent Company</b>		<b>44.9</b>	<b>139.6</b>	<b>184.1</b>	<b>240.4</b>
Non-controlling interests		41.3	168.6	219.4	149.7

# Interim Condensed Consolidated Statement of Financial Position

## Asseco Group

ASSETS	Note	30 June 2019 mPLN	31 Dec. 2018 (*restated) mPLN
<b>Non-current assets</b>			
Property, plant and equipment	<u>6.1</u>	773.8	828.4
Intangible assets	<u>6.2</u>	2,018.3	1,990.2
Right-of-use assets	<u>6.3</u>	716.1	-
Investment property		24.2	21.0
Goodwill	<u>6.4</u>	4,411.4	4,253.6
Investments accounted for using the equity method	<u>6.6</u>	131.0	111.5
Other receivables and trade receivables	<u>6.10</u>	107.5	127.5
Deferred tax assets		93.4	84.8
Other non-financial assets		-	0.1
Other financial assets	<u>6.8</u>	150.9	175.1
Prepayments and accrued income	<u>6.9</u>	64.1	59.2
		<b>8,490.7</b>	<b>7,651.4</b>
<b>Current assets</b>			
Inventories	<u>6.11</u>	111.2	94.3
Prepayments and accrued income	<u>6.9</u>	237.0	168.5
Trade receivables	<u>6.10</u>	2,448.1	2,432.7
Contract assets	<u>6.10</u>	254.9	214.3
Corporate income tax receivable	<u>6.10</u>	69.4	47.6
Receivables from the state and local budgets	<u>6.10</u>	34.9	37.3
Other receivables	<u>6.10</u>	49.1	38.9
Other non-financial assets		12.3	9.0
Other financial assets	<u>6.8</u>	108.9	139.3
Cash and cash deposits	<u>6.12</u>	1,867.5	1,800.5
		<b>5,193.3</b>	<b>4,982.4</b>
Non-current assets held for sale		3.6	10.9
<b>TOTAL ASSETS</b>		<b>13,687.6</b>	<b>12,644.7</b>

\* The restatement has been described in detail in explanatory note 2.8 to these interim condensed consolidated financial statements.



# Interim Condensed Consolidated Statement of Financial Position

## Asseco Group

EQUITY AND LIABILITIES	Noty	30 June 2019 mPLN	31 Dec. 2018 (*restated) mPLN
<b>Equity</b> <i>(attributable to shareholders of the Parent Company)</i>			
Share capital		83.0	83.0
Share premium		4,180.1	4,180.1
Transactions with non-controlling interests		(159.7)	(177.6)
Foreign exchange differences on translation of foreign operations		2.2	20.3
Retained earnings and other reserves		1,503.1	1,611.9
		<b>5,608.7</b>	<b>5,717.7</b>
<b>Non-controlling interests</b>	<u>6.7</u>	2,054.0	1,944.4
<b>Total equity</b>		<b>7,662.7</b>	<b>7,662.1</b>
<b>Non-current liabilities</b>			
Bank loans, borrowings and debt securities	<u>6.14</u>	1,228.0	1,082.9
Lease liabilities	<u>6.13</u>	519.2	32.1
Other financial liabilities	<u>6.15</u>	227.4	178.8
Deferred tax liabilities		415.3	410.7
Provisions	<u>6.18</u>	75.9	67.9
Deferred income	<u>6.19</u>	43.0	43.2
Contract liabilities	<u>6.17</u>	32.7	32.3
Accruals	<u>6.19</u>	1.0	1.5
Other liabilities	<u>6.16</u>	11.1	13.1
		<b>2,553.6</b>	<b>1,862.5</b>
<b>Current liabilities</b>			
Bank loans, borrowings and debt securities	<u>6.14</u>	786.5	581.6
Lease liabilities	<u>6.13</u>	206.6	28.9
Other financial liabilities	<u>6.15</u>	218.7	199.7
Trade payables	<u>6.16</u>	792.9	938.2
Contract liabilities	<u>6.17</u>	584.6	451.1
Corporate income tax payable	<u>6.16</u>	63.2	73.7
Liabilities to the state and local budgets	<u>6.16</u>	177.1	204.8
Other liabilities	<u>6.16</u>	309.9	314.3
Provisions	<u>6.18</u>	35.7	45.4
Deferred income	<u>6.19</u>	10.9	7.8
Accruals	<u>6.19</u>	285.2	274.6
		<b>3,471.3</b>	<b>3,120.1</b>
<b>TOTAL LIABILITIES</b>		<b>6,024.9</b>	<b>4,982.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,687.6</b>	<b>12,644.7</b>

\* The restatement has been described in detail in explanatory note 2.8 to these interim condensed consolidated financial statements.

# Interim Condensed Consolidated Statement of Changes in Equity

## Asseco Group

	Note	Share capital	Share premium	Transactions with non-controlling interests	Foreign exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
		mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
<b>As at 1 January 2019</b>		<b>83.0</b>	<b>4,180.1</b>	<b>(177.6)</b>	<b>20.3</b>	<b>1,611.9</b>	<b>5,717.7</b>	<b>1,944.4</b>	<b>7,662.1</b>
Impact of the adoption of IFRS 16	<u>2.5</u>	-	-	-	-	(11.7)	(11.7)	(11.8)	(23.5)
<b>As at 1 January 2019 (including impact of the adoption of IFRS 16)</b>		<b>83.0</b>	<b>4,180.1</b>	<b>(177.6)</b>	<b>20.3</b>	<b>1,600.2</b>	<b>5,706.0</b>	<b>1,932.6</b>	<b>7,638.6</b>
Net profit for the reporting period		-	-	-	-	159.7	159.7	166.9	326.6
Other comprehensive income for the reporting period		-	-	-	(18.1)	(2.0)	(20.1)	1.7	(18.4)
<b>Total comprehensive income for the reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(18.1)</b>	<b>157.7</b>	<b>139.6</b>	<b>168.6</b>	<b>308.2</b>
Dividend for the year 2018	<u>5.6</u>	-	-	-	-	(254.8)	(254.8)	(113.6)	(368.4)
Share-based payment transactions with employees		-	-	-	-	-	-	11.4	11.4
Transactions with non-controlling interests (including liabilities to non-controlling shareholders (put options))		-	-	17.9	-	-	17.9	53.9	71.8
Loss of control over subsidiaries		-	-	-	-	-	-	(0.7)	(0.7)
Obtaining control over subsidiaries		-	-	-	-	-	-	1.8	1.8
<b>As at 30 June 2019</b>		<b>83.0</b>	<b>4,180.1</b>	<b>(159.7)</b>	<b>2.2</b>	<b>1,503.1</b>	<b>5,608.7</b>	<b>2,054.0</b>	<b>7,662.7</b>

# Interim Condensed Consolidated Statement of Changes in Equity

## Asseco Group

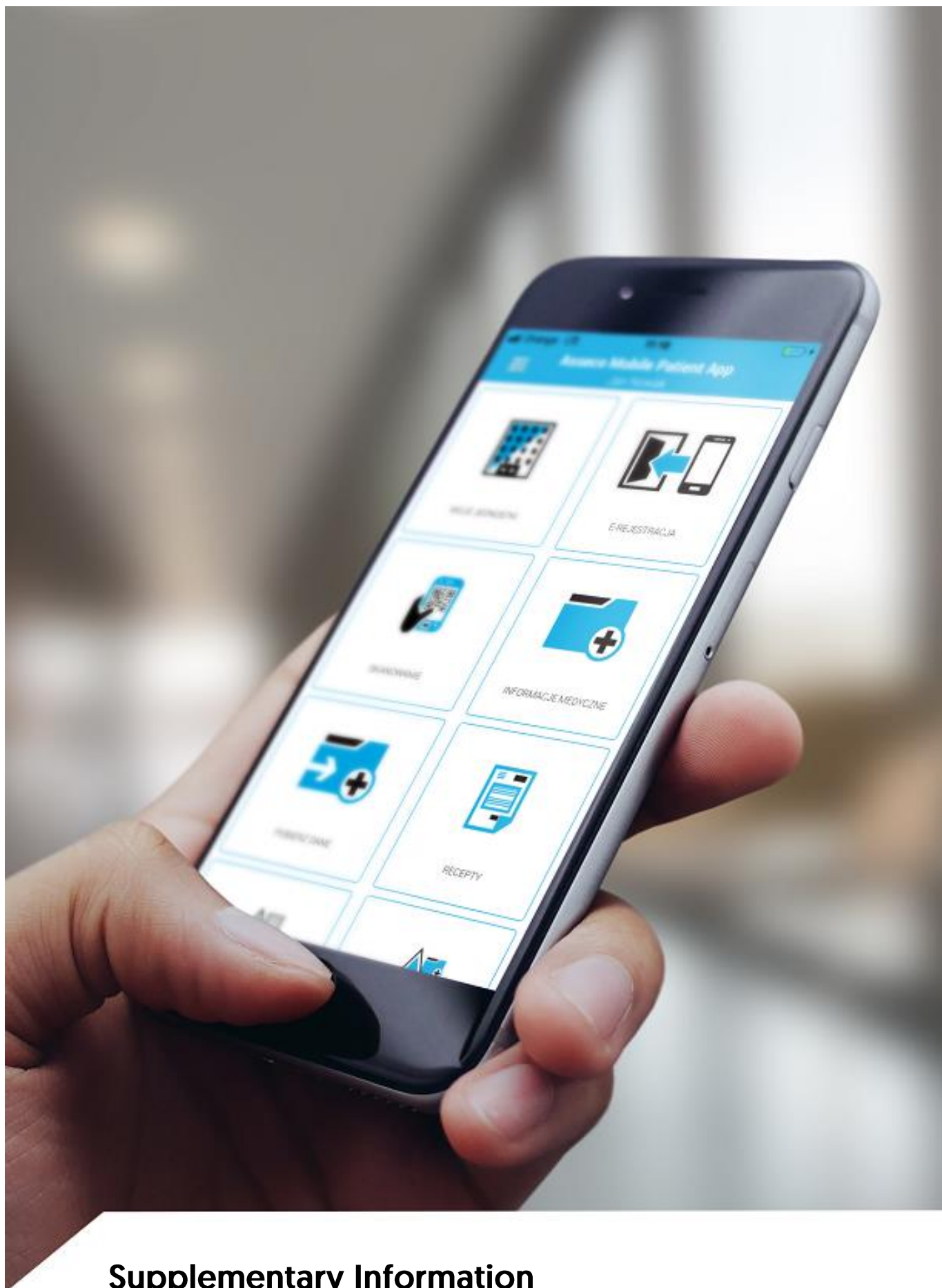
	Share capital	Share premium	Transactions with non-controlling interests	Foreign exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
<b>As at 1 January 2018 (including impact of the adoption of IFRS 15 and IFRS 9)</b>	<b>83.0</b>	<b>4,180.1</b>	<b>(147.8)</b>	<b>(44.6)</b>	<b>1,528.9</b>	<b>5,599.6</b>	<b>1,732.6</b>	<b>7,332.2</b>
Net profit for the reporting period	-	-	-	-	157.3	157.3	110.7	268.0
Other comprehensive income for the reporting period	-	-	-	83.0	0.1	83.1	39.0	122.1
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83.0</b>	<b>157.4</b>	<b>240.4</b>	<b>149.7</b>	<b>390.1</b>
Dividend for the year 2017	-	-	-	-	(249.8)	(249.8)	(110.1)	(359.9)
Share-based payment transactions with employees	-	-	-	-	-	-	9.7	9.7
Transactions with non-controlling interests (including liabilities to non-controlling shareholders (put options))	-	-	(15.5)	-	-	(15.5)	0.1	(15.4)
Obtaining control over subsidiaries	-	-	-	-	-	-	2.8	2.8
<b>As at 30 June 2018 (restated)</b>	<b>83.0</b>	<b>4,180.1</b>	<b>(163.3)</b>	<b>38.4</b>	<b>1,436.5</b>	<b>5,574.7</b>	<b>1,784.8</b>	<b>7,359.5</b>

# Interim Condensed Consolidated Statement of Cash Flows

## Asseco Group

	Nota	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
<b>Cash flows – operating activities</b>			
Pre-tax profit before share of profits of associates and joint ventures		418.0	358.5
<b>Total adjustments:</b>		<b>154.0</b>	<b>32.1</b>
Depreciation and amortization		303.2	229.7
Changes in working capital	7.1	(195.8)	(206.1)
Interest income/expenses		39.5	20.4
Gain/loss on foreign exchange differences		(5.4)	(30.0)
Gain/loss on financial assets (valuation, disposal, etc.)		(2.3)	2.5
Other financial income/expenses		6.1	8.3
Gain/loss on disposal of property, plant and equipment and intangible assets		(1.6)	(1.1)
Costs of share-based payment transactions with employees		8.9	11.7
Gain/loss on disposal of property, plant and equipment and intangible assets		1.6	0.1
Other adjustments to pre-tax profit		(0.2)	(3.4)
<b>Cash provided by (used in) operating activities</b>		<b>572.0</b>	<b>390.6</b>
Corporate income tax paid		(142.1)	(63.7)
<b>Net cash provided by (used in) operating activities</b>		<b>429.9</b>	<b>326.9</b>
<b>Cash flows – investing activities</b>			
<b>Inflows</b>			
Disposal of property, plant and equipment, intangible assets, and investment property		18.2	2.4
Sale of shares in related companies		4.3	8.3
Settlement/disposal of financial assets carried at fair value through profit or loss or through other comprehensive income		0.3	7.4
Disposal of investments carried at amortized cost		3.5	-
Disposal of other financial assets		9.3	-
Loans collected	7.2	31.3	28.4
Interest received		5.3	6.3
Dividends received		1.2	0.9
<b>Outflows</b>			
Acquisition of property, plant and equipment, intangible assets (including R&D expenditures), and investment property	7.2	(142.1)	(109.5)
Expenditures for the acquisition of subsidiaries and associates, increased by cash and cash equivalents in subsidiaries acquired	7.2	(153.3)	(148.7)
Acquisition/settlement of financial assets carried at fair value through profit or loss as well as through other comprehensive income		(0.7)	(1.4)
Acquisition of investments in other debt securities carried at amortized cost		(4.5)	-
Loans granted	7.2	(4.3)	(20.5)
Other cash flows from investing activities		(0.4)	(3.7)
<b>Net cash provided by (used in) investing activities</b>		<b>(231.9)</b>	<b>(230.1)</b>

<b>Cash flows – financing activities</b>			
<b>Inflows</b>			
Proceeds from the implementation of employee stock option plan		0.4	0.4
Proceeds from bank loans and borrowings	<u>7.3</u>	429.1	139.3
Proceeds from issuance of debt securities	<u>7.3</u>	311.4	159.6
Received grants related to assets and/or development projects		2.3	-
<b>Outflows</b>			
Expenditures for the acquisition of non-controlling interests		(4.6)	(10.2)
Redemption of debt securities	<u>7.3</u>	(80.5)	(33.0)
Repayments of bank loans and borrowings	<u>7.3</u>	(275.4)	(124.7)
Payments of lease liabilities	<u>7.3</u>	(99.0)	(14.1)
Interest paid		(39.1)	(25.9)
Dividends paid out by the Parent Company	<u>5.6</u>	(254.8)	(249.8)
Dividends paid out to non-controlling shareholders	<u>6.7</u>	(120.6)	(99.8)
<b>Net cash provided by (used in) financing activities</b>		<b>(130.8)</b>	<b>(258.2)</b>
<b>Net increase in cash and cash equivalents</b>		<b>67.2</b>	<b>(161.4)</b>
Net foreign exchange differences		4.7	53.7
Net cash and cash equivalents as at 1 January		1,767.5	1,484.0
<b>Net cash and cash equivalents as at 30 June</b>	<u><b>6.12</b></u>	<b>1,839.4</b>	<b>1,376.3</b>



**Supplementary Information  
to the Interim Condensed Consolidated  
Financial Statements of [Asseco Group](#)**



# Supplementary Information to the Interim Condensed Consolidated Financial Statements

## 1. General information

Asseco Group ("Asseco Group", the "Group") is a group of companies, whose Parent Company is Asseco Poland S.A. (the "Parent Company", "Company", "Issuer") with registered office at 14 Olchowa St., Rzeszów, Poland.

### General information on the Parent Company

<b>Name</b>	Asseco Poland S.A.
<b>Seat</b>	Rzeszów, 14 Olchowa St.
<b>National Court Register number</b>	0000033391
<b>REGON (statistical ID number)</b>	010334578
<b>Tax Identification Number</b>	522-000-37-82
<b>Core business</b>	Production of software

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

On 4 January 2007, the Issuer changed its name from Softbank S.A. to Asseco Poland S.A., and moved its registered office from 72a, 17 Stycznia St., Warsaw to 80 Armii Krajowej Av., Rzeszów. On 8 March 2010, the Issuer moved its registered office from 80 Armii Krajowej Av., Rzeszów to 14 Olchowa St., Rzeszów.

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

The period of the Company's operations is indefinite.

Asseco Poland S.A. is one of the largest IT companies listed on the Warsaw Stock Exchange. The Company is also a major player in the European software producers market.

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

Our comprehensive offering includes products dedicated for the sectors of banking and finance, public administration, as well as industry, trade, and services. The Group has got a wide-range portfolio of proprietary products, unique competence and experience in the execution of complex IT projects, and a broad customer base, including the largest financial institutions, major industrial enterprises as well as public administration bodies.

## 2. Basis for the preparation of interim condensed consolidated financial statements

### 2.1. Basis for preparation

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost convention, except for financial assets carried at fair value through profit or loss or through other comprehensive income, financial assets carried at amortized cost, financial liabilities carried at fair value through profit or loss, as well as investment property measured at fair value.

These interim condensed consolidated financial statements have been prepared on a going-concern basis, assuming the Group will continue its business activities over a period not shorter than 12 months from 30 June 2019. Till the date of preparing these interim condensed consolidated financial statements, we have not observed any circumstances that would threaten the Group's ability to continue as a going concern.

These interim condensed consolidated financial statements do not include all information and disclosures required for annual consolidated financial statements, and therefore they should be read together with the Group's consolidated financial statements for the year ended 31 December 2018 which were published on 25 March 2019.

### 2.2. Compliance statement

These interim condensed consolidated financial statements have been prepared in conformity with the requirements set forth in the International Accounting Standard 34 'Interim Financial Reporting' as endorsed by the European Union (IAS 34).

The scope of these interim condensed consolidated financial statements, being a part of the semi-annual report, is in accordance with the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states (consolidated text: Journal of Laws of 2018, item 757) ("Regulation"), and covers the interim reporting period from 1 January to 30 June 2019 and the comparable period from 1 January to 30 June 2018 in case of the income statement and the statement of cash flows, as well as the financial position data as at 30 June 2019 and the comparable data as at 31 December 2018 in case of the statement of financial position.

The cumulative data presented for the period of 6 months ended 30 June 2019 as well as for the comparable period have been reviewed by a certified auditor. Whereas, the quarterly data disclosed for the period from 1 April to 30 June 2019 and for the corresponding period of 2018 have not been reviewed by a certified auditor; these data have been calculated as the difference between the semi-annual cumulative data and the data presented in the quarterly condensed consolidated financial statements of Asseco Group for the interim period ended 31 March 2019 which were published on 23 May 2019.

### 2.3. Functional currency and presentation currency

The presentation currency of these interim condensed consolidated financial statements is the Polish zloty (PLN), and all figures are presented in millions of PLN (mPLN), unless stated otherwise. Any inaccuracies in totals amounting to PLN 0.1 million are due to the adopted rounding of numbers.

The functional currency applied by the Parent Company and, at the same time, the presentation currency used in these interim condensed consolidated financial statements is the Polish zloty (PLN). Functional currencies applied by our subsidiaries consolidated in these financial statements are the currencies of primary business environments in which they operate. For consolidation purposes, financial statements of our foreign subsidiaries are translated into PLN using the respective currency exchange rates as quoted by the National Bank of Poland at the end of the reporting period in case of the statement of financial position, or using the arithmetic average of such exchange rates as published by the National Bank of Poland and effective on the last day of each month during the reporting period in case of the statement of comprehensive income as well as the statement of cash flows. The effects of such conversion are recognized in equity as 'Foreign exchange differences on translation of foreign operations'.

## 2.4. Professional judgement and estimates

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

Presented below are the main areas which in the process of applying the accounting policies were subject to accounting estimates and the management's professional judgement, and whose estimates, if changed, could significantly affect the Group's future results.

### i. Consolidation of entities in which the Group holds less than 50% of voting rights

The Group's Management has not changed its judgement regarding the existence of control over entities in which the Parent Company holds less than 50% of shares in relation to such judgement that has been described in detail in item 2.4 of section 'Basis for the preparation of financial statements' contained in the Group's consolidated financial statements for the year ended 31 December 2018 which were published on 25 March 2019.

Hence, in the period covered by these interim condensed consolidated financial statements as well as at 30 June 2019, in the Management's opinion, the Parent Company maintained control over Formula Systems (1985) Ltd. (hereinafter "Formula" or "Formula Systems") in which the Group holds less than 50% of shares. The same conclusion applies to companies in which direct equity interests held by Formula Systems do not provide an absolute majority of voting rights, including Sapiens International Corporation NV (hereinafter "Sapiens"), Magic Software Enterprises Ltd. (hereinafter "Magic"), and Matrix IT Ltd. (hereinafter "Matrix IT").

The conclusion regarding the existence of control has also been upheld in the case of Asseco Business Solutions S.A., a direct subsidiary of Asseco Enterprise Solutions in which the Group holds 46.47% of the share capital and total voting rights at the general meeting of shareholders.

Moreover, the Group has analyzed its relationships with other related entities and upheld the conclusion that, in accordance with IFRS 10, it maintains control over Asseco Resovia S.A. and Gdynski Klub Koszykówki Arka S.A. Such conclusion is based on the indications set out in the above-referred section of the consolidated financial statements of the Group for the year ended 31 December 2018.

Consequently, all of the above-mentioned entities have been fully consolidated in these interim condensed consolidated financial statements of Asseco Group for the period of 6 months ended 30 June 2019.

### ii. Estimates

In the period of 6 months ended 30 June 2019, our approach to making estimates was not subject to any substantial modification.

In relevant notes to these interim condensed consolidated financial statements, the Group has disclosed possible changes to estimates presented in previous reporting periods that have a significant impact on the current interim period.

Significant accounting policies regarding the items that are at significant risk of material adjustment to the carrying values of assets and liabilities have been described in item 6 in the consolidated financial statements of Asseco Group for the year ended 31 December 2018.

## 2.5. Accounting policies applied

Significant accounting policies applied by the Group in these interim condensed consolidated financial statements are consistent with those explained in the Group's consolidated financial statements for the year 2018, except for the adoption of a new accounting standard, i.e. IFRS 16 which is described in detail below.

Moreover, in the period of 6 months ended 30 June 2019, the following accounting regulations became effective:

- IFRIC 23 'Uncertainty over Income Tax Treatments';
- Amendments to IFRS 9 'Prepayment Features with Negative Compensation';
- Amendments to IAS 28 'Long-term Interests in Associates and Joint Ventures';
- Amendments to IAS 19 'Plan Amendment, Curtailment or Settlement';
- Annual Improvements to IFRSs: 2015-2017 Cycle.

In 2019, the Group has for the first time adopted IFRS 16 'Leases' ("IFRS 16"). In accordance with the requirements of IAS 34 'Interim Financial Reporting', the Group has provided a description and disclosed the effects of changes in its accounting policy later in this note. The remaining new or amended standards and interpretations that became effective starting from 2019 have no significant impact of the interim condensed consolidated financial statements of the Group.

### *i. IFRS 16 – first-time adoption*

Asseco Group has implemented IFRS 16 'Leases' as of 1 January 2019 in line with the transition guidance provided in the standard. The impact of adopting this standard on the Group's consolidated financial data has been presented below in this report.

The Group has applied IFRS 16 retrospectively by recognizing the cumulative effect of initial application of this standard as an adjustment to the opening balance of retained earnings as at 1 January 2019. In accordance with paragraph C8(b) of IFRS 16, the Group has measured right-of-use assets for individual lease contracts at either their carrying amount, as if IFRS 16 had been applied since the lease commencement date, or at an amount equal to the lease liability at the date of initial application of the standard, this is as at 1 January 2019.

As at 31 December 2018, Asseco Group was party to contracts that were classified in accordance with IAS 17 either as operating leases including contracts for perpetual usufruct of land (liabilities from such contracts were disclosed as off-balance-sheet liabilities), or as finance leases.

The largest impact on these interim condensed consolidated financial statements was exerted by the remeasurement of contracts that were considered as operating leases until 31 December 2018 (including primarily contracts for rental of office buildings), as well as by the appropriate remeasurement of contracts for perpetual usufruct of land that were deemed to meet the definition of a lease under IFRS 16. However, the Group has not remeasured any contracts for rental of IT hardware where rented equipment is considered to be of low value. In the contract remeasurement process, the Group has applied the incremental borrowing rate calculated as the sum of the margin on an investment loan adequately secured with leased assets (respectively for each of the Group's companies), and the rate quoted for IRS instruments or the interest rate on bonds in the currency in which the lease contract is made. Both the margin and IRS rate/bond interest rate have been selected to match the lease terms.

### ***Practical expedients permitted by IFRS 16 used at the transition date***

- The Group has not applied IFRS 16 to contracts that were previously identified as arrangements containing a lease in accordance with IAS 17 and IFRIC 4;
- The Group has applied a single discount rate to a portfolio of leases with similar characteristics (i.e. contracts with a similar lease term, concluded in the same currency, and for a similar class of underlying asset);
- Operating lease contracts for which the remaining lease term shall end within 12 months from 1 January 2019 have been treated as short-term leases and thus their recognition in the financial statements has remained unchanged;
- Operating lease contracts where the underlying asset has a low value (e.g. office equipment, small IT

equipment) have not been reassessed and their recognition has remained unchanged;

- The Group has used hindsight in determining the lease term (e.g. if the contract contained an option to extend or terminate the lease);
- The Group has excluded initial direct costs from the measurement of right-of-use assets at the date of initial application;
- The Group has not separated lease components and non-lease components.

### **Impact of the adoption of IFRS 16 as at 1 January 2019**

The table below presents the impact of the adoption of IFRS 16 on the Group's equity as at 1 January 2019. The actual impact presented in the table is different from the expected impact that was disclosed in our consolidated financial statements for the year ended 31 December 2018, because the final judgments made by company managements within Formula Group and Asseco International Group were changed, especially as regards options to extend certain contracts, as a consequence of which the Group has recognized higher assets and liabilities arising from lease contracts in its consolidated statement of financial position drawn up as at 1 January 2019.

<b>Impact of IFRS 16 on the statement of financial position of the Group</b>	<b>1 Jan. 2019 mPLN</b>
<b>Assets</b>	<b>635.7</b>
Right-of-use assets	690.4
<i>including assets previously disclosed under property, plant and equipment</i>	<i>(79.5)</i>
Deferred tax assets	25.1
Prepayments and accrued income	(0.3)
<b>Liabilities</b>	<b>659.2</b>
Lease liabilities	645.7
- long-term	489.7
- short-term	156.0
Deferred tax liabilities	21.8
Other provisions	0.1
Deferred income and other liabilities	(8.4)
<b>Net impact on equity, of which:</b>	<b>(23.5)</b>
Retained earnings	(11.7)
Non-controlling interests	(11.8)

As mentioned in the previous section, the above impact is related to rentals of office space by the Group that used to be recognized as operating leases in accordance with IAS 17. Due to the fact that almost all rental agreements were concluded for periods longer than 12 months, the Group appropriately remeasured the related liabilities that used to be disclosed as off-balance-sheet liabilities as well as liabilities arising from contracts for perpetual usufruct of land, and reclassified them as lease liabilities using the incremental borrowing rate. The impact on retained earnings resulted from the remeasurement of some contracts as if IFRS 16 was effective since their commencement, which is tantamount to the recognition of interest expenses accrued in previous years and accumulated depreciation recognized until 1 January 2019 in the balance of retained earnings.

The table below presents the reconciliation of lease liabilities under IAS 17 disclosed as at 31 December 2018 with lease liabilities estimated in accordance with IFRS 16 as at 1 January 2019:

	Lease liabilities mPLN
<b>Finance lease liabilities as at 31 December 2018 (IAS 17)</b>	<b>61.0</b>
<b>Liabilities (and their changes) not disclosed in the statement of financial position as at 31 December 2018, of which:</b>	<b>645.7</b>
Operating lease liabilities as at 31 December 2018 (IAS 17)	444.6
Discount calculated using the incremental borrowing rate and changes in the Group's estimates concerning the options to extend or terminate rental contracts that used to be classified as operating leases	201.3
Liabilities arising from contracts for perpetual usufruct of land recognized initially in the statement of financial position as at 1 January 2019	36.0
Short-term leases (practical expedient allowing not to recognize liabilities as at 1 January 2019)	(34.4)
Leases of low-value assets (practical expedient allowing not to recognize liabilities as at 1 January 2019)	(0.2)
Contracts classified as services	(0.8)
Adjustment resulting from changes in the index or interest rate affecting the variable lease payments	(0.8)
<b>Lease liabilities as at 1 January 2019</b>	<b>706.7</b>

#### **Impact of the adoption of IFRS 16 on the income statement for the first half of 2019**

The table below presents the impact of applying IFRS 16 on the income statement of Asseco Group for the period of 6 months ended 30 June 2019.

Impact of IFRS 16 on the Group's income statement	Period of 6 months ended 30 June 2019 (in accordance with IFRS 16)	Adjustment due to the adoption of IFRS 16	Period of 6 months ended 30 June 2019 (excluding the adoption of IFRS 16 – amounts in accordance with IAS 17)
	mPLN	mPLN	mPLN
Operating revenues (total)	5,009.9	-	5,009.9
Operating costs (total)	(4,556.3)	(6.4)	(4,562.7)
of which depreciation of rented, leased and perpetual usufruct assets	(93.5)	86.6	(6.9)*
of which rental fees	(10.5)	(93.0)	(103.5)
<b>Operating profit (loss)</b>	<b>453.6</b>	<b>(6.4)</b>	<b>447.2</b>
Financing activities (net)	(35.6)	11.5	(24.1)
<b>Pre-tax profit (loss)</b>	<b>418.0</b>	<b>5.1</b>	<b>423.1</b>
Corporate income tax (current and deferred tax expense)	(92.0)	-	(92.0)
Share of profits of associates and joint ventures	0.6	-	0.6
<b>Net profit (loss)</b>	<b>326.6</b>	<b>5.1</b>	<b>331.7</b>
Attributable to:			
Shareholders of the Parent Company	159.7	1.8	161.5
Non-controlling interests	166.9	3.3	170.2

\* depreciation of assets held under finance lease contracts in accordance with IAS 17



***Changes in the Group's accounting policy implemented as a result of adopting IFRS 16 – the Group acting as a lessee***

IFRS 16 introduced a single accounting model for the recognition of leases in the lessee's accounting books – in general, the standard implies that all lease arrangements shall be treated similarly as in the former model for recognition of finance leases under IAS 17. The new standard has superseded the previously applicable standard IAS 17 and interpretations IFRIC 4, SIC 15 and SIC 27.

In accordance with IFRS 16, a contract is a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use is transferred under a contract if the lessee has both of the following:

- the right to obtain substantially all of the economic benefits from use of the identified asset; and
- the right to direct the use of the identified asset.

Therefore, since 1 January 2019, all the rights arising from agreements for rental, hire or use (including usufruct of land) that meet the above-mentioned definition have been measured and recognized by the Group in its consolidated statement of financial position, in a separate line called right-of-use assets (representing underlying assets).

The above-described principles for the identification of leases have been applied by the Group since the date of adopting the standard; however, the Group has used a practical expedient permitted by IFRS 16 not to reassess whether a contract is a lease or contains a lease as at the date of initial application in respect of contracts that were entered into prior to the date of initial application of the new standard.

***Initial recognition and measurement of right-of-use assets***

Since 1 January 2019, in the case of contracts identified as leases, the Group has recognized right-of-use assets as at the lease commencement date (i.e. the date when the asset being leased is available for use by the Group).

Right-of-use assets are initially recognized at cost.

The cost of the right-of-use asset shall comprise: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

***Subsequent measurement of right-of-use assets***

The Group shall measure the right-of-use asset applying a cost model, this is at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability (i.e. modifications that are not required to be accounted for as a separate lease).

Right-of-use assets are depreciated by the Group basically using the straight-line method. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies the provisions of IAS 36 'Impairment of Assets' to determine whether the right-of-use asset is impaired.

***Lease liabilities – initial recognition***

At the lease commencement date, the Group measures the lease liability at the present value of lease payments outstanding at that date. The lease payments are discounted by the Group using the incremental borrowing rate.

The lease payments comprise: fixed payments (including in-substance fixed lease payments), less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to

be payable under residual value guarantees; the exercise price of a purchase option (if the Group is reasonably certain to exercise that option); and payments of penalties for terminating the lease (if the Group is reasonably certain to exercise that option).

Variable lease payments that do not depend on an index or a rate are immediately recognized as expenses in the period in which the event or condition that triggers those payments occurs.

#### ***Lease liabilities – subsequent measurement***

In subsequent periods, the amount of the lease liability is reduced by the lease payments made and increased by interest accrued on that liability. Such interest is calculated by the Group using the incremental borrowing rate of the lessee, which constitutes the sum of the risk-free interest rate (being determined by the Group companies based on the quotations of relevant IRS derivatives or interest rates on government bonds for relevant currencies) and the credit risk premium for the Group companies (being quantified on the basis of margins offered to the Group companies on investment loans adequately secured with assets of these companies).

If a lease contract is subject to modification involving a change in the lease term, a revised amount of in-substance fixed lease payments, or a change in the assessment of an option to purchase the underlying asset, then the lease liability shall be remeasured to reflect such changes. Remeasurement of the lease liability requires making a corresponding adjustment to the right-of-use asset.

#### ***Practical expedients for short-term leases and leases of low-value assets***

The Group applies a practical expedient to rental contracts and other contracts of similar nature that are concluded for a period shorter than 12 months from the lease commencement date.

Whereas, the practical expedient for leases of low-value assets is applied by the Group primarily to leases of IT hardware and other equipment with a low initial value. According to guidance provided by the International Accounting Standards Board, items whose value does not exceed USD 5 thousand may be considered as low-value assets.

In both the above-mentioned exceptions, the lease payments are recognized as expenses basically on a straight-line basis, in the period to which they are related. In such case, the Group does not recognize any right-of-use assets or corresponding financial liabilities.

#### ***Exemptions from applying IFRS 16***

The Group does not apply the provisions of IFRS 16 to rental contracts and other contracts of similar nature for which the underlying assets are recognized as intangible assets. Moreover, IFRS 16 does not apply to intellectual property licensing agreements which are within the scope of IFRS 15.

#### ***Estimates and professional judgement involved in adopting IFRS 16***

In order to adopt and apply IFRS 16, the Group was required to make miscellaneous estimates and exercise professional judgment. This concerned mainly the assessment of the lease term in contracts concluded for an indefinite period as well as in contracts providing the Group with an option to extend the lease. In determining the lease term, the Group had to consider all relevant facts and circumstances that create an economic incentive to exercise or not to exercise the option to extend the lease or the option to terminate the lease. When determining the lease term, the Group also took into account the amount of expenditures incurred to adapt the leased asset to individual needs, and in the case of real estate leases – size of the market in a given location and the specific features of rented property.

#### ***Group acting as a lessor***

Accounting by lessors under IFRS 16 remained substantially unchanged from the previous approach required by IAS 17. Lessors continue to treat all lease agreements according to the same criteria as specified in IAS 17, hence each lease shall be classified as an operating lease or a finance lease.

In respect of lease contracts where the Group acts as a lessor, the Group has made no adjustments following the adoption of IFRS 16. Starting from 1 January 2019, the Group has recognized these contracts in accordance with IFRS 16.

## 2.6. New standards and interpretations published but not in force yet

The following standards and interpretations were issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC), but have not yet come into force:

- IFRS 14 'Regulatory Deferral Accounts' (issued on 30 January 2014) – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture' (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB;
- IFRS 17 'Insurance Contracts' (issued on 18 May 2017) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2021;
- Amendments to References to the Conceptual Framework in International Financial Reporting Standards (issued on 29 March 2018) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2020;
- Amendments to IFRS 3 'Business Combinations' (issued on 22 October 2018) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2020;
- Amendments to IAS 1 and IAS 8: 'Definition of Materiality' (issued on 31 October 2018) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2020.

The specified effective dates have been set forth in the standards published by the International Accounting Standards Board. The actual dates of adopting these standards in the European Union may differ from those set forth in the standards and they shall be announced once they are approved for application by the European Union. The Group did not decide on early adoption of any standard, interpretation or amendment which has been published but has not yet become effective.

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

## 2.7. Corrections of material errors

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

## 2.8. Restatement of comparable data

In the first quarter of 2019, the Group completed the purchase price allocation of PVBS LLC (a company acquired within Matrix IT Group included in the Formula Systems segment). This process resulted in changing the values of some assets and liabilities disclosed as at 31 December 2018, which necessitated a restatement of comparable data. The detailed information on the acquired assets and liabilities has been presented in explanatory note 6.4 to these interim condensed consolidated financial statements.

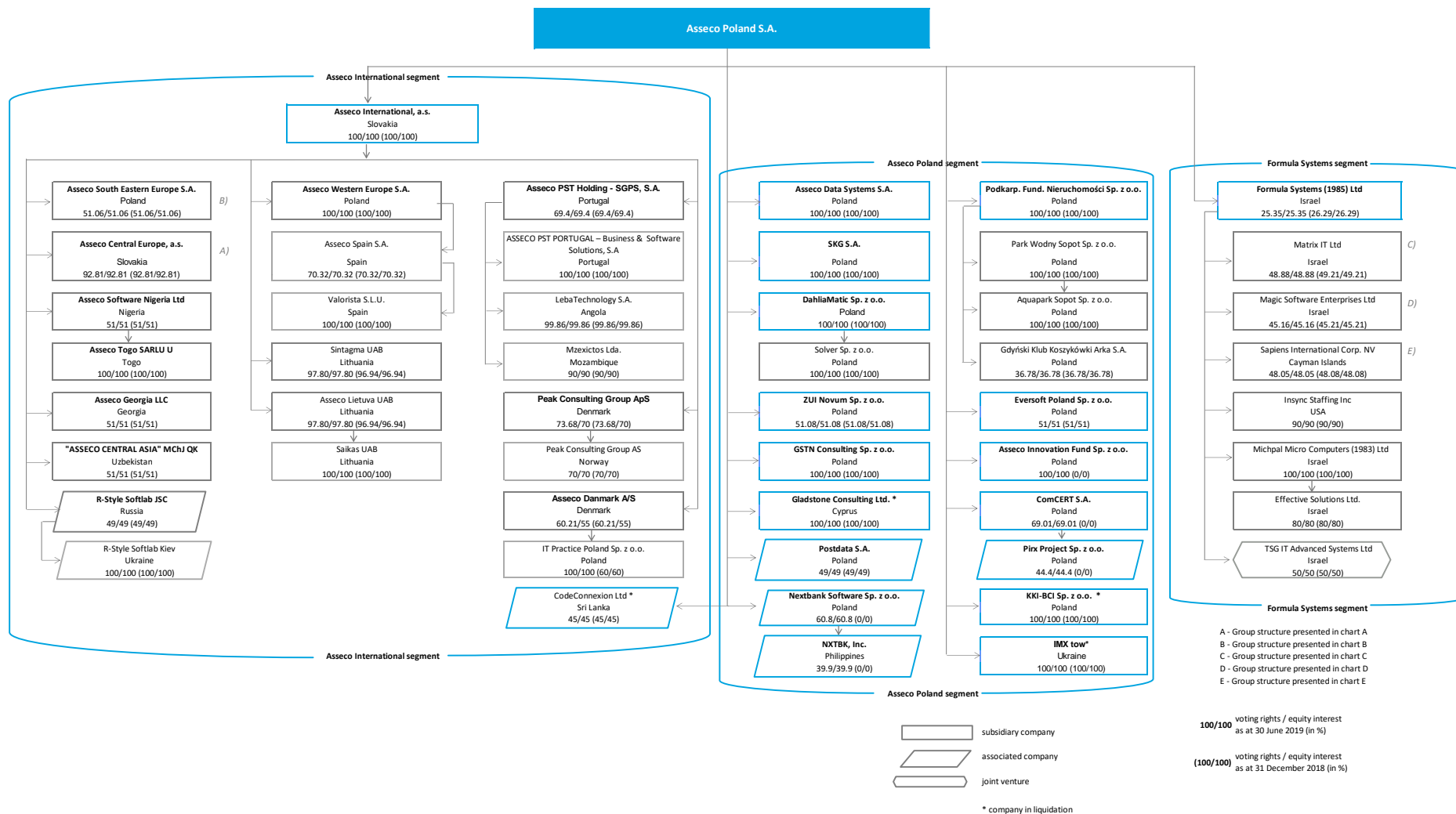
In the second quarter of 2019, the Group completed the purchase price allocation of DWC Slovakia a.s. (a company acquired within ACE Group included in the Asseco International segment). This process resulted in changing the values of some assets and liabilities disclosed as at 31 December 2018, which necessitated a restatement of comparable data. The detailed information on the acquired assets and liabilities has been presented in explanatory note 6.4 to these interim condensed consolidated financial statements.

The impact of both the above-mentioned changes on the comparable data has been presented in the table below.

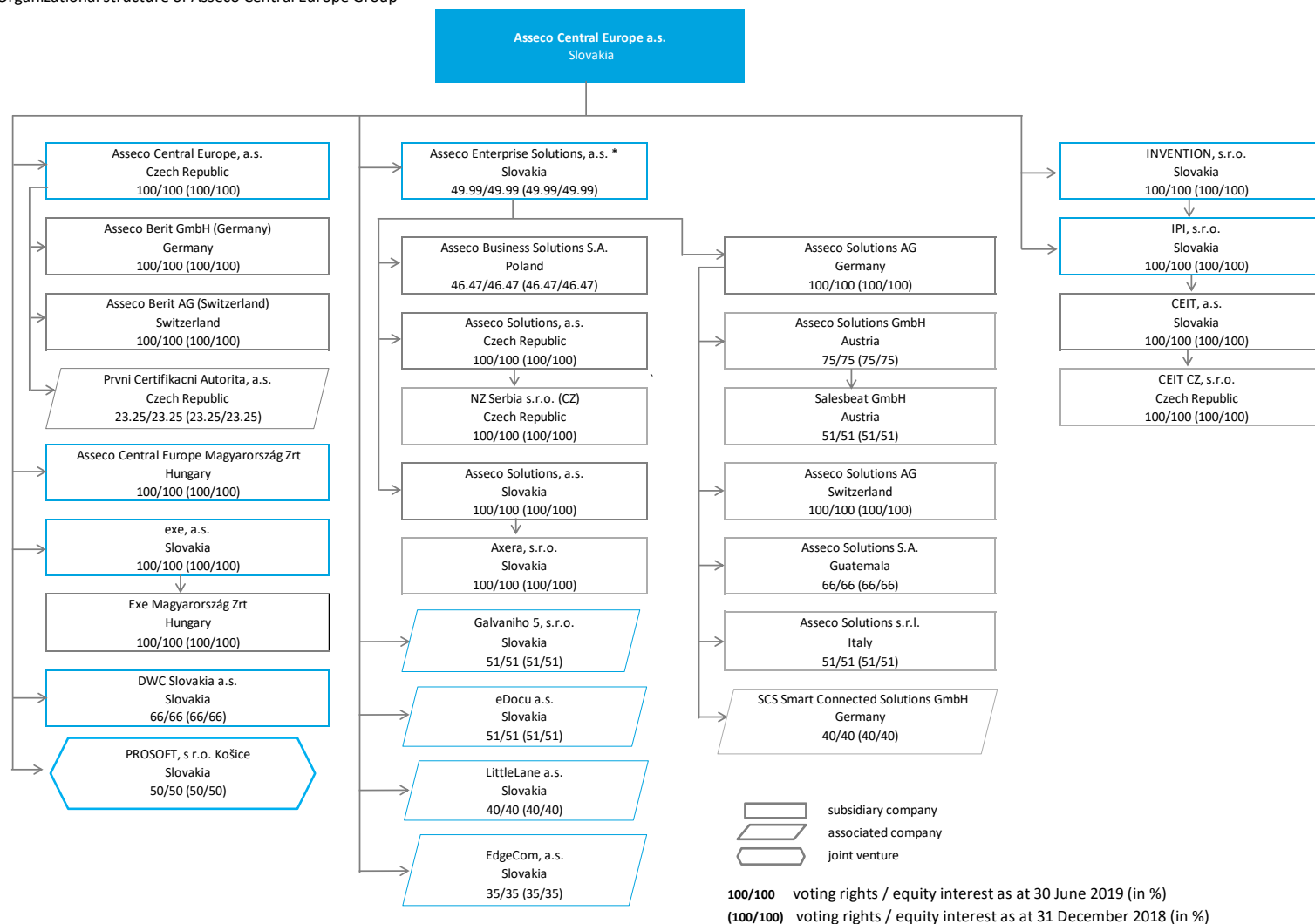
Restatement of comparable data as at 31 December 2018	31 Dec. 2018	Completion of purchase price allocation within Matrix IT Group (Formula Systems segment)	Completion of purchase price allocation within ACE Group (Asseco International segment)	31 Dec. 2018 (restated)
	mPLN	mPLN	mPLN	mPLN
<b>Non-current assets</b>	<b>7,649.5</b>	<b>(3.0)</b>	<b>4.9</b>	<b>7,651.4</b>
Property, plant and equipment	828.4	-	-	828.4
Intangible assets	1,994.2	(5.3)	1.3	1,990.2
Investment property	21.0	-	-	21.0
Goodwill	4,248.9	2.3	2.4	4,253.6
Investments accounted for using the equity method	111.5	-	-	111.5
Other receivables and trade receivables	127.5	-	-	127.5
Deferred tax assets	83.6	-	1.2	84.8
Other non-financial assets	0.1	-	-	0.1
Other financial assets	175.1	-	-	175.1
Prepayments and accrued income	59.2	-	-	59.2
<b>Current and non-current assets held for sale</b>	<b>4,993.3</b>	<b>-</b>	<b>-</b>	<b>4,993.3</b>
<b>TOTAL ASSETS</b>	<b>12,642.8</b>	<b>(3.0)</b>	<b>4.9</b>	<b>12,644.7</b>
<b>Total equity</b>	<b>7,663.3</b>	<b>-</b>	<b>(1.2)</b>	<b>7,662.1</b>
Equity (attributable to shareholders of the Parent Company)	5,717.7	-	-	5,717.7
Non-controlling interests	1,945.6	-	(1.2)	1,944.4
<b>Non-current liabilities</b>	<b>1,865.2</b>	<b>(3.0)</b>	<b>0.3</b>	<b>1,862.5</b>
Bank loans, borrowings and debt securities	1,082.9	-	-	1,082.9
Lease liabilities	32.1	-	-	32.1
Other financial liabilities	180.3	(1.5)	-	178.8
Deferred tax liabilities	411.8	(1.4)	0.3	410.7
Provisions	67.9	-	-	67.9
Deferred income	43.3	(0.1)	-	43.2
Contract liabilities	32.3	-	-	32.3
Accruals	1.5	-	-	1.5
Other liabilities	13.1	-	-	13.1
<b>Current liabilities</b>	<b>3,114.3</b>	<b>-</b>	<b>5.8</b>	<b>3,120.1</b>
Provisions	39.6	-	5.8	45.4
Other current liabilities	3,074.7	-	-	3,074.7
<b>TOTAL LIABILITIES</b>	<b>4,979.5</b>	<b>(3.0)</b>	<b>6.1</b>	<b>4,982.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,642.8</b>	<b>(3.0)</b>	<b>4.9</b>	<b>12,644.7</b>

### 3. Organization and changes in the structure of Asseco Group, including the entities subject to consolidation

The organizational structure of Asseco Group has been presented in the chart below (the voting rights and equity interest held as at 30 June 2019 and 31 December 2018 are disclosed under the name of each company):



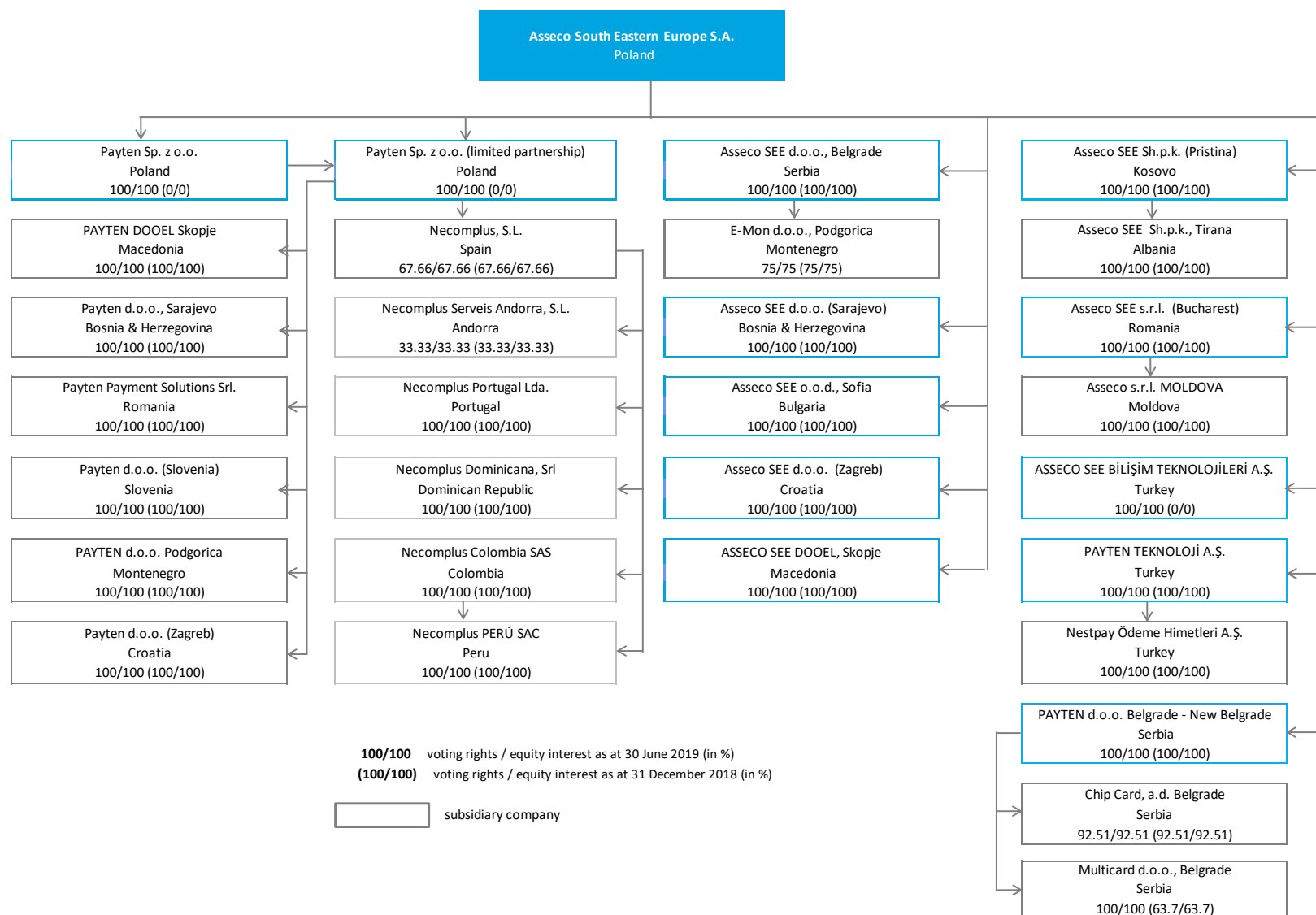
# A. Organizational structure of Asseco Central Europe Group



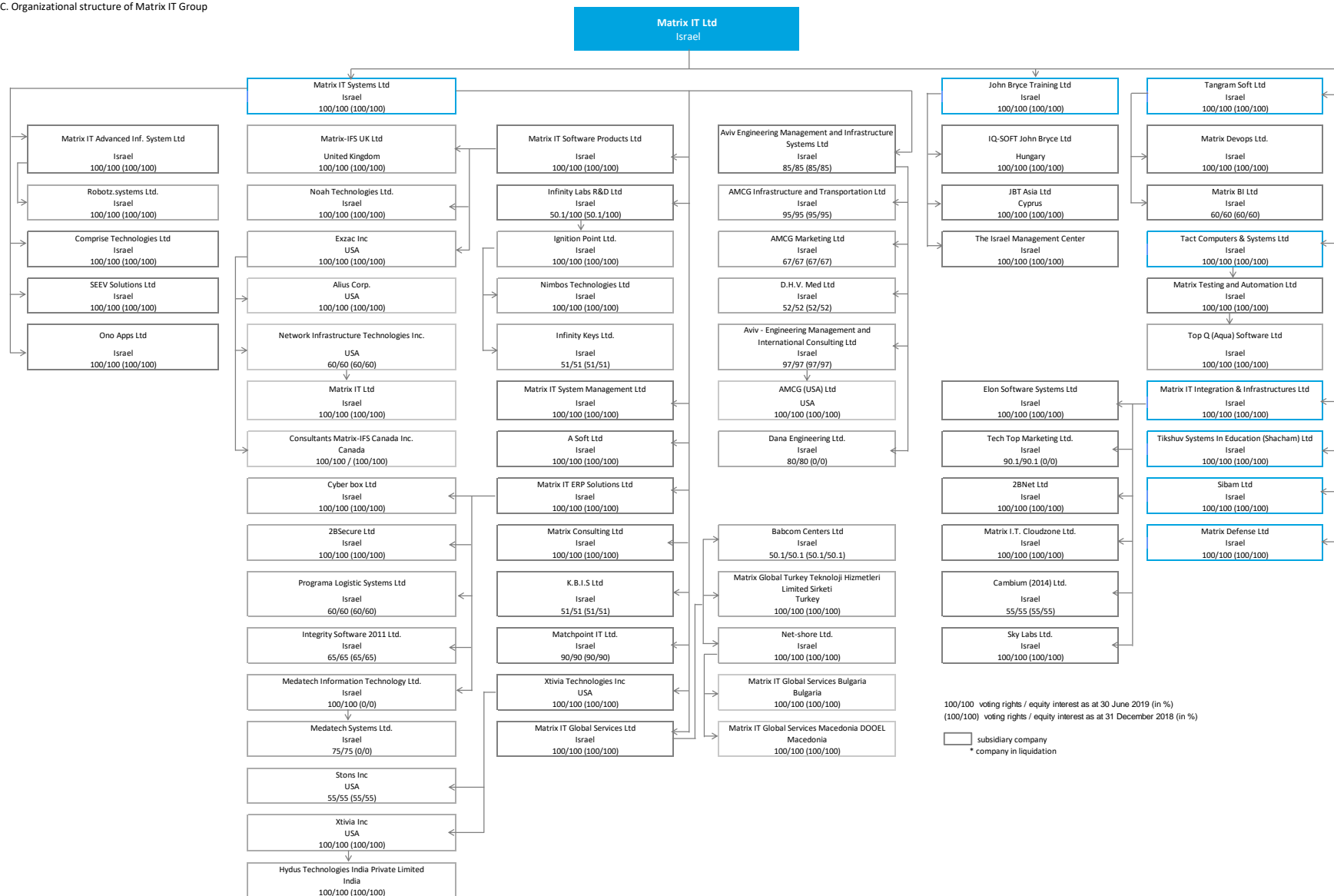
\* Asseco Central Europe, a.s. holds 49.999999% of shares in Asseco Enterprise Solutions, while the remaining 50.00001% of shares are held by Asseco International, a.s. Asseco Central Europe, a.s. maintains direct control over Asseco Enterprise Solutions, a.s.



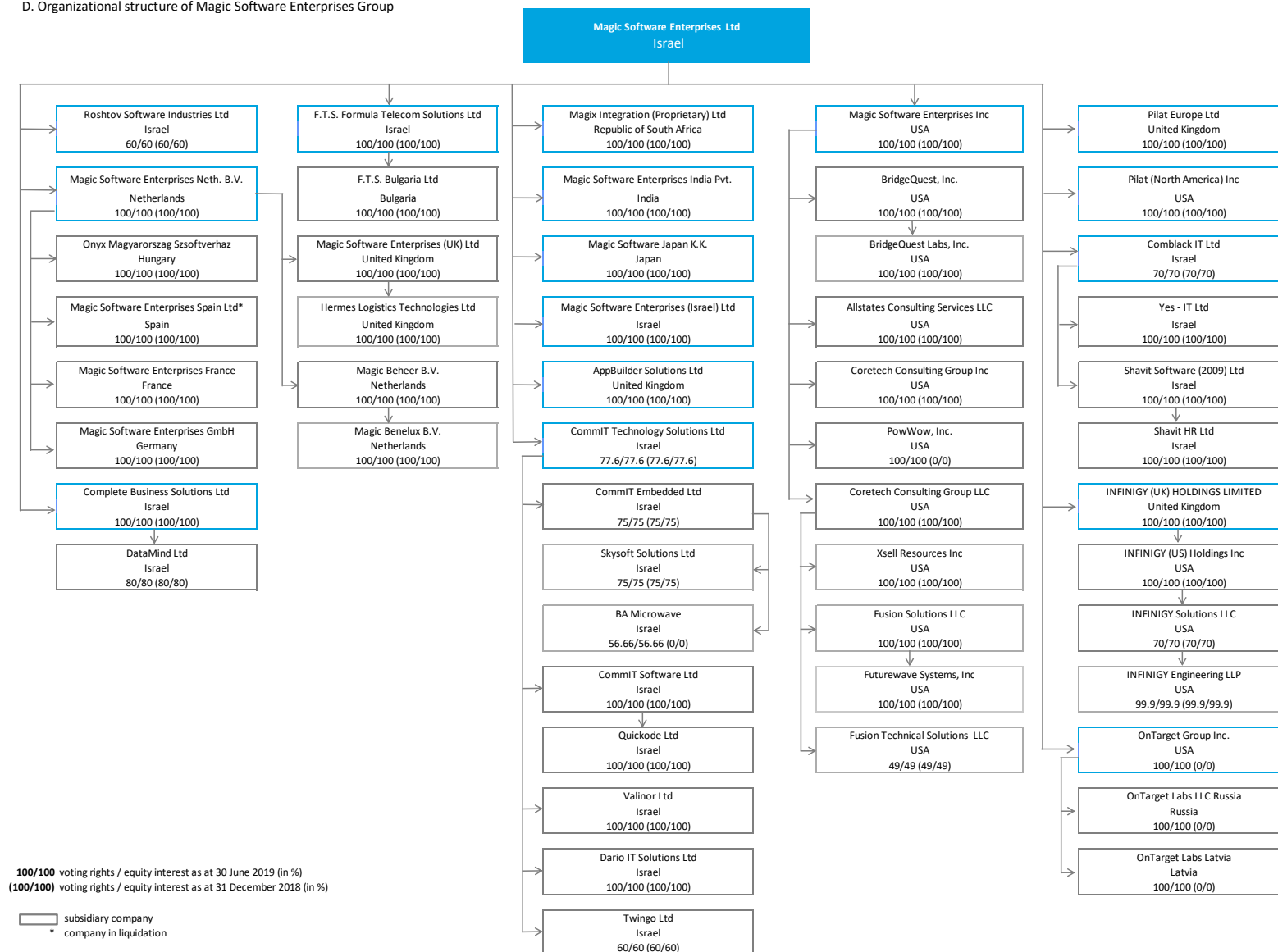
## B. Organizational structure of Asseco South Eastern Europe Group



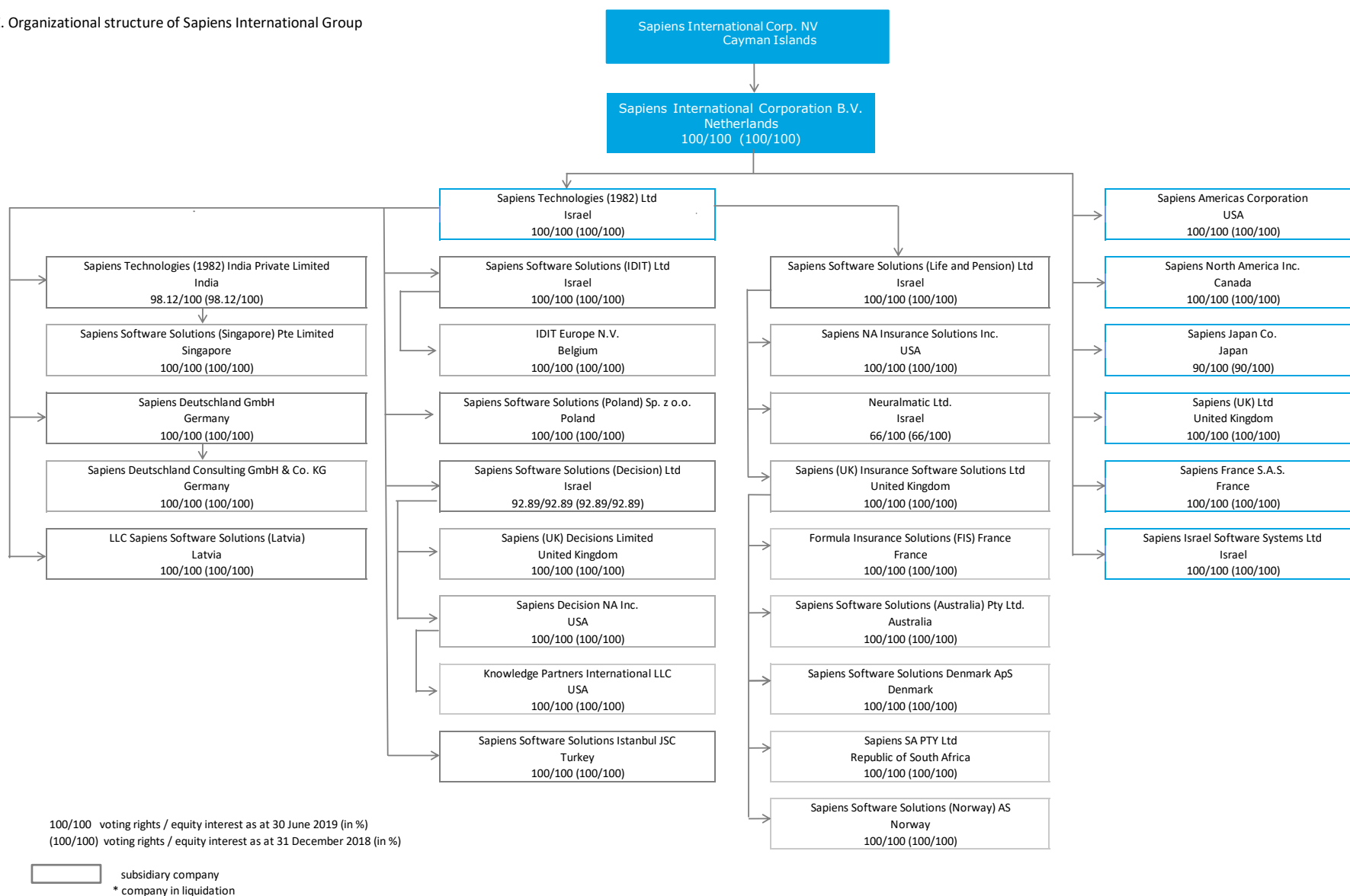
C. Organizational structure of Matrix IT Group



D. Organizational structure of Magic Software Enterprises Group



E. Organizational structure of Sapiens International Group



During the period of 6 months ended 30 June 2019, the Group's composition changed as follows:

### **Asseco Poland segment**

- ***Establishing of a new company Asseco Innovation Fund Sp. z o.o.***

On 13 February 2019, Asseco Poland S.A. established a new company called Asseco Innovation Fund Sp. z o.o. The newly founded company is a wholly-owned subsidiary of Asseco Poland S.A.

- ***Acquisition of shares in Nextbank Software Sp. z o.o.***

On 25 February 2019, following an increase of the share capital of Nextbank Software Sp. z o.o., Nextbank Software Sp. z o.o. obtained registration of an additional issuance of shares dedicated to Asseco Poland S.A. Hence, on 25 February 2019, Asseco Poland S.A. acquired a 9.8% stake in Nextbank Software Sp. z o.o. On 4 March 2019, subsequently to meeting the second condition specified under the investment agreement (signed on 28 November 2018), Asseco Poland S.A. effectively acquired an additional 51% stake in the said company. After conducting this transaction (this is as at 4 March 2019), Asseco Poland S.A. holds in total 60.8% of shares in Nextbank Software Sp. z o.o. Nonetheless, due to the contractual provisions, Asseco Poland S.A. will not exercise control over Nextbank Software Sp. z o.o. as understood by IFRS 10, because Asseco Poland S.A. cannot change the composition of the management board in that company for at least 4 years. However, the Group will consolidate the financial results of that company using the equity method.

- ***Commencement of the liquidation process of Gladstone Consulting Ltd.***

The process of winding-up the company of Gladstone Consulting Ltd. (a wholly-owned subsidiary of Asseco Poland S.A.) was initiated on 8 March 2019. This transaction had no impact on the Group's equity because, as described in the consolidated financial statements for the year ended 31 December 2017, all the business activities (the integrated set of activities and assets as defined by IFRS 3) that used to be performed by Gladstone Consulting Ltd. based in Cyprus, have been taken over by GSTN Consulting Sp. z o.o. This change was intended to transfer all the said business activities to the Poland-based company.

- ***Acquisition of ComCERT S.A.***

On 20 May 2019, Asseco Poland S.A. acquired 69.01% of shares in ComCERT S.A. Moreover, on the same day a conditional agreement was signed under which Asseco Poland S.A. shall purchase the remaining 30.99% of shares in ComCERT S.A. once the condition specified in this agreement is satisfied by the seller within the deadline of 30 June 2021. As a result of this transaction, the newly acquired company ComCERT S.A. has become a subsidiary of Asseco Poland S.A. This transaction has been described in detail in explanatory note 6.4 to these interim condensed consolidated financial statements.

### **Asseco International segment**

- ***Changing the name ASSECO SEE TEKNOLOJİ A.Ş. to PAYTEN TEKNOLOJİ A.Ş.***

On 2 January 2019, the company ASSECO SEE TEKNOLOJİ A.Ş. was renamed as PAYTEN TEKNOLOJİ A.Ş.

- ***Establishing of a new company ASSECO SEE BİLİŞİM TEKNOLOJİLERİ A.Ş.***

On 2 January 2019, we established a new company called ASSECO SEE BİLİŞİM TEKNOLOJİLERİ A.Ş. based in Turkey. The newly founded company is a wholly-owned subsidiary of Asseco South Eastern Europe S.A.

- ***Change of shareholding in IT-Practice Poland Sp. z o.o.***

On 8 January 2019, Asseco Danmark A/S increased its equity interest in the company IT-Practice Poland Sp. z o.o. from 60% to 100%.

- ***Transaction under common control – Acquisition of shares in Necomplus, S.L. by ASEE***

On 29 January 2019, Asseco South Eastern Europe S.A. acquired 67.66% of shares in the company Necomplus, S.L. from Asseco Western Europe S.A. Because both the seller and the buyer of shares in Necomplus, S.L. are companies controlled by Asseco Poland S.A., this transaction has been accounted for as a transaction under common control with no impact on the Group's net income. As a result of accounting for this transaction, the Group recognized the amount of PLN 1.8 million in equity.

- ***Establishing of a new company Payten Sp. z o.o.***

On 29 January 2019, we established a new company called Payten Sp. z o.o. based in Poland. The newly founded company is a wholly-owned subsidiary of Asseco South Eastern Europe S.A.

- ***Liquidation of T EMPLEAMOS ETT, S.L.***

The company T EMPLEAMOS ETT, S.L. was liquidated on 30 January 2019. This transaction had no significant impact on these interim condensed consolidated financial statements.

- ***Liquidation of Logis IT S.L.U.***

The company Logis IT S.L.U. (a wholly-owned subsidiary of Asseco Spain S.A.) was liquidated on 1 February 2019. This transaction had no significant impact on the Group's equity.

- ***Change of shareholding in Sintagma UAB and Asseco Lietuva UAB***

On 8 March 2019, Asseco International, a.s. increased its equity interest in the company Sintagma UAB from 96.94% to 97.80%, as well as in Asseco Lietuva UAB from 96.94% to 97.80%.

- ***Establishing of a new company Payten Sp. z o.o. (limited partnership)***

A new company called Payten Sp. z o.o. (limited partnership), based in Poland, was registered on 20 March 2019. The newly founded company is a direct subsidiary of Asseco South Eastern Europe S.A. and Payten Sp. z o.o.

- ***Change of shareholding in Multicard d.o.o., Belgrade***

On 17 April 2019, PAYTEN d.o.o. Belgrade – New Belgrade increased its equity interest in the company Multicard d.o.o., Belgrade from 63.7% to 100%.

- ***Loss of control over Prosoft***

On 14 April 2019, ACE Group lost control over the company Prosoft s.r.o. Due to the loss of control, the Group recognized the amount of EUR 40 thousand (PLN 0.2 million) in equity attributable to shareholders of the Parent Company. From the date of losing control, Prosoft s.r.o. has been treated as a joint venture and accounted for using the equity method.

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

Following a decision made in the first quarter of 2019, Asseco International, a.s. sold 51% of shares in the company Asseco Kazakhstan LLP on 24 April 2019. Due to insignificant result recognized on this transaction, net assets of Asseco Kazakhstan LLP (amounting to PLN -0.7 million) were deconsolidated as at 31 March 2019 already.

- ***Transfer of shares in Payten and Necomplus companies***

On 28 June 2019, shares held in the companies of Payten Group and Necomplus were contributed to Payten Sp. z o.o. (limited partnership).

## **Formula Systems segment**

- ***Merger of companies within Sapiens Americas Corporation Group***

Since 1 January 2019, the companies of Maximum Processing Inc, 4Sight Business Intelligence Inc., StoneRiver Inc., Adaptik Corporation and Sapiens Americas Corporation have operated as a single business entity. The company taking over all the remaining companies is Sapiens Americas Corporation. This transaction had no impact on these interim condensed consolidated financial statements.

- ***Acquisition of Dana Engineering Ltd.***

On 6 February 2019, Aviv Engineering Management and Infrastructure Systems Ltd. acquired the company Dana Engineering Ltd. Aviv Engineering Management and Infrastructure Systems Ltd. holds 80% of shares in this newly acquired subsidiary. This transaction has been described in detail in explanatory note 6.4 to these interim consolidated financial statements.



- ***Acquisition of Medatech Information Technology Ltd.***

On 20 February 2019, Matrix IT E.R.P. Solutions Ltd. acquired the company Medatech Information Technology Ltd. The newly acquired company is a wholly-owned subsidiary of Matrix IT E.R.P. Solutions Ltd. On 7 April 2019, Medatech Information Technology Ltd. acquired 25% of shares in Medatech Systems Ltd., thereby increasing its equity interest in this subsidiary to 75%. Both these transactions have been disclosed by the Group as the acquisition of Medatech Group and described in detail in explanatory note 6.4 to these interim condensed consolidated financial statements.

- ***Merger of Hoshen Eliav Systems Engineering Ltd. with Matrix Defense Ltd.***

The merger of the companies of Hoshen Eliav Systems Engineering Ltd. and Matrix Defense Ltd. was registered on 27 February 2019. This transaction had no impact on these interim condensed consolidated financial statements.

- ***Merger of Matrix I.T. Solutions Ltd. with Matrix I.T. Systems Ltd.***

The merger of the companies of Matrix I.T. Solutions Ltd. and Matrix I.T. Systems Ltd. was registered on 27 February 2019. This transaction had no impact on these interim condensed consolidated financial statements.

- ***Acquisition of OnTarget Group Inc.***

On 28 February 2019, Magic Software Enterprises Ltd. acquired a new company called OnTarget Group Inc. The newly acquired company is a wholly-owned subsidiary of Magic Software Enterprises Ltd. This transaction has been described in detail in explanatory note 6.4 to these interim condensed consolidated financial statements.

- ***Establishing of a new company TechTop Marketing Ltd.***

A new company called TechTop Marketing Ltd., based in Israel, was registered on 3 March 2019. 90.1% of shares in this newly founded subsidiary are held by Matrix IT Integration & Infrastructures Ltd. On 7 April 2019, Matrix Group acquired assets of the company TechTop Marketing Ltd. meeting the definition of a business, which has been described in explanatory note 6.4 to these interim condensed consolidated financial statements as the acquisition of TechTop Marketing Ltd. The acquired assets have been subsequently transferred to the earlier established company (as described above) operating under the same name.

- ***Acquisition of PowWow, Inc.***

On 1 April 2019, Magic Software Enterprises Ltd. acquired a new company called PowWow, Inc. The newly acquired company is a wholly-owned subsidiary of Magic Software Enterprises Ltd. This transaction has been described in detail in explanatory note 6.4 to these interim condensed consolidated financial statements.

- ***Acquisition of BA Microwave***

On 20 June 2019, CommIT Embedded Ltd. acquired a new company called BA Microwave. CommIT Embedded Ltd. holds 56.66% of shares in this newly acquired subsidiary. This transaction has been described in detail in explanatory note 6.4 to these interim condensed consolidated financial statements.

- ***Dilution of Formula Systems' common stock upon conversion of bonds***

In the period from 1 January till 10 March 2019, the bondholders of Formula Systems converted bonds with a total face value of ILS 80.3 million (USD 20.5 million) into the company's shares. Due to such conversion of bonds, Formula Systems issued 544 thousand new shares. Following this transaction, the equity interest held by Asseco Poland S.A. in Formula Systems decreased from 26.29% to 25.35% as at 30 June 2019. As a result of this transaction, the Group recognized the amount of PLN 15.1 million in equity attributable to shareholders of the Parent Company.

This event has not changed the judgement of the Management of Asseco Poland S.A. regarding the existence of control over the company of Formula Systems. As at 30 June 2019, all the bonds disclosed in the statement of financial position of Formula Systems constitute ordinary debt securities which are not convertible into shares.

## 4. Information on operating segments

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

**Asseco Poland segment** comprises our companies which generate revenues mostly in the Polish market. Performance of this segment is analyzed on a regular basis by the Management of the Parent Company acting as the chief operating decision maker. This segment includes, among others, the following companies: Asseco Poland, Asseco Data Systems, DahliaMatic, ZUI Novum, SKG, and GSTN Consulting. The aforementioned companies offer comprehensive IT services intended for a broad range of clients operating in the sectors of financial institutions, public administration, and enterprises.

**Asseco International segment** comprises our companies which generate revenues mostly in the markets of Central Europe, South Eastern Europe, as well as Western Europe and Eastern Europe. Performance of these companies is assessed on a periodic basis by the Management of Asseco International, a.s. This segment is identical with the composition of Asseco International Group. The segment's performance as a whole is subject to regular verification by the Management of Asseco Poland. The aforementioned companies offer comprehensive IT services intended for a broad range of clients operating primarily in the sectors of financial institutions, public administration, and enterprises.

**Formula Systems segment** comprises our companies which generate revenues mostly in the markets of Israel, North America, Japan, as well as in Europe, Middle East, and Africa (EMEA region). Performance of these companies is assessed on a periodic basis by the Management of Formula Systems; hence, the segment's composition corresponds to the structure of Formula Systems Group. The segment's performance as a whole is subject to regular verification by the Management of Asseco Poland.

Revenues from none of our clients exceeded 10% of total sales generated by the Group in the period of 6 months ended 30 June 2019.

Selected data from the income statement and the cash flow statement for the period of 6 months ended 30 June 2019, in a breakdown to operating segments:

6 months ended 30 June 2019	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
<b>Revenues from external customers</b>	<b>597.7</b>	<b>1,346.2</b>	<b>3,047.0</b>	<b>-</b>	<b>4,990.9</b>
Inter-segment transactions	6.0	-	6.3	(12.3)	-
Total operating revenues of segment	603.7	1,346.2	3,053.3	(12.3)	4,990.9
<b>Operating profit/loss of segment</b>	<b>87.4</b>	<b>150.8</b>	<b>214.4</b>	<b>1.0</b>	<b>453.6</b>
Interest income <sup>1)</sup>	2.7	3.6	2.2	-	<b>8.5</b>
Interest expenses <sup>2)</sup>	(3.1)	(3.8)	(31.0)	0.1	<b>(37.8)</b>
<b>Corporate income tax</b>	<b>(15.9)</b>	<b>(33.8)</b>	<b>(42.3)</b>	<b>-</b>	<b>(92.0)</b>
<b>Non-cash items:</b>					
Depreciation and amortization (as disclosed in the cash flow statement)	(46.2)	(70.4)	(188.5)	1.9	<b>(303.2)</b>
of which amortization of intangible assets recognized in purchase price allocation (PPA)	(8.4)	(4.5)	(89.3)	-	<b>(102.2)</b>
Costs of share-based payment transactions with employees (SBP)	-	(1.5)	(7.4)	-	<b>(8.9)</b>
Recognition/Reversal of impairment losses on segment's assets	(0.1)	(4.1)	(0.5)	-	<b>(4.7)</b>
Share of profits of associates and joint ventures	(0.4)	(3.2)	4.2	-	<b>0.6</b>
<b>Net profit/loss attributable to shareholders of the Parent Company</b>	<b>68.8</b>	<b>74.9</b>	<b>14.8</b>	<b>1.2</b>	<b>159.7</b>
<b>Cash provided by (used in) operating activities</b>	<b>95.0</b>	<b>123.8</b>	<b>353.7</b>	<b>(0.5)</b>	<b>572.0</b>

<sup>1)</sup> Interest income on loans granted, debt securities, leases, trade receivables, and bank deposits

<sup>2)</sup> Interest expenses on bank loans, borrowings, debt securities, leases, and trade payables

<sup>3)</sup> Cash generated from operating activities before income tax paid

Selected data from the statement of financial position as at 30 June 2019, in a breakdown to operating segments:

30 June 2019	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
<b>Non-current assets</b>	<b>3,295.7</b>	<b>2,068.4</b>	<b>3,137.1</b>	<b>(10.5)</b>	<b>8,490.7</b>
of which goodwill	2,260.7	1,355.5	795.2	-	4,411.4
<b>Current assets</b>	<b>567.5</b>	<b>1,231.5</b>	<b>3,404.7</b>	<b>(6.8)</b>	<b>5,196.9</b>
<i>including:</i>					
trade receivables and contract assets	404.1	610.6	1,692.9	(4.6)	2,703.0
cash and cash equivalents	80.2	395.4	1,392.3	(0.4)	1,867.5
<b>Non-current liabilities</b>	<b>196.7</b>	<b>330.6</b>	<b>2,034.9</b>	<b>(8.6)</b>	<b>2,553.6</b>
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	-	80.6	1,147.4	-	1,228.0
lease liabilities (IFRS 16)	76.6	135.1	314.6	(7.1)	519.2
<b>Current liabilities</b>	<b>253.1</b>	<b>863.5</b>	<b>2,362.9</b>	<b>(8.2)</b>	<b>3,471.3</b>
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	2.7	88.0	695.8	-	786.5
lease liabilities (IFRS 16)	36.1	46.2	125.1	(0.8)	206.6
trade payables and contract liabilities	117.5	472.4	794.8	(7.2)	1,377.5

Selected data from the income statement and the cash flow statement for the period of 6 months ended 30 June 2018, in a breakdown to operating segments:

6 months ended 30 June 2018	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
<b>Revenues from external customers</b>	<b>664.7</b>	<b>1,214.2</b>	<b>2,581.0</b>	<b>-</b>	<b>4,459.9</b>
Inter-segment transactions	3.7	4.1	5.7	(13.5)	-
Total operating revenues of segment	668.4	1,218.3	2,586.7	(13.5)	4,459.9
<b>Operating profit/loss of segment</b>	<b>120.5</b>	<b>123.9</b>	<b>126.6</b>	<b>0.1</b>	<b>371.1</b>
Interest income <sup>1)</sup>	2.9	3.2	0.9	(0.3)	6.7
Interest expenses <sup>2)</sup>	(3.4)	(1.6)	(20.3)	0.3	(25.0)
<b>Corporate income tax</b>	<b>(29.0)</b>	<b>(30.9)</b>	<b>(28.5)</b>	<b>-</b>	<b>(88.4)</b>
<b>Non-cash items:</b>					
Depreciation and amortization (as disclosed in the cash flow statement)	(39.7)	(52.5)	(139.1)	1.6	(229.7)
of which amortization of intangible assets recognized in purchase price allocation (PPA)	(8.4)	(3.9)	(104.6)	-	(116.9)
Costs of share-based payment transactions with employees (SBP)	-	(1.2)	(10.5)	-	(11.7)
Recognition/Reversal of impairment losses on segment's assets	2.7	(0.2)	(2.5)	-	-
Share of profits of associates and jointly controlled companies	(1.2)	(0.7)	(0.2)	-	(2.1)
<b>Net profit/loss attributable to the Parent Company</b>	<b>84.1</b>	<b>64.5</b>	<b>8.5</b>	<b>0.2</b>	<b>157.3</b>
<b>Cash provided by (used in) operating activities <sup>3)</sup></b>	<b>158.8</b>	<b>98.5</b>	<b>129.5</b>	<b>3.8</b>	<b>390.6</b>

<sup>1)</sup> Interest income on loans granted, debt securities, finance leases, trade receivables, and bank deposits

<sup>2)</sup> Interest expenses on bank loans, borrowings, debt securities, finance leases, and trade payables

<sup>3)</sup> Cash generated from operating activities before income tax paid

Selected data from the statement of financial position as at 31 December 2018, in a breakdown to operating segments:

31 Dec. 2018	Asseco Poland segment	Asseco International segment	Formula Systems segment	Eliminations	Total
(restated)	mPLN	mPLN	mPLN	mPLN	mPLN
<b>Non-current assets</b>	<b>3,248.2</b>	<b>1,914.0</b>	<b>2,492.5</b>	<b>(3.3)</b>	<b>7,651.4</b>
of which goodwill	2,257.1	1,367.7	628.8	-	4,253.6
<b>Current assets</b>	<b>766.9</b>	<b>1,239.0</b>	<b>3,000.6</b>	<b>(13.2)</b>	<b>4,993.3</b>
<i>including:</i>					
trade receivables and contract assets	400.8	532.4	1,721.5	(7.7)	2,647.0
cash and cash equivalents	284.2	506.9	1,009.4	-	1,800.5
<b>Non-current liabilities</b>	<b>171.7</b>	<b>238.5</b>	<b>1,452.5</b>	<b>(0.2)</b>	<b>1,862.5</b>
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	38.8	88.9	955.2	-	1,082.9
finance lease liabilities (IAS 17)	23.9	8.2	-	-	32.1
<b>Current liabilities</b>	<b>317.6</b>	<b>765.0</b>	<b>2,052.6</b>	<b>(15.1)</b>	<b>3,120.1</b>
<i>including:</i>					
liabilities under bank loans, borrowings and debt securities	22.4	79.9	479.3	-	581.6
finance lease liabilities (IAS 17)	24.9	4.0	-	-	28.9
trade payables	147.8	447.8	803.2	(9.5)	1,389.3

## 5. Explanatory notes to the consolidated statement of income

### 5.1. Breakdown of operating revenues

Operating revenues generated during the periods of 3 and 6 months ended 30 June 2019 and in the comparable periods were as follows:

	3 months ended 30 June 2019 mPLN	6 months ended 30 June 2019 mPLN	3 months ended 30 June 2018 mPLN	6 months ended 30 June 2018 mPLN
<b>Operating revenues by type of products</b>				
Proprietary software and services	2,092.8	4,074.0	1,871.3	3,600.3
Third-party software and services	183.4	358.3	169.1	314.7
Hardware and infrastructure	262.5	558.6	270.5	544.9
<b>Total</b>	<b>2,538.7</b>	<b>4,990.9</b>	<b>2,310.9</b>	<b>4,459.9</b>
<b>Operating revenues by sectors</b>				
Banking and Finance	1,023.4	1,980.7	901.6	1,721.6
General Business	921.8	1,842.8	934.6	1,795.1
Public Institutions	593.5	1,167.4	474.7	943.2
<b>Total operating revenues</b>	<b>2,538.7</b>	<b>4,990.9</b>	<b>2,310.9</b>	<b>4,459.9</b>

#### i. Breakdown of segment revenues by type of products

Operating revenues of individual segments generated by type of products during the period of 6 months ended 30 June 2019 and in the comparable period were as follows:

	Asseco Poland segment mPLN	Asseco International segment mPLN	Formula Systems segment mPLN	Eliminations mPLN	Total mPLN
<b>6 months ended 30 June 2019</b>					
Proprietary software and services	533.6	916.2	2,633.3	(9.1)	<b>4,074.0</b>
Third-party software and services	42.8	178.3	141.6	(4.4)	<b>358.3</b>
Hardware and infrastructure	27.3	251.7	278.4	1.2	<b>558.6</b>
<b>Total operating revenues</b>	<b>603.7</b>	<b>1,346.2</b>	<b>3,053.3</b>	<b>(12.3)</b>	<b>4,990.9</b>

	Asseco Poland segment mPLN	Asseco International segment mPLN	Formula Systems segment mPLN	Eliminations mPLN	Total mPLN
<b>6 months ended 30 June 2018</b>					
Proprietary software and services	554.0	796.5	2,255.4	(5.6)	<b>3,600.3</b>
Third-party software and services	67.7	161.2	92.5	(6.7)	<b>314.7</b>
Hardware and infrastructure	46.7	260.6	238.8	(1.2)	<b>544.9</b>
<b>Total operating revenues</b>	<b>668.4</b>	<b>1,218.3</b>	<b>2,586.7</b>	<b>(13.5)</b>	<b>4,459.9</b>

*ii. Breakdown of segment operating revenues by sectors*

Operating revenues of individual segments generated by sectors during the period of 6 months ended 30 June 2019 and in the comparable period were as follows:

	Asseco Poland segment mPLN	Asseco International segment mPLN	Formula Systems segment mPLN	Eliminations mPLN	Total mPLN
<b>6 months ended 30 June 2019</b>					
Banking and Finance	220.4	469.9	1,298.3	(7.9)	1,980.7
General Business	155.4	577.8	1,114.7	(5.1)	1,842.8
Public Institutions	227.9	298.5	640.3	0.7	1,167.4
<b>Total operating revenues</b>	<b>603.7</b>	<b>1,346.2</b>	<b>3,053.3</b>	<b>(12.3)</b>	<b>4,990.9</b>

	Asseco Poland segment mPLN	Asseco International segment (restated) mPLN	Formula Systems segment mPLN	Eliminations mPLN	Total (restated) mPLN
<b>6 months ended 30 June 2018</b>					
Banking and Finance	241.7	415.9	1,072.0	(8.0)	1,721.6
General Business	172.5	559.2	1,066.8	(3.4)	1,795.1
Public Institutions	254.2	243.2	447.9	(2.1)	943.2
<b>Total operating revenues</b>	<b>668.4</b>	<b>1,218.3</b>	<b>2,586.7</b>	<b>(13.5)</b>	<b>4,459.9</b>

*iii. Breakdown of operating revenues by countries in which they were generated*

	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
Israel	1,874.6	1,554.5
USA	809.4	691.7
Poland	699.0	770.4
Spain	225.2	191.8
Slovakia	207.1	205.3
Czech Republic	163.6	119.7
Germany	106.6	93.2
Serbia	105.9	73.8
United Kingdom	102.4	133.2
Denmark	92.7	88.5
Other countries	604.4	537.8
<b>Total operating revenues</b>	<b>4,990.9</b>	<b>4,459.9</b>

iv. Revenues from contracts with customers within total operating revenues

	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
<b>Revenues from contracts with customers recognized in accordance with IFRS 15, of which:</b>	<b>4,951.3</b>	<b>4,420.1</b>
<b>From goods and services transferred at a specific point in time</b>	<b>2,054.4</b>	<b>2,020.2</b>
Asseco Poland segment	65.7	129.6
Asseco International segment	488.9	521.1
Formula Systems segment	1,504.2	1,369.5
Intragroup transactions	(4.4)	-
<b>From goods and services transferred over the passage of time</b>	<b>2,896.9</b>	<b>2,451.1</b>
Asseco Poland segment	538.0	562.1
Asseco International segment	817.7	663.7
Formula Systems segment	1,549.1	1,225.3
Intragroup transactions	(7.9)	-
Intragroup transactions (comparable period)*	-	(51.2)*
<b>Other operating revenues (mainly from leases)**</b>	<b>39.6</b>	<b>39.8</b>
<b>Total operating revenues</b>	<b>4,990.9</b>	<b>4,459.9</b>

\* Intragroup transactions for the comparable period include transactions conducted both within segments and between segments, and furthermore they are not divided into revenues recognized at a specific point in time and over the passage of time.

\*\* Other operating revenues are related entirely to the Asseco International segment.

Other operating revenues disclosed in the table above, which are not recognized in accordance with IFRS 15, represent primarily revenues generated by Asseco South Eastern Europe Group from the provision of outsourcing services of ATMs and POS terminals. Such contracts are treated as lease contracts and revenues generated therefrom are recognized in accordance with IFRS 16.

## 5.2. Breakdown of operating costs

The table below presents operating costs incurred in the period of 6 months ended 30 June 2019 and in the comparable period.

Operating costs	3 months ended 30 June 2019 mPLN	6 months ended 30 June 2019 mPLN	3 months ended 30 June 2018 mPLN	6 months ended 30 June 2018 mPLN
Cost of goods, materials and third-party services sold (COGS)	(363.6)	(764.3)	(365.3)	(727.8)
Employee benefits	(1,309.9)	(2,536.0)	(1,132.5)	(2,213.5)
Depreciation and amortization	(156.5)	(298.7)	(110.9)	(226.0)
Third-party services*	(333.5)	(653.8)	(315.5)	(591.7)
Other	(143.8)	(277.0)	(180.9)	(324.0)
<b>Total</b>	<b>(2,307.3)</b>	<b>(4,529.8)</b>	<b>(2,105.1)</b>	<b>(4,083.0)</b>
Cost of sales	(1,993.5)	(3,917.1)	(1,791.7)	(3,509.3)
Selling costs	(132.8)	(263.0)	(130.7)	(249.1)
General and administrative expenses	(185.2)	(354.1)	(176.6)	(324.4)
(Recognition)/Reversal of allowances for trade receivables	4.2	4.4	(6.1)	(0.2)
<b>Total</b>	<b>(2,307.3)</b>	<b>(4,529.8)</b>	<b>(2,105.1)</b>	<b>(4,083.0)</b>

\* The costs of third-party services include the costs of human resources outsourcing as well as the costs of subcontractors involved in the execution of IT projects, in total amounting to PLN 468.3 million in the period of 6 months ended 30 June 2019, as compared with PLN 426.5 million incurred in the period of 6 months ended 30 June 2018.

In the period of 6 months ended 30 June 2019, other operating costs included primarily maintenance of property and company cars in the amount of PLN 142.9 million, as well as business trips in the amount of

PLN 51.4 million. Whereas, in the comparable period other operating costs included primarily maintenance of property and company cars in the amount of PLN 217.7 million, as well as business trips in the amount of PLN 48.6 million. The decrease in the costs of maintenance of property and company cars in relation to the comparable period resulted basically from transferring the rental fees from other expenses (in 2018) to depreciation charges (in 2019) due to the implementation of IFRS 16.

*i. Costs of employee benefits*

	3 months ended 30 June 2019 mPLN	6 months ended 30 June 2019 mPLN	3 months ended 30 June 2018 mPLN	6 months ended 30 June 2018 mPLN
Salaries	(1,105.7)	(2,117.1)	(951.0)	(1,848.3)
Social insurance contributions	(78.9)	(156.8)	(72.6)	(140.8)
Retirement benefit expenses	(91.4)	(181.9)	(76.9)	(150.8)
Costs of share-based payment transactions with employees	(3.8)	(8.9)	(6.3)	(11.7)
Other costs of employee benefits	(30.1)	(71.3)	(25.7)	(61.9)
<b>Total employee benefit expenses</b>	<b>(1,309.9)</b>	<b>(2,536.0)</b>	<b>(1,132.5)</b>	<b>(2,213.5)</b>

The average level of employment during the reporting period presented in full-time salaried jobs, i.e. employment in full-time jobs adjusted for (reduced by) positions which are not salaried by the Group companies (such as an unpaid leave, maternity leave, etc.), exclusive of companies whose financial results are disclosed under other operating activities or discontinued operations, however inclusive of companies which joined the Group during the reporting period (calculated proportionally to the period of their consolidation) equalled 24,874 persons, as compared with 23,255 persons in the comparable period.

The costs of equity-settled share-based payment transactions with employees correspond to stock option plans that were awarded to employees of companies incorporated within Formula Systems Group as well as managers of Asseco South Eastern Europe Group, all of which were described in the consolidated financial statements of Asseco Group for the year 2018 (in explanatory note 5.2 ii) that were published on 25 March 2019.

### 5.3. Financial income and expenses

Financial income earned during the periods of 3 and 6 months ended 30 June 2019 and in the comparable periods was as follows:

Financial income	3 months ended 30 June 2019 mPLN	6 months ended 30 June 2019 mPLN	3 months ended 30 June 2018 mPLN	6 months ended 30 June 2018 mPLN
Interest income on investments in debt securities and bank deposits carried at amortized cost	3.5	7.5	3.0	6.4
Interest income on other investments in debt securities, leases and trade receivables	0.5	1.0	(0.3)	0.3
Other interest income	0.1	0.2	0.2	0.2
Positive foreign exchange differences	1.6	8.3	34.4	42.0
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	2.0	3.6	0.4	3.4
Gain on revaluation of deferred and conditional payments for controlling interests in subsidiaries	0.3	0.4	-	-
Gain on sale of subsidiaries and associates	-	0.2	-	-
Gain on revaluation of liabilities from the acquisition of non-controlling interests (put options)	(0.6)	1.3	0.3	1.6
Other financial income	2.7	2.9	0.4	0.6
<b>Total financial income</b>	<b>10.1</b>	<b>25.4</b>	<b>38.4</b>	<b>54.5</b>



Financial expenses incurred during the periods of 3 and 6 months ended 30 June 2019 and in the comparable periods were as follows:

Financial expenses	3 months ended 30 June 2019 mPLN	6 months ended 30 June 2019 mPLN	3 months ended 30 June 2018 mPLN	6 months ended 30 June 2018 mPLN
Interest expenses on bank loans, borrowings, debt securities, leases and trade payables	(20.4)	(37.8)	(13.0)	(25.0)
Other interest expenses	(2.4)	(4.9)	(1.4)	(3.4)
Negative foreign exchange differences	5.0	(6.8)	(10.5)	(13.5)
Expenses related to obtaining control over subsidiaries	(0.1)	(0.5)	(1.1)	(1.7)
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	-	(2.3)	(9.4)	(9.7)
Loss on revaluation of deferred and conditional payments for controlling interests in subsidiaries	(0.3)	(1.0)	(3.4)	(6.0)
Loss on revaluation of liabilities from the acquisition of non-controlling interests (put options)	(1.2)	(3.0)	(1.1)	(1.9)
Other financial expenses	(1.7)	(4.7)	(5.0)	(5.9)
<b>Total financial expenses</b>	<b>(21.1)</b>	<b>(61.0)</b>	<b>(44.9)</b>	<b>(67.1)</b>

Positive and negative foreign exchange differences are presented in net amounts (reflecting the excess of positive differences over negative differences or otherwise) at the level of individual subsidiaries.

Starting from 1 January 2019, our subsidiary Formula Systems (1985) Ltd (holding company) has changed its functional currency from US dollars to Israeli shekels. Due to the fact that the relevant conversion of financial data consolidated by Asseco Group has been completed only in the second quarter of this year, the first quarter of 2019 was reported as if this change did not take place at all, and the entire effect of the change was included in the financial data for the second quarter. Because such conversion was made on a cumulative basis, the table above shows the effect of reversing negative exchange differences in the period from 1 April to 30 June 2019.

#### 5.4. Corporate income tax

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

	3 months ended 30 June 2019 mPLN	6 months ended 30 June 2019 mPLN	3 months ended 30 June 2018 mPLN	6 months ended 30 June 2018 mPLN
Current income tax and prior years' adjustments	(52.8)	(106.6)	(55.1)	(101.9)
Deferred income tax	4.6	14.6	9.9	13.5
<b>Income tax expense as disclosed in the income statement</b>	<b>(48.2)</b>	<b>(92.0)</b>	<b>(45.2)</b>	<b>(88.4)</b>

During the period of 6 months ended 30 June 2019, our effective tax rate equalled 22.0%, as compared with 24.7% in the comparable period last year.

### 5.5. Earnings per share

Both during the reporting period and the comparable period, there were no instruments that could potentially dilute basic earnings per share, hence our basic earnings per share and diluted earnings per share are equal. The table below presents net profits and numbers of shares used for the calculation of earnings per share.

	3 months ended 30 June 2019	6 months ended 30 June 2019	3 months ended 30 June 2018	6 months ended 30 June 2018
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	83,000,303	83,000,303	83,000,303	83,000,303
Net profit attributable to shareholders of the Parent Company for the reporting period (in millions of PLN)	80.1	159.7	88.4	157.3
<b>Consolidated earnings per share for the reporting period (in PLN)</b>	<b>0.97</b>	<b>1.92</b>	<b>1.07</b>	<b>1.90</b>

### 5.6. Information on dividends paid out

In 2019, the Parent Company paid out to its shareholders a dividend for the year 2018. On 26 April 2019, the General Meeting of Shareholders of Asseco Poland S.A. resolved that the whole amount of net profit for the financial year 2018, which equalled PLN 166.5 million, shall be distributed among Shareholders in the form of a dividend payment. Additionally, the General Meeting of Shareholders decided to increase such dividend payment by distributing a portion of prior years' retained earnings in the amount of PLN 88.3 million. This means that the total amount allocated to dividend payment reached PLN 254.8 million or PLN 3.07 per share. The dividend record date was set for 20 May 2019; whereas, the dividend payment was scheduled for 5 June 2019.

In 2018, the Parent Company paid out to its shareholders a dividend for the year 2017. On 25 April 2018, the General Meeting of Shareholders of Asseco Poland S.A. resolved that the whole amount of net profit for the financial year 2017, which equalled PLN 175.6 million, shall be distributed among Shareholders in the form of a dividend payment. Additionally, the General Meeting of Shareholders decided to increase such dividend payment by distributing a portion of prior years' retained earnings in the amount of PLN 74.2 million. This means that the total amount allocated to dividend payment reached PLN 249.8 million, translating into PLN 3.01 per share. The dividend record date was set for 21 May 2018; whereas, the dividend payment was scheduled for 7 June 2018.

## 6. Explanatory notes to the consolidated statement of financial position

### 6.1. Property, plant and equipment

The net book value of property, plant and equipment, during the period of 6 months ended 30 June 2018 and in the comparable period changed as a result of the following transactions:

	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
<b>Net book value of property, plant and equipment as at 1 January</b>	<b>828.4</b>	<b>849.1</b>
<b>Impact of the adoption of IFRS 16 on the opening balance</b>	<b>(79.5)</b>	<b>-</b>
<b>Additions, of which:</b>	<b>97.4</b>	<b>76.0</b>
Purchases and modernization	85.7	61.4
Obtaining control over subsidiaries	8.5	2.4
Finance lease contracts (IAS 17)	-	8.3
Other	3.2	3.9
<b>Reductions, of which:</b>	<b>(73.0)</b>	<b>(74.3)</b>
Depreciation charges for the reporting period	(66.0)	(69.5)
Loss of control over subsidiaries	(0.1)	-
Disposal and liquidation	(4.9)	(1.3)
Other	(2.0)	(3.5)
<b>Changes in presentation methods</b>	<b>0.1</b>	<b>(2.0)</b>
<b>Foreign exchange differences on translation of foreign operations</b>	<b>0.4</b>	<b>2.4</b>
<b>Net book value of property, plant and equipment as at 30 June</b>	<b>773.8</b>	<b>851.2</b>

### 6.2. Intangible assets

The net book value of intangible assets, during the period of 6 months ended 30 June 2019 and in the comparable period changed as a result of the following transactions:

	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
<b>Net book value of intangible assets as at 1 January (restated)</b>	<b>1,990.2</b>	<b>2,079.5</b>
<b>Additions, of which:</b>	<b>149.0</b>	<b>116.1</b>
Purchases and modernization	11.5	7.1
Obtaining control over subsidiaries	88.2	69.8
Costs of development projects in progress	49.3	39.2
<b>Reductions, of which:</b>	<b>(151.4)</b>	<b>(161.6)</b>
Amortization charges for the reporting period	(148.1)	(161.5)
Disposal and liquidation	(1.3)	(0.1)
Loss of control over subsidiaries	(2.0)	-
<b>Changes in presentation methods</b>	<b>(0.7)</b>	<b>(4.9)</b>
<b>Foreign exchange differences on translation of foreign operations</b>	<b>31.2</b>	<b>83.0</b>
<b>Net book value of intangible assets as at 30 June</b>	<b>2,018.3</b>	<b>2,112.1</b>

### 6.3. Right-of-use assets

As described in explanatory note 2.5 to these interim condensed consolidated financial statements, the Group has adopted the new IFRS 16 standard as of 1 January 2019. Following the adoption of this standard, the Group has introduced a new line in the statement of financial position, namely 'Right-of-use assets' reflecting the value of the rights to use underlying assets arising from lease contracts, rental and hire contracts, as well as other contracts of similar nature that meet the definition of a lease under IFRS 16. As a consequence of

applying the modified retrospective approach, the Group has not restated the relevant data for the comparable period and such data are not presented.

	6 months ended 30 June 2019
	mPLN
<b>Net book value of right-of-use assets as at 1 January (after the adoption of IFRS 16)</b>	<b>690.4</b>
<b>Additions, of which:</b>	<b>126.8</b>
Conclusion of new lease contracts	117.9
Modification of existing contracts (lease extension, interest rate change)	5.6
Obtaining control over subsidiaries	3.0
Other	0.3
<b>Reductions, of which:</b>	<b>(111.9)</b>
Depreciation charges for the reporting period	(93.5)
Loss of control over subsidiaries	(0.5)
Early termination of contracts	(1.4)
Modification of existing contracts (lease shortening, interest rate change)	(16.5)
<b>Changes in presentation methods</b>	<b>0.1</b>
<b>Foreign exchange differences on translation of foreign operations</b>	<b>10.7</b>
<b>Net book value of right-of-use assets as at 30 June</b>	<b>716.1</b>

#### 6.4. Goodwill

For impairment testing purposes, goodwill arising from obtaining control over subsidiaries is allocated by the Group in the following way:

- to the groups of cash-generating units that constitute an operating segment; or
- to individual subsidiaries; or
- to operating segments identified within the Parent Company (including: "Banking and Finance", "Public Administration", or "General Business").

The following table presents the amounts of goodwill as at 30 June 2019 and 31 December 2018, in a breakdown to operating segments:

	30 June 2019	31 Dec. 2018 <i>restated</i>
Goodwill	mPLN	mPLN
<b>Asseco Poland segment, of which:</b>	<b>2,260.7</b>	<b>2,257.1</b>
<b><i>Goodwill allocated to individual cash-generating units</i></b>	<b>343.6</b>	<b>340.0</b>
Asseco Data Systems S.A.	244.3	244.3
Gladstone Consulting Ltd. / GSTN Consulting Sp. z o.o.	36.3	36.3
ZUI Novum Sp. z o.o.	0.3	0.3
SKG S.A.	4.4	4.4
DahliaMatic Sp. z o.o.	54.7	54.7
ComCERT S.A.	3.3	-
Eversoft Poland Sp. z o.o.	0.3	-
<b><i>Operating segments identified within the Parent Company</i></b>	<b>1,917.1</b>	<b>1,917.1</b>
Goodwill allocated to the Banking and Finance segment	890.2	890.2
Goodwill allocated to the Public Administration segment	845.9	845.9

Goodwill allocated to the General Business segment	181.0	181.0
<b>Asseco International segment, of which:</b>	<b>1,355.5</b>	<b>1,367.7</b>
Asseco Central Europe Group	719.2	725.8
Asseco South Eastern Europe Group	521.7	509.7
Asseco Spain S.A.	18.1	18.3
Necomplus S.L. <sup>3)</sup>	-	16.4
Sintagma UAB <sup>1)</sup>	0.6	0.6
Asseco Danmark <sup>2)</sup>	32.2	32.5
Asseco PST Holding SGPS S.A. (former Exictos)	63.7	64.4
<b>Formula Systems segment</b>	<b>795.2</b>	<b>628.8</b>
<b>Total goodwill</b>	<b>4,411.4</b>	<b>4,253.6</b>

<sup>1)</sup> Goodwill recognized on the acquisition of Sintagma UAB and Asseco Lietuva UAB.

<sup>2)</sup> Goodwill recognized on the acquisition of Asseco Danmark A/S and Peak Consulting ApS.

<sup>3)</sup> Goodwill recognized on the acquisition of Necomplus SL has been presented within Asseco South Eastern Europe Group since 1 February 2019.

During the period of 6 months ended 30 June 2019, the following changes in goodwill arising from consolidation were observed (the table includes changed components only):

Goodwill as allocated to reportable segments:	Goodwill at the beginning of the period mPLN	Obtaining of control / Loss of control / Other changes in the structure mPLN	Foreign exchange differences mPLN	Goodwill at the end of the period mPLN
<b>Asseco International segment</b>				
Asseco Central Europe Group	725.8	(2.0)	(4.6)	<b>719.2</b>
Asseco South Eastern Europe Group	509.7	19.6	(7.6)	<b>521.7</b>
Necomplus S.L.	16.4	(16.4)	-	-
Asseco Spain S.A.	18.3	-	(0.2)	<b>18.1</b>
Asseco Danmark	32.5	-	(0.3)	<b>32.2</b>
Asseco PST Holding SGPS S.A.	64.4	-	(0.7)	<b>63.7</b>
<b>Asseco Poland segment</b>				
ComCERT S.A.	-	3.3	-	<b>3.3</b>
EverSoft Poland Sp. z o.o.	-	0.3	-	<b>0.3</b>
<b>Formula Systems segment</b>				
Formula Group	628.8	164.3	2.1	<b>795.2</b>

In the period of 6 months ended 30 June 2019, the balance of goodwill arising from consolidation was affected by the below described transactions. Foreign currency amounts disclosed for individual acquisitions in the tables below have been converted to Polish zlotys at the exchange rates effective as at the acquisition date, whereas in the aggregate table above, changes in goodwill have been converted to Polish zlotys at the average exchange rate for the reporting period.

*i. Acquisition of Medatech by Matrix IT*

On 20 February 2019, Matrix IT ERP Solutions Ltd. (a subsidiary of Matrix IT) acquired 100% of shares in the company Medatech Information Technology Ltd. based in Israel. The purchase price amounted to ILS 91.4 million (PLN 96.6 million), of which ILS 90.2 million (PLN 95.3 million) was paid in cash, and the remaining amount of ILS 1.2 million (PLN 1.3 million) constitutes a liability under put options.

Medatech Information Technology Ltd. is a provider of ERP solutions development, implementation and maintenance services primarily for manufacturing and distribution companies operating in the Israeli, American and British markets.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the fair value of net assets acquired in the amount of ILS 25.8 million (PLN 27.3 million) was allocated to intangible assets, while the remaining amount of ILS 71.8 million (PLN 75.8 million) was recognized in goodwill.

Until 30 June 2019, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional value as at the acquisition date mILS	Provisional value as at the acquisition date mPLN
<b>Assets acquired</b>		
Tangible assets	6.2	6.6
Intangible assets identified under purchase price allocation (PPA)	25.8	27.3
Trade receivables	38.1	40.3
Cash and cash equivalents	10.4	11.0
Other assets	8.5	9.0
<b>Total assets</b>	<b>89.0</b>	<b>94.2</b>
<b>Liabilities acquired</b>		
Bank loans and borrowings	20.1	21.2
Deferred tax liabilities	6.0	6.3
Trade payables	10.5	11.1
Other liabilities	32.4	34.4
<b>Total liabilities</b>	<b>69.0</b>	<b>73.0</b>
<b>Net assets value</b>	<b>20.0</b>	<b>21.2</b>
<b>Value of non-controlling interests (within Medatech Group)</b>	<b>0.4</b>	<b>0.4</b>
<b>Equity interest acquired</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Purchase price</b>	<b>91.4</b>	<b>96.6</b>
<b>Goodwill as at the acquisition date</b>	<b>71.8</b>	<b>75.8</b>

*ii. Acquisition of Dana Engineering by Matrix IT Group*

On 6 February 2019, Aviv Engineering Management and Infrastructure Systems Ltd. (a subsidiary of Matrix IT) acquired 80% of shares in the company Dana Engineering Ltd. based in Israel. The purchase price amounted to ILS 78.4 million (PLN 81.7 million), of which ILS 52 million (PLN 54.2 million) was paid in cash.

All non-controlling interests are puttable and accounted for using the purchase method, whereby the value of put options is measured at purchase price amounting to ILS 26.4 million (PLN 27.5 million), while the carrying amount of non-controlling interests stands at 0. The acquisition agreement provides for bilateral call and put options for the remaining shares in that company, effective over a period of 2 years of the acquisition date.

Dana Engineering is a provider of project management services, covering especially large and complex infrastructure projects in the Israeli market.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the fair value of net assets acquired in the amount of ILS 17.5 million (PLN 18.2 million) was allocated to intangible assets, while the remaining amount of ILS 45.4 million (PLN 47.3 million) was recognized in goodwill.

Until 30 June 2019, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional value as at the acquisition date mILS	Provisional value as at the acquisition date mPLN
<b>Assets acquired</b>		
Intangible assets identified under purchase price allocation (PPA)	17.5	18.2

Trade receivables	45.1	47.0
Cash and cash equivalents	54.1	56.4
Other assets	4.5	4.7
<b>Total assets</b>	<b>121.2</b>	<b>126.3</b>
<b>Liabilities acquired</b>		
Deferred tax liabilities	3.0	3.2
Trade payables	42.3	44.1
Other liabilities	42.9	44.6
<b>Total liabilities</b>	<b>88.2</b>	<b>91.9</b>
<b>Net assets value</b>	<b>33.0</b>	<b>34.4</b>
<b>Equity interest acquired</b>	<b>80.0%</b>	<b>80.0%</b>
<b>Purchase price</b>	<b>78.4</b>	<b>81.7</b>
<b>Goodwill as at the acquisition date</b>	<b>45.4</b>	<b>47.3</b>

*iii. Acquisition of OnTarget by Magic Group*

On 28 February 2019, Magic Software Enterprises Ltd. (a company of Formula-Magic Group) acquired 100% of shares in OnTarget Group Inc. based in the United States. The purchase price amounted to USD 15.7 million (PLN 59.4 million), of which USD 6.0 million (PLN 22.6 million) was paid in cash, and the remaining amount constitutes a deferred payment, partially depending on the future operating results achieved by that company.

OnTarget is specialized in outsourcing of software development services.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the fair value of net assets acquired in the amount of USD 6.1 million (PLN 23.1 million) was allocated to intangible assets, while the remaining amount of USD 9.1 million (PLN 34.4 million) was recognized in goodwill.

Until 30 June 2019, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional value as at the acquisition date mUSD	Provisional value as at the acquisition date mPLN
<b>Assets acquired</b>		
Property, plant and equipment	0.1	0.4
Intangible assets identified under purchase price allocation (PPA)	6.1	23.1
Trade receivables	2.3	8.7
Other assets	0.1	0.4
<b>Total assets</b>	<b>8.6</b>	<b>32.6</b>
<b>Liabilities acquired</b>		
Bank loans and borrowings	0.3	1.1
Trade payables	1.5	5.7
Other liabilities	0.2	0.8
<b>Total liabilities</b>	<b>2.0</b>	<b>7.6</b>
<b>Net assets value</b>	<b>6.6</b>	<b>25.0</b>
<b>Equity interest acquired</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Purchase price</b>	<b>15.7</b>	<b>59.4</b>
<b>Goodwill as at the acquisition date</b>	<b>9.1</b>	<b>34.4</b>

*iv. Acquisition of PowWow, Inc.*

On 1 April 2019, Magic Software Enterprises Ltd. (a company of Formula-Magic Group) acquired 100% of shares in PowWow, Inc. based in the United States. The purchase price amounted to USD 6.3 million (PLN 24.1 million) and it was fully paid in cash.

PowWow, Inc. is a provider of comprehensive solutions for integration and development of web applications as well as IT consulting services.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the fair value of net assets acquired in the amount of USD 5.1 million (PLN 19.5 million) was allocated to intangible assets, while the remaining amount of USD 3.4 million (PLN 13 million) was recognized in goodwill.

Until 30 June 2019, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:



	Provisional value as at the acquisition date mUSD	Provisional value as at the acquisition date mPLN
<b>Assets acquired</b>		
Intangible assets identified under purchase price allocation (PPA)	5.1	19.5
Trade receivables	0.5	1.9
Other assets	0.2	0.8
<b>Total assets</b>	<b>5.8</b>	<b>22.2</b>
<b>Liabilities acquired</b>		
Deferred tax liabilities	1.4	5.4
Other liabilities	1.5	5.7
<b>Total liabilities</b>	<b>2.9</b>	<b>11.1</b>
<b>Net assets value</b>	<b>2.9</b>	<b>11.1</b>
<b>Equity interest acquired</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Purchase price</b>	<b>6.3</b>	<b>24.1</b>
<b>Goodwill as at the acquisition date</b>	<b>3.4</b>	<b>13.0</b>

v. *Acquisition of TechTop by Matrix Group*

On 7 April 2019, Matrix IT Integration and Infrastructures Ltd. (a subsidiary of Formula-Matrix Group) acquired assets of the company TechTop Marketing Ltd. meeting the definition of a business. The purchase price amounted to ILS 15.4 million (PLN 16.3 million) and it was fully paid in cash.

TechTop Marketing is a leading Israeli supplier of professional sound and lighting systems.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the fair value of net assets acquired in the amount of ILS 7.8 million (PLN 8.2 million) was allocated to goodwill.

Until 30 June 2019, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional value as at the acquisition date mILS	Provisional value as at the acquisition date mPLN
<b>Assets acquired</b>		
Inventories	7.6	8.1
<b>Total assets</b>	<b>7.6</b>	<b>8.1</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Net assets value</b>	<b>7.6</b>	<b>8.1</b>
<b>Equity interest acquired</b>	<b>100%</b>	<b>100%</b>
<b>Purchase price</b>	<b>15.4</b>	<b>16.3</b>
<b>Goodwill as at the acquisition date</b>	<b>7.8</b>	<b>8.2</b>

vi. *Acquisition of ComCERT S.A.*

On 20 May 2019, Asseco Poland S.A. acquired 69.01% of shares in the company ComCERT S.A. based in Poland. The purchase price amounted to PLN 3.5 million and it was fully paid in cash. The remaining stake of shares (30.99%) has been covered by a conditional acquisition agreement which is to be finalized within the deadline of 30 June 2021.

ComCERT S.A. is engaged, among others, in the provision of cybersecurity through vulnerability analysis, monitoring, detection and protection against cyberattacks.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the fair value of net assets acquired in the amount of PLN 3.3 million was allocated to goodwill.

Until 30 June 2019, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional value as at the acquisition date mPLN
<b>Assets acquired</b>	
Trade receivables	0.3
Other assets	0.2
<b>Total assets</b>	<b>0.5</b>
<b>Liabilities acquired</b>	
Trade payables	0.1
Other liabilities	0.1
<b>Total liabilities</b>	<b>0.2</b>
<b>Net assets value</b>	<b>0.3</b>
<b>Value of non-controlling interests</b>	<b>0.1</b>
<b>Equity interest acquired</b>	<b>69.01%</b>
<b>Purchase price</b>	<b>3.5</b>
<b>Goodwill as at the acquisition date</b>	<b>3.3</b>

*vii. Acquisition of BA Microwave*

On 20 June 2019, CommIT Embedded Ltd. (a subsidiary of Formula-Magic Group) acquired 56.66% of shares in the company BA Microwave based in the United States. The purchase price amounted to USD 0.5 million (PLN 1.9 million), of which USD 0.4 million (PLN 1.5 million) was paid in cash, and the remaining amount constitutes a deferred payment depending on the future operating results achieved by that company.

BA Microwave is engaged, among others, in the creation of multidisciplinary products (components, subsystems as well as RF and Microwave systems) used by various types of communication links.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the fair value of net assets acquired in the amount of USD 0.1 million (PLN 0.4 million) was allocated to goodwill.

Until 30 June 2019, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over that company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional value as at the acquisition date mUSD	Provisional value as at the acquisition date mPLN
<b>Assets acquired</b>		
Property, plant and equipment	0.3	1.1
Trade receivables	1.2	4.5
Cash and cash equivalents	0.7	2.6
Other assets	1.4	5.3
<b>Total assets</b>	<b>3.6</b>	<b>13.5</b>
<b>Liabilities acquired</b>		
Trade payables	0.4	1.5

Other liabilities	2.4	9.0
<b>Total liabilities</b>	<b>2.8</b>	<b>10.5</b>
<b>Net assets value</b>	<b>0.8</b>	<b>3.0</b>
<b>Value of non-controlling interests</b>	<b>0.4</b>	<b>1.5</b>
<b>Equity interest acquired</b>	<b>56.66%</b>	<b>56.66%</b>
<b>Purchase price</b>	<b>0.5</b>	<b>1.9</b>
<b>Goodwill as at the acquisition date</b>	<b>0.1</b>	<b>0.4</b>

*viii. Accounting for the acquisition of PVBS by Matrix IT*

As described in the interim condensed consolidated financial statements for the period of 3 months ended 31 March 2018, on 13 March 2018, Xtivia Technologies Inc. (a subsidiary of Matrix IT Group) acquired 100% of shares in PVBS LLC based in the United States.

The purchase price amounted to ILS 36.6 million (PLN 36.3 million), of which ILS 26.7 million (PLN 26.5 million) was paid in cash, and the remaining amount constitutes a deferred payment depending on the future operating results achieved by that company.

PVBS LLC is engaged, among others, in the implementation and integration of ERP systems for government agencies as well as for providers of services to state institutions operating in the US market.

As part of the final purchase price allocation, the excess of the purchase price paid over the fair value of net assets acquired in the amount of ILS 6.4 million (PLN 6.3 million) was allocated to intangible assets, while the remaining amount of ILS 27.4 million (PLN 27.2 million) was recognized in goodwill.

The process of purchase price allocation was completed by the Group in the first quarter of 2019. The fair values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional value as at the acquisition date mILS	Provisional value as at the acquisition date mPLN	Fair value as at the acquisition date mILS	Fair value as at the acquisition date mPLN
<b>Assets acquired</b>				
Intangible assets identified under purchase price allocation (PPA)	11.7	11.6	6.4	6.3
Trade receivables	2.8	2.8	2.8	2.8
Cash and cash equivalents	7.4	7.3	7.4	7.3
Other assets	0.7	0.7	0.7	0.7
<b>Total assets</b>	<b>22.6</b>	<b>22.4</b>	<b>17.3</b>	<b>17.1</b>
<b>Liabilities acquired</b>				
Deferred tax liabilities	3.2	3.2	1.8	1.8
Trade payables	1.4	1.4	1.4	1.4
Other liabilities	5.0	5.0	4.9	4.8
<b>Total liabilities</b>	<b>9.6</b>	<b>9.6</b>	<b>8.1</b>	<b>8.0</b>
<b>Net assets value</b>	<b>13.0</b>	<b>12.8</b>	<b>9.2</b>	<b>9.1</b>
<b>Equity interest acquired</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Purchase price</b>	<b>38.0</b>	<b>37.7</b>	<b>36.6</b>	<b>36.3</b>
<b>Goodwill as at the acquisition date</b>	<b>25.0</b>	<b>24.9</b>	<b>27.4</b>	<b>27.2</b>

*ix. Accounting for the acquisition of DWC by ACE Group*

As described in the consolidated financial statements for the year ended 31 December 2018, on 21 June 2018, Asseco Central Europe a.s. (Slovakia) acquired 66% of shares in DWC Slovakia a.s., based in Slovakia, thereby obtaining control over that company. The purchase price of these shares amounted to EUR 5.1 million (PLN 22.1 million) and it was fully paid in cash.

DWC deals with the implementation of process management and document management systems, providing solutions related to ERP systems and databases. Most of its customers are public sector entities.

As part of the final purchase price allocation, the excess of the purchase price paid over the fair value of net assets acquired in the amount of EUR 1.2 million (PLN 5.2 million) was allocated to intangible assets, while the remaining amount of EUR 4.0 million (PLN 17.3 million) was recognized in goodwill.

The process of purchase price allocation was completed by the Group in the first quarter of 2019. The fair values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

	Provisional value as at the acquisition date mEUR	Provisional value as at the acquisition date mPLN	Fair value as at the acquisition date mEUR	Fair value as at the acquisition date mPLN
<b>Assets acquired</b>				
Intangible assets identified under purchase price allocation (PPA)	1.0	4.2	1.2	5.2
Trade receivables	2.3	10.0	2.3	10.0
Cash and cash equivalents	1.1	4.8	1.1	4.8
Deferred tax assets	-	-	0.3	1.3
Other assets	1.1	4.8	1.1	4.8
<b>Total assets</b>	<b>5.5</b>	<b>23.8</b>	<b>6.0</b>	<b>26.1</b>
<b>Liabilities acquired</b>				
Provisions	-	-	1.3	5.6
Trade payables	1.8	7.8	1.8	7.8
Liabilities to the state and local budgets	0.5	2.2	0.5	2.2
Deferred tax liabilities	0.2	0.9	0.3	1.3
Other liabilities	0.5	2.2	0.5	2.2
<b>Total liabilities</b>	<b>3.0</b>	<b>13.1</b>	<b>4.4</b>	<b>19.1</b>
<b>Net assets value</b>	<b>2.5</b>	<b>10.7</b>	<b>1.6</b>	<b>7.0</b>
<b>Value of non-controlling interests</b>	<b>0.8</b>	<b>3.5</b>	<b>0.5</b>	<b>2.2</b>
<b>Equity interest acquired</b>	66%	66%	66%	66%
<b>Purchase price</b>	<b>5.1</b>	<b>22.1</b>	<b>5.1</b>	<b>22.1</b>
<b>Goodwill as at the acquisition date</b>	<b>3.4</b>	<b>14.9</b>	<b>4.0</b>	<b>17.3</b>

*x. Accounting for the acquisition of Alius Corp, Integrity and Cambium*

In the first quarter of 2019, the Group also completed the purchase price allocation of Alius Corp., Integrity Software 2011 Ltd. and Cambium Ltd. (all of which being companies of Matrix Group included in the Formula Systems segment). The fair values of identifiable assets and liabilities of all these three companies as at acquisition date were equal to their provisional values presented in explanatory note 6.4 to the consolidated financial statements for the year ended 31 December 2018.

*xi. Loss of control within ACE Group*

On 14 April 2019, ACE Group lost control over the company Prosoft s.r.o. The company's net assets as at the date of losing control amounted to EUR 0.4 million (PLN 1.8 million), and due to the loss of control, the Group recognized the amount of EUR 40 thousand (PLN 0.2 million) in equity attributable to shareholders of the Parent Company. From the date of losing control, Prosoft s.r.o. has been treated as a joint venture and accounted for using the equity method.

## 6.5. Impairment tests

In line with the Group's policy, each year as at 31 December, the Management of the Parent Company performs an annual impairment test on cash-generating units or groups of cash-generating units to which goodwill or/and intangible assets with an indefinite period of useful life have been allocated. Whereas, as at each interim reporting date, the Management of the Parent Company only performs a review of

the indications of possible impairment of cash-generating units to which goodwill and/or intangible assets with indefinite useful life have been allocated. In the event such indications are identified, the Management shall first verify the assumptions adopted in the last annual impairment test and, if necessary, carry out an impairment test for a given cash-generating unit or group of cash-generating units also the interim reporting date. The procedures followed in interim impairment testing are consistent with those applied for annual impairment tests performed as at 31 December.

Each impairment test requires making estimates of the recoverable amount of a cash-generating unit or a group of cash-generating units to which goodwill is allocated.

Both as at 30 June 2019 and during the period of 6 months ended 30 June 2019, the stock market capitalization of Asseco Poland remained under the book value of the Group's assets. The Management of Asseco considered such situation as an indication of possible impairment of our cash-generating units to which goodwill has been allocated.

In the case of the Asseco International segment, for impairment testing purposes, goodwill is allocated to the level of operating segments constituted by companies or subgroups incorporated within Asseco International Group.

In the case of cash-generating units constituted by companies quoted in an active market, factors indicating potential impairment may include: low market capitalization of a given cash-generating unit (i.e. excess of its carrying value over its market value).

Our companies or groups of companies quoted in an active market include: Asseco Business Solutions S.A., Asseco South Eastern Europe S.A., as well as Formula Systems (1985) Ltd. and its subsidiary subgroups.

The table below compares the market values of our cash-generating units constituted by companies or groups of companies quoted in an active market against their carrying values as at 30 June 2019 as well as at the date of the last annual impairment test, this is as at 31 December 2018:

	Asseco South Eastern Europe S.A. mPLN	Asseco Business Solutions S.A. mPLN	Formula Systems 1985 Ltd. mPLN
<b>30 June 2019</b>			
net assets value of cash-generating unit	812.6	275.3	2,456.6
fair value of cash-generating unit	783.3	942.2	2,811.9
<b>excess (+)/deficit (-) of fair value over carrying value</b>	<b>(29.3)</b>	<b>666.9</b>	<b>355.3</b>
<b>31 Dec. 2018</b>			
net assets value of cash-generating unit	820.0	301.1	2,337.8
fair value of cash-generating unit	585.2	826.0	2,125.6
<b>excess (+)/deficit (-) of fair value over carrying value</b>	<b>(234.8)</b>	<b>524.9</b>	<b>(212.2)</b>

The fair values of Asseco Business Solutions S.A. and Formula Systems Group are much higher than their carrying values, hence it was deemed unnecessary to perform an additional interim impairment test or to recognize an impairment loss on these cash-generating units.

For Asseco South Eastern Europe Group which constitutes a cash-generating unit whose carrying value exceeds its fair value as at 30 June 2019, the Group reviewed the assumptions adopted for the impairment test performed as at 31 December 2018 and concluded that:

- discount rate applicable in determining the present value of expected future cash flows (i.e. the estimated weighted average cost of capital) as at 30 June 2019 would not surpass the level of respective incremental rates for any cash-generating unit, which were estimated by analyzing the sensitivity of results of the impairment test carried out as at 31 December 2018;

- cash flows applied in the value-in-use model prepared as at 31 December 2018 were based on the annual budget for 2019; the actual budget execution in the period of 6 months ended 30 June 2019 does not pose any risk for reaching the annual budget targets.

With regard to the above, there is still a considerable excess of the value in use of this cash-generating unit over its carrying value, hence it was deemed unnecessary to perform an interim impairment test for the cash-generating unit constituted by Asseco South Eastern Europe Group. Furthermore, it should be noted that as at the date of publication of these interim condensed consolidated financial statements, the market capitalization of ASEE Group has considerably surpassed the carrying value of this cash-generating unit.

In the case of the Asseco Poland segment, for impairment testing purposes, goodwill is allocated to the level of operating segments constituted by the three operating segments identified within the Parent Company and separately by each subsidiary company of Asseco Poland operating primarily in the Polish market. Cash-generating units within the Parent Company, whose current forecasts indicate a risk for the actual budget execution, were tested for impairment by estimating the value in use of a given unit/segment. The relevant test was carried out for the Public Administration segment only.

In the case of cash-generating units constituted by companies not quoted in an active market, factors indicating potential impairment may include the achievement of lower financial results than assumed for a given cash-generating unit in the last annual impairment test, or a substantial increase in discount rates resulting from changes in the market parameters used for determination of such discount rates.

The discount rates applied to determine the present value of expected future cash flows in the Group's operating segments correspond to the estimated weighted average cost of capital of individual segments in each period. Particular components of these discount rates were determined taking into account the market values of risk-free interest rates, the beta coefficient, as well as the expected market yield.

As at 30 June 2019, the Group has found indications of possible impairment for the following companies: Asseco Spain Group, Asseco Danmark and Peak Consulting (all constituting cash-generating units within the Asseco International segment), as well as SKG and DahliaMatic (cash-generating units allocated to the Asseco Poland segment). In each of the above cases, such indications correspond to the necessary reduction of forecasted future results, because their actual results achieved in the first half of 2019 were lower than assumed in the impairment test performed as at 31 December 2018.

Cash flows applied in the value-in-use model for each cash-generating unit were based on the forecasts of IT market growth in individual countries and in Poland in the years 2019 - 2023.

The conducted impairment tests did not indicate a necessity for the Group to recognize any impairment charges on any of its cash-generating units as at 30 June 2019.

### Analysis of sensitivity

We carried out a sensitivity analysis for all the impairment tests performed as at 30 June 2019 which involved the estimation of the value in use. Such sensitivity analysis examined the impact of changes in:

- discount rate applied for the residual period, i.e. for cash flows generated after 2023;
- compound annual growth rate of free cash flows over the period of forecast, i.e. in the years 2019-2023;

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

The objective of such sensitivity analysis was to find out how much the selected parameters applied in the model could be changed so that the estimated value in use of each cash-generating unit equalled its carrying value. The results of the conducted analysis are presented in the table below.

	Carrying value of cash-generating unit	Discount rate for the residual period		Compound annual growth rate of free cash flows (FCFF)
		applied in the model	incremental	incremental
	mPLN	%	%	%
<b>Cash-generating units constituted by companies or groups of companies</b>				
SKG S.A.	12.9	11.3%	30.7%	22.4%

DahliaMatic Sp. z o.o.	68.8	11.3%	15.2%	(7.7%)
Asseco Danmark and Peak Consulting*	34.8	8.6%	15.0%	13.4%
Asseco Spain*	50.9	7.4%	∞	(33.9%)
<b>Cash-generating units constituted by operating segments identified within the Parent Company</b>				
Goodwill allocated to the Public Administration segment	1,037.7	7.7%	9.4%	7.3%

∞ means that the incremental discount rate for the residual period is greater than 100%

\* for testing purposes, the carrying value of cash-generating units was increased by gross goodwill

In addition, the tables below present an analysis of sensitivity of our models applied to calculate the recoverable amount of the Public Administration cash-generating unit identified within the Parent Company, to changes in discount rates as well as in the compound annual growth rate of free cash flows over the period of forecast, assuming other factors remain unchanged.

change in discount rate for the residual period (in percentage points)							
	-1.5 pp	-1.0 pp	-0.5 pp	0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
Present value of FCFF (in millions of PLN)	1,419.5	1,336.8	1,265.6	1,203.6	1,149.3	1,101.2	1,058.3
Excess / Deficit against the unit's book value (in millions of PLN)	381.8	299.1	227.9	165.9	111.5	63.5	20.6

change in compound annual growth rate of FCFF in the years 2019-2023 (in percentage)							
	-5%	-3%	-1%	0%	+1%	+3%	+5%
Present value of FCFF (in millions of PLN)	1,143.4	1,167.5	1,191.6	1,203.6	1,215.7	1,239.7	1,263.8
Excess / Deficit against the unit's book value (in millions of PLN)	105.7	129.8	153.9	165.9	177.9	202.0	226.1

## 6.6. Associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method and their key financial information is presented in the table below.

Financial data of associates and joint ventures	30 June 2019 mPLN	31 Dec. 2018 mPLN
Non-current assets	223.7	176.5
Current assets	215.2	176.5
Non-current liabilities	80.1	34.9
Current liabilities	142.1	108.6
<b>Net assets</b>	<b>216.7</b>	<b>209.5</b>
<b>Book value of investments</b>	<b>131.0</b>	<b>111.5</b>

Financial data of associates and joint ventures	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
Revenues	201.8	161.9
Operating profit	2.8	0.7
Net profit (loss)	3.8	(1.3)

Share of profits of associates and joint ventures	0.6	(2.1)
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Other comprehensive income of associates and joint ventures is insignificant from the point of view of the entire Group.

The increase in individual amounts presented above in comparison to those reported for respective comparable periods is attributable, among others, the acquisition of shares in new companies, such as Nextbank Software Sp. z o.o. and Prosoft s.r.o.

The largest among our companies consolidated using the equity method is TSG IT Advanced Systems Ltd. (included in the Formula Systems segment) which is a jointly controlled company. Other companies with the largest carrying value of investment include: Nextbank Software Sp. z o.o. (the Asseco Poland segment) as well as Prvni Certifkacni Autorita a.s., Prosoft s.r.o. and EdgeCom s.r.o. (all from ACE Group, the Asseco International segment).

#### 6.7. Entities with significant non-controlling interests

In section III of these interim condensed consolidated financial statements, we have presented information on entities in which the Group holds less than 100% of shares, including their company names, countries of registration, as well as equity interests and voting rights held by the Group.

In the Management's opinion, the entities with significant individual non-controlling interests are: Matrix IT Group, Magic Software Enterprises Group, Sapiens International Group, Asseco South Eastern Europe Group, as well as Asseco Central Europe Group, among others including Asseco Business Solutions. In the case of other entities with non-controlling interests, individual non-controlling interests do not exceed 2% of total non-controlling interests therein, hence they have not been considered as entities with significant non-controlling interests.

The tables below present the selected financial data of entities with significant individual non-controlling interests for the period of 6 months ended 30 June 2019 and as at 30 June 2019 as well as for respective comparable periods. These figures are presented before consolidation adjustments, including the elimination of mutual transactions.

Percentage of non-controlling interests	30 June 2019	31 Dec. 2018
Matrix IT Ltd. *	87.61%	87.06%
Magic Software Enterprises Ltd. *	88.55%	88.11%
Sapiens International Corp. NV *	87.82%	87.36%
ASEE Group	48.94%	48.94%
ACE Group	7.19%	7.19%

\* Percentages of non-controlling interests are calculated taking into account our direct shareholding in Formula Systems (1985) as well as indirect shareholdings in the companies of Matrix IT Ltd., Magic Software Enterprises Ltd., and Sapiens International Corp. NV.

Group name	Carrying value of non-controlling interests*	
	30 June 2019	31 Dec. 2018
Formula Group**	1,506.0	1,374.0
ASEE Group	372.7	375.6
ACE Group (including ABS)	174.3	192.3
Other individually insignificant	1.0	2.5
<b>Total</b>	<b>2,054.0</b>	<b>1,944.4</b>

\* Carrying values of non-controlling interests have been adjusted for the value of put options granted to minority shareholders.

\*\* The value of non-controlling interest in Formula Group includes, among others, the values of non-controlling interests in Matrix IT Ltd., Magic Software Enterprises Ltd., and Sapiens International Corp. NV.

Net profit attributable to non-controlling interests 6 months ended	Dividends paid out to non-controlling interests 6 months ended
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Group name	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Matrix IT Ltd.	61.5	43.0	(40.4)	(32.8)
Magic Software Enterprises Ltd.	35.3	32.4	(20.8)	(15.7)
Sapiens International Corp. NV	25.0	(5.6)	(0.3)	(0.2)
ASEE Group	18.3	13.2	(0.4)	(0.4)
ACE Group (including ABS)	19.8	17.5	(31.9)	(29.3)
Other individually insignificant	7.0	10.2	(26.8)	(21.4)
<b>Total</b>	<b>166.9</b>	<b>110.7</b>	<b>(120.6)</b>	<b>(99.8)</b>

	Matrix IT Ltd.	Magic Software Enterprises Ltd.	Sapiens International Corp. NV	ASEE Group	ACE Group
<b>30 June 2019</b>					
Non-current assets	1,577.4	536.5	1,126.2	729.3	811.9
Current assets	1,602.6	802.0	591.8	389.9	478.8
<i>of which cash and cash equivalents</i>	354.3	363.5	288.5	141.9	116.1
Non-current liabilities	636.0	193.9	465.7	110.4	135.4
Current liabilities	1,503.5	342.8	411.2	250.4	442.4
<b>31 Dec. 2018</b>					
Non-current assets	1,465.0	740.0	1,178.0	628.4	724.1
Current assets	1,480.0	793.0	553.0	361.9	464.7
<i>of which cash and cash equivalents</i>	306.0	328.0	243.0	164.8	154.1
Non-current liabilities	530.0	120.0	339.0	22.1	91.5
Current liabilities	1,112.0	309.0	376.0	202.3	341.9

	Matrix IT Ltd.	Magic Software Enterprises Ltd.	Sapiens International Corp. NV	ASEE Group	ACE Group
<b>Period of 6 months ended 30 June 2019</b>					
Cash provided by (used in) operating activities	94.5	118.2	119.7	30.9	97.3
Net cash provided by (used in) investing activities	(119.1)	(21.1)	(14.6)	(45.5)	(18.0)
Net cash provided by (used in) financing activities	127.3	(46.8)	(53.7)	1.3	(94.3)
<b>Period of 6 months ended 30 June 2018</b>					
Cash provided by (used in) operating activities	8.7	67.1	48.7	14.7	65.2
Net cash provided by (used in) investing activities	(55.2)	(14.6)	(21.4)	(21.2)	(27.8)
Net cash provided by (used in) financing activities	-	(29.5)	(7.7)	6.7	(27.7)

## 6.8. Other financial assets

Both as at 30 June 2019 and 31 December 2018, apart from receivables and cash and cash equivalents described in other notes, the Group also held other financial assets as presented in the table below.

	30 June 2019		31 Dec. 2018	
	Long-term	Short-term	Long-term	Short-term

	mPLN	mPLN	mPLN	mPLN
<b>Financial assets carried at fair value through profit or loss, of which:</b>				
Currency forward contracts	4.9	0.7	2.4	1.8
Corporate and Treasury bonds	4.3	-	4.3	-
Shares in companies quoted in an active market	0.8	0.1	0.8	-
Other assets	10.2		10.3	
	<b>20.2</b>	<b>0.8</b>	<b>17.8</b>	<b>1.8</b>
<b>Financial assets carried at fair value through other comprehensive income, of which:</b>				
Shares in companies not quoted in an active market	12.2	-	29.0	-
Corporate bonds	-	23.9	-	32.9
	<b>12.2</b>	<b>23.9</b>	<b>29.0</b>	<b>32.9</b>
<b>Financial assets carried at amortized cost, of which:</b>				
Promissory notes	-	3.1	-	3.2
Other debt securities	4.8	-	4.8	0.1
Loans, of which:				
granted to related parties	18.3	2.3	18.4	1.3
granted to employees	0.3	3.2	0.3	2.6
granted to other entities	90.1	26.6	104.3	16.5
term cash deposits	5.0	49.0	0.5	80.9
	<b>118.5</b>	<b>84.2</b>	<b>128.3</b>	<b>104.6</b>
<b>Total</b>	<b>150.9</b>	<b>108.9</b>	<b>175.1</b>	<b>139.3</b>

#### **Changes in the fair value measurement of financial instruments carried at fair value, and changes in the classification of financial instruments**

In the period of 6 months ended 30 June 2019, the Group did not change its methods for measuring the fair value of financial instruments carried at fair value nor did it transfer any instruments between individual levels of the fair value hierarchy.

Both as at 30 June 2019 and 31 December 2018, the fair values of financial assets were not significantly different from their book values.

<b>As at 30 June 2019</b>	<b>Carrying value mPLN</b>	<b>Level 1<sup>i)</sup> mPLN</b>	<b>Level 2<sup>ii)</sup> mPLN</b>	<b>Level 3<sup>iii)</sup> mPLN</b>
<b><i>Financial assets carried at fair value through profit or loss</i></b>				
Currency forward contracts	5.6	-	5.6	-
Corporate and Treasury bonds	4.3	4.3	-	-
Shares in companies quoted in an active market	0.9	0.9	-	-
Other assets	10.2	-	10.2	-
<b>Total</b>	<b>21.0</b>	<b>5.2</b>	<b>15.8</b>	<b>-</b>
<b><i>Financial assets carried at fair value through other comprehensive income</i></b>				
Shares in companies not listed on regulated markets	12.2	-	-	12.2
Corporate bonds	23.9	-	23.9	-
<b>Total</b>	<b>36.1</b>	<b>-</b>	<b>23.9</b>	<b>12.2</b>

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

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

iii. fair value determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets.

As at 31 December 2018	Carrying value mPLN	Level 1 <sup>i)</sup> mPLN	Level 2 <sup>ii)</sup> mPLN	Level 3 <sup>iii)</sup> mPLN
<b>Financial assets carried at fair value through profit or loss</b>				
Currency forward contracts	4.2	-	4.2	-
Treasury and corporate bonds (quoted in an active market)	4.3	4.3	-	-
Shares in companies quoted in an active market	0.8	0.8	-	-
Other assets	10.3	-	10.3	-
<b>Total</b>	<b>19.6</b>	<b>5.1</b>	<b>14.5</b>	<b>-</b>
<b>Financial assets available for sale</b>				
Shares in companies not listed on regulated markets	29.0	-	-	29.0
Treasury and corporate bonds	32.9	-	32.9	-
<b>Total</b>	<b>61.9</b>	<b>-</b>	<b>32.9</b>	<b>29.0</b>

Descriptions of the fair value hierarchy levels are identical to those provided under the previous table.

### 6.9. Prepayments and accrued income

As at 30 June 2019 and 31 December 2018, prepayments and accrued income included the following items:

	30 June 2019		31 Dec. 2018	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Prepaid services, of which:	63.3	210.9	58.1	149.6
<i>maintenance services and license fees</i>	62.6	166.6	52.0	125.0
<i>rents</i>	0.2	3.3	5.1	3.3
<i>insurances</i>	0.1	11.3	0.1	4.0
<i>other services</i>	0.4	29.7	0.9	17.3
Expenses related to services performed for which revenues have not been recognized yet	0.7	6.4	1.1	4.2
Other prepayments and accrued income	0.1	19.7	-	14.7
<b>Total</b>	<b>64.1</b>	<b>237.0</b>	<b>59.2</b>	<b>168.5</b>

### 6.10. Receivables and contract assets

The table below presents receivables and assets from contracts with customers as at 30 June 2019 as well as at 31 December 2018.

	30 June 2019		31 Dec. 2018	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
<b>Trade receivables, of which:</b>				
<b>Invoiced receivables</b>	<b>2.2</b>	<b>2,079.4</b>	<b>15.0</b>	<b>2,118.6</b>
from related parties	-	3.6	-	4.5
from other entities	2.2	2,075.8	15.0	2,114.1
<b>Uninvoiced receivables</b>	<b>2.1</b>	<b>439.6</b>	<b>4.6</b>	<b>381.7</b>
from related parties	-	0.6	-	0.3
from other entities	2.1	439.0	4.6	381.4
<b>Receivables from operating leases</b>	<b>-</b>	<b>8.0</b>	<b>-</b>	<b>8.8</b>
<b>Allowances for trade receivables</b>	<b>-</b>	<b>(78.9)</b>	<b>-</b>	<b>(76.4)</b>
<b>Total trade receivables</b>	<b>4.3</b>	<b>2,448.1</b>	<b>19.6</b>	<b>2,432.7</b>
<b>Corporate income tax receivable</b>	<b>-</b>	<b>69.4</b>	<b>-</b>	<b>47.6</b>
<b>Receivables from the state and local budgets</b>	<b>-</b>	<b>34.9</b>	<b>-</b>	<b>37.3</b>

Value added tax	-	13.5	-	19.9
Other	-	21.4	-	17.4
<b>Other receivables</b>	<b>103.2</b>	<b>49.1</b>	<b>107.9</b>	<b>38.9</b>
Other receivables	103.2	62.8	107.9	51.6
Allowances for other doubtful receivables (-)	-	(13.7)	-	(12.7)
<b>Total receivables</b>	<b>107.5</b>	<b>2,601.5</b>	<b>127.5</b>	<b>2,556.5</b>

Receivables from valuation of IT contracts result from the excess of the percentage of completion of implementation contracts over invoices issued.

	30 June 2019		31 Dec. 2018	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
<b>Contract assets (receivables from valuation of IT contracts)</b>				
from related parties	-	0.1	-	1.5
from other entities	-	254.8	-	212.8
<b>Total contract assets</b>	<b>-</b>	<b>254.9</b>	<b>-</b>	<b>214.3</b>

Related party transactions have been presented in explanatory note 6.20 to these interim condensed consolidated financial statements.

Changes in the amount of allowances for trade receivables during the period of 6 months ended 30 June 2019 and in the comparable period are presented in the table below:

<b>Allowances for trade receivables</b>	<b>6 months ended 30 June 2019 mPLN</b>	<b>6 months ended 30 June 2018 mPLN</b>
<b>As at 1 January</b>	<b>(76.4)</b>	<b>(82.1)</b>
Recognized during the reporting period	(18.6)	(22.4)
Utilized during the reporting period	2.8	5.7
Reversed during the reporting period	14.6	22.6
Acquisition of subsidiaries	(1.3)	-
Foreign exchange differences	-	(2.7)
<b>As at the end of the reporting period</b>	<b>(78.9)</b>	<b>(78.9)</b>

#### 6.11. Inventories

The table below presents inventories as at 30 June 2019 and in the comparable period:

<b>Inventories</b>	<b>30 June 2019 mPLN</b>	<b>31 Dec. 2018 mPLN</b>
Computer hardware, third-party software licenses and other goods for resale	109.2	92.8
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	18.8	19.7
Impairment losses on inventories	(16.8)	(18.2)
<b>Total</b>	<b>111.2</b>	<b>94.3</b>

Changes in the amount of impairment losses on inventories during the period of 6 months ended 30 June 2019 and in the comparable period are presented in the table below:

<b>Impairment losses on inventories</b>	<b>6 months ended 30 June 2019 mPLN</b>	<b>6 months ended 30 June 2018 mPLN</b>
<b>As at 1 January</b>	<b>(18.2)</b>	<b>(15.5)</b>
Recognized during the reporting period	(1.9)	(1.9)
Utilized during the reporting period	0.3	-
Reversed during the reporting period	2.9	1.2
Foreign exchange differences	0.1	(0.4)
<b>As at the end of the reporting period</b>	<b>(16.8)</b>	<b>(16.6)</b>

#### 6.12. Cash and cash equivalents

The table below presents cash and cash equivalents as at 30 June 2019 and in the comparable period:

	<b>30 June 2019 mPLN</b>	<b>31 Dec. 2018 mPLN</b>
Cash at bank accounts	1,245.3	1,208.0
Cash at split payment accounts	2.5	1.9
Cash on hand	0.7	0.6
Short-term bank deposits (up to 3 months)	618.6	589.1
Other cash equivalents	0.4	0.9
<b>Total cash and cash equivalents as disclosed in the statement of financial position</b>	<b>1,867.5</b>	<b>1,800.5</b>
Interest accrued on cash and cash equivalents	-	-
Bank overdraft facilities utilized for current liquidity management	(28.1)	(33.0)
<b>Total cash and cash equivalents as disclosed in the cash flow statement</b>	<b>1,839.4</b>	<b>1,767.5</b>

Interest earned on cash at bank is variable and depends on interest rates offered on bank deposits. Short-term deposits are made for varying periods of between one day and three months and earn interest at their respective fixed interest rates.

### 6.13. Lease liabilities

As at 30 June 2019, assets used under lease contracts where the Group is a lessee, included:

- office buildings,
- cars,
- IT hardware.

The table below presents the amounts of lease liabilities as at 30 June 2019 as well as at 31 December 2018. Figures reported as at 31 December 2018 have been disclosed in accordance with IAS 17 (as described in explanatory note 2.5 to these interim condensed consolidated financial statements) and they represent finance lease liabilities. Whereas, lease liabilities reported as at 30 June 2019 include all liabilities arising from contracts that used to be accounted for as finance leases and operating leases in accordance with IAS 17, as well as liabilities arising from contracts for perpetual usufruct of land that also meet the definition of a lease under IFRS 16.

Lease liabilities	30 June 2019 (IFRS 16)		31 Dec. 2018 (IAS 17)	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Leases of real estate	490.7	190.5	20.3	22.9
Leases of transportation vehicles	24.8	13.7	8.7	4.8
Leases of IT hardware	3.7	2.4	3.1	1.2
<b>Total</b>	<b>519.2</b>	<b>206.6</b>	<b>32.1</b>	<b>28.9</b>

### 6.14. Bank loans, borrowings and debt securities

The table below presents the Group's debt outstanding as at 30 June 2019 and 31 December 2018.

	30 June 2019		31 Dec. 2018	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Bank loans	516.2	699.9	650.7	366.1
- overdraft facilities	-	451.5	-	46.4
- non-revolving loans	516.2	248.4	650.7	319.7
Bonds	711.5	82.0	432.0	209.9
Borrowings	0.3	4.6	0.2	5.6
<b>Total</b>	<b>1,228.0</b>	<b>786.5</b>	<b>1,082.9</b>	<b>581.6</b>

The Group's total liabilities under all bank loans and borrowings obtained and debt securities issued aggregated at PLN 2,014.5 million as at 30 June 2019, as compared with PLN 1,664.5 million outstanding as at 31 December 2018. Our total debt increased mainly due to transactions conducted within the Formula Systems segment, including loans obtained within Matrix IT Group and issuance of bonds by Formula Systems (1985).

Bank overdraft facilities outstanding as at 30 June 2019 and 31 December 2018 are presented in the tables below.

Loan currency	Effective interest rate	Actual amount of debt as at 30 June 2019 mPLN	Maximum debt limit available mPLN	Unused amount of loan facilities mPLN
EUR	EONIA + margin	11.0	34.9	23.9
	EURIBOR + margin	1.3	78.8	77.5
	Fixed interest rate	3.0	4.7	1.7
NIS	Prime (Israel) + margin	404.8	404.8	-
PLN	WIBOR + margin	21.7	616.5	594.8
USD	Fixed interest rate	6.7	6.7	-
HUF	BUBOR + margin	2.9	3.9	1.0
COP	Fixed interest rate	0.1	0.1	-
		<b>451.5</b>	<b>1,150.4</b>	<b>698.9</b>

Loan currency	Effective interest rate	Actual amount of debt as at 31 December 2018 mPLN	Maximum debt limit available mPLN	Unused amount of loan facilities mPLN
EUR	EONIA + margin	17.2	37.7	20.5
	EURIBOR + margin	1.1	48.6	47.5
	Fixed interest rate	0.1	0.1	-
NIS	Prime (Israel) + margin	6.8	6.8	-
PLN	WIBOR + margin	5.8	704.4	698.6
	Fixed interest rate	0.1	0.4	0.3
MKD	Fixed interest rate	-	0.2	0.2
USD	Fixed interest rate	8.7	8.7	-
HUF	BUBOR + margin	-	4.0	4.0
DKK	Fixed interest rate	-	2.9	2.9
RON	EURIBOR + margin	6.6	12.8	6.2
		<b>46.4</b>	<b>826.6</b>	<b>780.2</b>

Non-revolving bank loans outstanding as at 30 June 2019 and 31 December 2018 are presented in the table below.

Loan currency	Effective interest rate	30 June 2019		31 Dec. 2018	
		Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
EUR	EURIBOR + margin	15.4	12.5	14.0	12.3
	Fixed interest rate	45.3	22.2	63.7	22.4
HRK/EUR	EURIBOR + margin	14.8	-	4.3	2.9
	Fixed interest rate	3.6	1.7	-	-
NIS	Fixed interest rate	435.6	200.5	516.1	249.2
PLN	WIBOR + margin	-	-	45.5	19.6
USD	Fixed interest rate	0.2	-	7.1	3.3
RON	EURIBOR + margin	-	9.9	-	10.0
HUF	BUBOR + margin	1.3	1.5	-	-
COP	Fixed interest rate	-	0.1	-	-
		<b>516.2</b>	<b>248.4</b>	<b>650.7</b>	<b>319.7</b>

On 13 March 2019, Asseco Poland S.A. terminated two investment loan agreements concluded on 20 September 2010 and on 29 May 2013 and, at the same time, informed about its intention to make an early repayment of both the loans along with all interest due. As a consequence, in the first half of 2019, the Parent Company paid off all of investment loans along with interest and thus, as at the date of publication of these interim condensed consolidated financial statements, Asseco Poland S.A. has no debt under any investment loans.

The Group's liabilities under debt securities are attributable to bonds issued by Formula Systems and Sapiens International. This debt has been described in detail in explanatory note 6.16 to the Group's consolidated financial statements for the year 2018.

Moreover, on 31 March 2019, Formula Systems issued a new tranche of series C bonds with a total face value of ILS 300 million. The newly issued bonds have been secured by pledging shares in the subsidiaries of Formula Systems. The issued bonds bear a fixed interest rate of 2.29% per annum, with semi-annual interest capitalization.

As at 30 June 2019, liabilities of Formula Systems arising from the issuance of bonds amounted to PLN 532.8 million.

Division into short- and long-term portion	Series	30 June 2019 mPLN	31 Dec. 2018 mPLN	Effective interest rate	Currency
long-term portion	Series A	181.3	174.1	2.38%	NIS
	Series C	310.8	-	2.54%	NIS
short-term portion	Series A	38.8	37.2	2.38%	NIS
	Series B	-	130.5	3.65%	NIS/USD
	Series C	1.9	-	2.54%	NIS
		<b>532.8</b>	<b>341.8</b>		

As at 30 June 2019, liabilities of Formula Systems under series B bonds were lower than those reported as at 31 December 2018 as a result of redemption of these bonds for the amount of PLN 43.0 million, as well as conversion of the remaining portion of these bonds into ordinary shares of that company as described in item 3 in these interim condensed consolidated financial statements.

In 2017, Sapiens International issued series B bonds under a public offering and private placement with a total value of ILS 280 million. The table below presents liabilities arising from these bonds as at 30 June 2019.

Division into short- and long-term portion	Series	30 June 2019 mPLN	31 Dec. 2018 mPLN	Effective interest rate	Currency
long-term portion	Series B	219.4	257.9	3.69%	NIS/USD
short-term portion	Series B	41.3	42.2	3.69%	NIS/USD
		<b>260.7</b>	<b>300.1</b>		

Borrowings outstanding as at 30 June 2019 and 31 December 2018 are presented in the table below.

Loan currency	Effective interest rate	Repayment date	30 June 2019		31 Dec. 2018	
			Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
EUR	Fixed interest rate	2020	-	0.2	0.1	-
		2021	0.2	0.1	0.1	-
		2020	0.1	-	-	-
NIS	fixed interest rate	not specified	-	-	-	1.9
		2020	-	1.9	-	-
PLN	fixed interest rate	Q4 2019	-	1.1	-	3.7
		2020	-	1.3	-	-
			0.3	4.6	0.2	5.6



## Assets serving as collateral for bank loan facilities:

Category of assets	Net value of assets		Utilized amount of bank loans secured with assets	
	30 June 2019	31 Dec. 2018	30 June 2019	31 Dec. 2018
	mPLN	mPLN	mPLN	mPLN
Land and buildings	287.4	205.4	0.1	56.7
Other tangible assets	9.4	1.1	9.9	10.0
Shares in subsidiaries	1,288.2	768.7	378.0	320.4
Other financial assets	3.0	-	1.8	-
Inventories	2.6	3.3	-	-
Current and future receivables	22.1	42.1	-	-
<b>Total</b>	<b>1,612.7</b>	<b>1,020.6</b>	<b>389.8</b>	<b>387.1</b>

Some loans obtained from banks come with the so-called covenants which impose an obligation to maintain certain financial ratios at the levels required by the bank. In the event a company carrying such a covenanted loan fails to satisfy the said requirements, the bank may apply a sanction in the form of a higher credit margin. Should the bank deem the new level of a ratio to be unacceptable, the bank may also in certain cases exercise its rights in the collateral provided. Both as at 30 June 2019 and 31 December 2018, Asseco Group companies did not infringe any covenants defined in their loan agreements.

### Fair value of financial liabilities

In the period of 6 months ended 30 June 2019, the Group did not transfer any debt instruments between individual levels of the fair value hierarchy. Both as at 30 June 2019 and 31 December 2018, the fair values of bank loans and debt securities issued were not significantly different from their book values.

As at 30 June 2019	Carrying value mPLN	Level 1 <sup>i)</sup> mPLN	Level 2 <sup>ii)</sup> mPLN	Level 3 <sup>iii)</sup> mPLN
<b>Interest-bearing bank loans and debt securities issued</b>				
Bank loans	1,216.1	-	-	1,216.1
- overdraft facilities	451.5	-	-	451.5
- non-revolving loans	764.6	-	-	764.6
Bonds	793.5	793.5	-	-
Borrowings	4.9	-	-	4.9
<b>Total</b>	<b>2,014.5</b>	<b>793.5</b>	<b>-</b>	<b>1,221.0</b>

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

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

iii. fair value determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets.

As at 31 December 2018	Carrying value mPLN	Level 1 <sup>i)</sup> mPLN	Level 2 <sup>ii)</sup> mPLN	Level 3 <sup>iii)</sup> mPLN
<b>Interest-bearing bank loans and debt securities issued</b>				
Bank loans	1,016.8	-	-	1,016.8
- overdraft facilities	46.4	-	-	46.4
- non-revolving loans	970.4	-	-	970.4
Bonds	641.9	641.9	-	-
Borrowings	5.8	-	-	5.8
<b>Total</b>	<b>1,664.5</b>	<b>641.9</b>	<b>-</b>	<b>1,022.6</b>

Descriptions of the fair value hierarchy levels are identical to those provided under the previous table.

## 6.15. Other financial liabilities

Other financial liabilities	30 June 2019		31 Dec. 2018 <i>restated</i>	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Dividend payment liabilities	4.9	17.4	-	16.4
Liabilities under deferred and/or conditional payments for controlling interests	52.3	22.3	20.7	27.4
Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	169.6	177.3	157.8	154.8
Other financial liabilities	0.6	1.7	0.3	1.1
	<b>227.4</b>	<b>218.7</b>	<b>178.8</b>	<b>199.7</b>

Both as at 30 June 2019 and 31 December 2018, dividend payment liabilities comprised basically dividends payable to non-controlling shareholders in subsidiaries and indirect subsidiaries of the Parent Company.

As at 30 June 2019 and 31 December 2018, the Group carried estimated liabilities arising from deferred and/or conditional payments for controlling interests. The amounts of the above-mentioned liabilities have been measured using the price calculation formula as defined in the controlling interest acquisition agreements, which usually corresponds to a given company's profit for the contractual term multiplied by a predetermined coefficient. The table below presents liabilities arising from deferred and/or conditional payments for controlling interests in subsidiaries as at 30 June 2019 and 31 December 2018:

Liabilities under deferred and/or conditional payments for controlling interests	30 June 2019	31 Dec. 2018 <i>restated</i>
	mPLN	mPLN
Liabilities from acquisitions made by Asseco Poland S.A. in international market	2.8	-
Liabilities from acquisitions made within the Asseco International segment	6.6	6.0
Liabilities from acquisitions made within the Formula Systems segment	65.2	42.1
	<b>74.6</b>	<b>48.1</b>

As at 30 June 2019 and 31 December 2018, the Group had liabilities arising from the acquisition of non-controlling interests in subsidiaries (put options). The amounts of such liabilities have been estimated using the formula for calculation of the exercise price of options that the Group granted to non-controlling shareholders, which corresponds to a given company's profit for the contractual term multiplied by a predetermined coefficient.

The table below presents liabilities arising from put options granted to non-controlling shareholders in subsidiaries as at 30 June 2019 and 31 December 2018:

Liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	30 June 2019	31 Dec. 2018
	mPLN	mPLN
Liabilities of companies within the Asseco Poland segment	56.4	57.3
Liabilities of companies within the Asseco International segment	38.9	45.4
Liabilities of companies within the Formula Systems segment	251.6	209.9
	<b>346.9</b>	<b>312.6</b>

Both as at 30 June 2019 and 31 December 2018, the fair values of financial liabilities were not significantly different from their book values.

As at 30 June 2019	Carrying value mPLN	Level 1 <sup>ij</sup> mPLN	Level 2 <sup>ij</sup> mPLN	Level 3 <sup>iii</sup> mPLN
<b>Financial liabilities</b>				
dividend payment liabilities	22.3	-	-	22.3
liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	74.6	-	-	74.6

liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	346.9	-	-	346.9
other financial liabilities	2.3	-	2.3	-
<b>Total</b>	<b>446.1</b>	<b>-</b>	<b>2.3</b>	<b>443.8</b>

- i. fair value determined on the basis of quoted prices offered in active markets for identical assets;  
ii. fair value determined using calculation models based on inputs that are observable, either directly or indirectly, in active markets;  
iii. fair value determined using calculation models based on inputs that are not observable, neither directly or indirectly, in active markets.

As at 31 December 2018 <i>restated</i>	Carrying value mPLN	Level 1 <sup>i)</sup> mPLN	Level 2 <sup>ii)</sup> mPLN	Level 3 <sup>iii)</sup> mPLN
<b>Financial liabilities</b>				
dividend payment liabilities	16.4	-	-	16.4
liabilities from the acquisition of shares – deferred and conditional payments for controlling interests	48.1	-	-	48.1
liabilities from the acquisition of non-controlling interests in subsidiaries (put options)	312.6	-	-	312.6
other financial liabilities	1.4	-	1.4	-
<b>Total</b>	<b>378.5</b>	<b>-</b>	<b>1.4</b>	<b>377.1</b>

Descriptions of the fair value hierarchy levels are identical to those provided under the previous table.

#### 6.16. Trade payables, state budget liabilities and other liabilities

The table below presents the structure of the Group's liabilities outstanding as at 30 June 2019 and 31 December 2018:

	30 June 2019		31 Dec. 2018	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
<b>Trade payables, of which:</b>	<b>1.6</b>	<b>792.9</b>	<b>7.5</b>	<b>938.2</b>
<b>Invoiced payables</b>	<b>0.1</b>	<b>535.6</b>	<b>-</b>	<b>736.0</b>
from related parties	-	1.5	-	2.1
from other entities	0.1	534.1	-	733.9
<b>Uninvoiced payables</b>	<b>1.5</b>	<b>257.3</b>	<b>7.5</b>	<b>202.2</b>
from related parties	-	1.3	-	0.1
from other entities	1.5	256.0	7.5	202.1
<b>Corporate income tax payable</b>	<b>-</b>	<b>63.2</b>	<b>-</b>	<b>73.7</b>
<b>Liabilities to the state and local budgets</b>	<b>-</b>	<b>177.1</b>	<b>-</b>	<b>204.8</b>
Value added tax (VAT)	-	91.3	-	119.6
Personal income tax (PIT)	-	34.2	-	41.6
Social insurance	-	43.8	-	35.1
Withholding income tax	-	1.8	-	2.5
Other	-	6.0	-	6.0
<b>Other liabilities</b>	<b>9.5</b>	<b>309.9</b>	<b>5.6</b>	<b>314.3</b>
Liabilities to employees (including salaries payable)	-	278.8	-	284.6
Other liabilities	9.5	31.1	5.6	29.7
<b>Total</b>	<b>11.1</b>	<b>1,343.1</b>	<b>13.1</b>	<b>1,531.0</b>

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 6.20 to these interim condensed consolidated financial statements.

### 6.17. Contract liabilities

The table below presents the structure of the Group's liabilities from contracts with customers as at 30 June 2019 and 31 December 2018:

	30 June 2019		31 Dec. 2018	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
<b>Liabilities from valuation of IT contracts, of which:</b>	-	29.7	-	32.2
From related parties	-	-	-	-
From other entities	-	29.7	-	32.2
<b>Deferred income from IT projects, of which:</b>	32.7	554.9	32.3	418.9
Maintenance services and license fees	32.7	511.6	32.3	367.6
Other prepaid services	-	43.3	-	51.3
<b>Total contract liabilities</b>	<b>32.7</b>	<b>584.6</b>	<b>32.3</b>	<b>451.1</b>

### 6.18. Provisions

Changes in the amount of provisions during the period of 6 months ended 30 June 2019 and in the comparable period are presented in the table below:

	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
<b>As at 1 January</b>	<b>113.3</b>	<b>124.6</b>
<b>Restatement of the opening balance due to the adoption of IFRS 15 in 2018 and IFRS 16 in 2019</b>	<b>0.1</b>	<b>(15.4)</b>
Obtaining control over subsidiaries	3.5	2.6
Provisions created during the reporting period	7.3	7.5
Discount change and actuarial gains/losses	1.6	0.9
Provisions utilized during the reporting period	(11.2)	(5.9)
Provisions reversed during the reporting period	(2.0)	(14.3)
Changes in presentation methods	(1.8)	(1.5)
Foreign exchange differences on translation of foreign operations	0.8	2.4
<b>As at the end of the reporting period, of which:</b>	<b>111.6</b>	<b>100.9</b>
<b>Short-term</b>	<b>35.7</b>	<b>34.2</b>
<b>Long-term</b>	<b>75.9</b>	<b>66.7</b>

### 6.19. Accruals and deferred income

	30 June 2019		31 Dec. 2018	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
<b>Accruals, of which:</b>				
Accrual for unused holiday leaves	-	160.3	-	120.4
Accrual for employee and management bonuses	1.0	124.9	1.5	154.2
	<b>1.0</b>	<b>285.2</b>	<b>1.5</b>	<b>274.6</b>
<b>Deferred income, of which:</b>				
Grants related to assets	42.9	6.9	43.2	7.4
Other	0.1	4.0	-	0.4
	<b>43.0</b>	<b>10.9</b>	<b>43.2</b>	<b>7.8</b>

The total amount of accruals comprises: accruals for unused holiday leaves, as well as accruals for remunerations of the current period to be paid out in future periods which result from the bonus incentive schemes applied by the Group.

The largest portion of deferred income is comprised by grants related to assets. Grants related to assets represent subsidies received by the Group in connection with its development projects or projects related to the creation of IT competence centers.

## 6.20. Related party transactions

<b>Asseco Group's sales to related parties:</b>		<b>6 months ended 30 June 2019 mPLN</b>	<b>6 months ended 30 June 2018 mPLN</b>
<b>Name of entity</b>	<b>Transaction type</b>		
<b>Transactions with associates</b>			
Postdata S.A.	<i>sale of goods and services related to implemented IT projects</i>	0.9	1.9
Multicard d.o.o.	<i>sale of goods and services related to implemented IT projects</i>	0.3	0.2
První Certifikační Autorita A.S.	<i>sale of goods and services related to implemented IT projects</i>	1.5	-
eDocu, a.s.	<i>sale of goods and services related to implemented IT projects</i>	-	1.8
Prosoft, s.r.o. Košice	<i>sale of goods and services related to implemented IT projects</i>	0.8	-
SCS Smart Connected Solutions GmbH	<i>sale of goods and services related to implemented IT projects</i>	-	0.9
	<b>Total</b>	<b>3.5</b>	<b>4.8</b>
<b>Transactions with entities or individuals related through the Group's Key Management Personnel</b>			
Decsoft S.A. <sup>1)</sup>	<i>sale of goods and services related to implemented IT projects</i>	-	0.2
Alior Bank S.A. <sup>2)</sup>	<i>sale of goods and services related to implemented IT projects</i>	0.8	0.9
iPay SEE d.o.o. <sup>3)</sup>	<i>sale of goods and services related to implemented IT projects</i>	0.2	-
Konferenta UAB <sup>4)</sup>	<i>sale of goods and services related to implemented IT projects and other activities</i>	0.1	-
Other	<i>sale of services related to implemented IT projects and other activities</i>	-	0.1
	<b>Total</b>	<b>1.1</b>	<b>1.2</b>
<b>Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A.</b>		-	-
<b>Transactions with Members of Management and Supervisory Boards and Commercial Proxies of other companies of the Group</b>		-	-
	<b>Total related party transactions</b>	<b>4.6</b>	<b>6.0</b>

<b>Asseco Group's purchases from related parties:</b>		<b>6 months ended 30 June 2019 mPLN</b>	<b>6 months ended 30 June 2018 mPLN</b>
<b>Name of entity</b>	<b>Transaction type</b>		
<b>Transactions with associates</b>			
Postdata S.A.	<i>purchase of goods and services related to implemented IT projects</i>	0.1	0.2
SCS Smart Connected Solutions GmbH	<i>purchase of services related to implemented IT projects</i>	-	0.1
eDocu, a.s.	<i>purchase of services related to implemented IT projects</i>	0.2	-
Multicard d.o.o.	<i>purchase of services related to implemented IT projects</i>	-	-
	<b>Total</b>	<b>0.3</b>	<b>0.3</b>
<b>Transactions with entities or individuals related through the Group's Key Management Personnel</b>			
Top Fin Sp. z o.o. <sup>5)</sup>	<i>rental of apartments (including reception, cleaning and security services, etc.) with parking lot spaces for the accommodation of employees on business trips</i>	-	0.9
MHM d.o.o. <sup>6)</sup>	<i>rental of office space</i>	0.4	1.0

UAB Linkas <sup>7)</sup>	<i>rental of office space; purchase of services related to other activities</i>	0.7	0.5
Leaven Advisory and Services Lda <sup>8)</sup>	<i>purchase of services related to implemented IT projects</i>	0.8	-
Other entities related through the key management personnel		0.8	1.0
<b>Total</b>		<b>2.7</b>	<b>3.4</b>
<b>Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A.</b>			
Dariusz Brzeski	<i>purchase of advisory services</i>	1.0	0.8
Andrzej Gerlach	<i>purchase of advisory services</i>	0.4	0.4
<b>Total</b>		<b>1.4</b>	<b>1.2</b>
<b>Transactions with Members of Management and Supervisory Boards and Commercial Proxies of other companies of the Group</b>		<b>4.1</b>	<b>1.3</b>
<b>Total related party transactions</b>		<b>8.5</b>	<b>6.2</b>

Name of entity	Trade receivables and other receivables as well as contract assets as at		Trade payables and other liabilities as at	
	30 June 2019	31 Dec. 2018	30 June 2019	31 Dec. 2018
	mPLN	mPLN	mPLN	mPLN
<b>Associates</b>				
Postdata S.A.	0.6	2.4	-	-
Multicard d.o.o.	-	0.4	-	-
eDocu, a.s.	1.8	1.8	0.1	-
SCS Smart Connected Solutions GmbH	0.9	1.0	0.2	0.8
Prosoft, s.r.o. Košice	0.7	-	-	-
První Certifikační Autorita A.S. CR	-	-	-	0.3
<b>Total</b>	<b>4.0</b>	<b>5.6</b>	<b>0.3</b>	<b>1.1</b>
<b>Transactions with entities or individuals related through the Group's Key Management Personnel</b>				
Alior Bank S.A.	0.3	0.5	-	-
UAB Linkas	-	-	0.7	0.3
MagnaVirtus Consulting SA	-	0.1	-	-
Leaven Advisory and Services Lda	-	-	0.2	0.2
Other	-	0.1	-	0.3
<b>Total</b>	<b>0.3</b>	<b>0.7</b>	<b>0.9</b>	<b>0.8</b>
<b>Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A.</b>				
Dariusz Brzeski	-	-	1.2	0.1
Andrzej Gerlach	-	-	0.1	0.1
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.3</b>	<b>0.2</b>
<b>Transactions with Members of Management and Supervisory Boards and Commercial Proxies of other companies of the Group</b>				
Managers of ASEE Group <sup>9)</sup>	19.9	20.0	-	-
Managers of ACE Group <sup>10)</sup>	16.3	20.7	-	-
CEO of Formula Systems – Guy Bernstein <sup>11)</sup>	37.6	37.1	-	-
Yuri Otrachevsky <sup>12)</sup>	2.2	2.1	-	-
Other	0.6	0.8	-	0.1
<b>Total</b>	<b>76.6</b>	<b>80.7</b>	<b>-</b>	<b>0.1</b>
<b>Total related party transactions</b>	<b>80.9</b>	<b>87.0</b>	<b>2.5</b>	<b>2.2</b>

Name of entity	Loans granted		Borrowings	
	30 June 2019 mPLN	31 Dec. 2018 mPLN	30 June 2019 mPLN	31 Dec. 2018 mPLN
<b>Associates</b>				
Galvaniho 5 s.r.o.	9.1	9.1	-	-
eDocu a.s.	1.2	1.2	-	-
SCS Smart Connected Solutions GmbH	9.2	9.3	-	-
LittleLane a.s.	0.2	0.1	-	-
Prosoft, s.r.o. Košice	1.0	-	-	-
<b>Total</b>	<b>20.7</b>	<b>19.7</b>	<b>-</b>	<b>-</b>
<b>Transactions with entities or individuals related through the Group's Key Management Personnel</b>				
Manager of CommIT Holding	-	-	2.0	1.8
Dana Baiymkhanova	-	-	-	0.1
Adefolu Majekodunmi	-	-	-	0.1
Tomasz Chlebowski	-	-	0.2	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2.2</b>	<b>2.0</b>
<b>Total related party transactions</b>	<b>20.7</b>	<b>19.7</b>	<b>2.2</b>	<b>2.0</b>

The table reference notes are presented below:

- <sup>1)</sup> In the period of 6 months ended 30 June 2019 as well as in the comparable period, Mr. Jacek Duch, Chairman of the Supervisory Board of the Parent Company, served as Chairman of the Supervisory Board of Decsoft S.A.
- <sup>2)</sup> In the period of 6 months ended 30 June 2019 as well as in the comparable period, Mr. Artur Kucharski, Member of the Company's Supervisory Board, served as Member of the Supervisory Board of Alior Bank S.A.
- <sup>3)</sup> 70% of shares in the company iPay SEE d.o.o. are held by I4 Invention d.o.o., which is 100% owned by Miodrag Mirčetić, Member of the Management Board of ASEE S.A. in the period of 6 months ended 30 June 2019 as well as in the comparable period.
- <sup>4)</sup> In the period of 6 months ended 30 June 2019 as well as in the comparable period, Mr. Albertas Sermokas, a shareholder in UAB Konferenta, was a non-controlling shareholder in our subsidiaries UAB Sintagma and Asseco Lietuva. Furthermore, he served as member of the managerial staff of UAB Sintagma and Asseco Lietuva.
- <sup>5)</sup> In the period of 6 months ended 30 June 2019 as well as in the comparable period, Mr. Andrzej Gerlach, Commercial Proxy of the Parent Company, was a partner in the company Top Fin Sp. z o.o. Moreover, during the analyzed period, Mrs. Ewa Góral, the wife of Mr. Adam Góral, President of the Management Board of the Parent Company, was a partner in the company Top Fin Sp. z o.o.; whereas, Mrs. Jolanta Wiza, the wife of Mr. Artur Wiza, Vice President of the Management Board of the Parent Company, was the President and a partner in the company Top Fin Sp. z o.o.
- <sup>6)</sup> In the period of 6 months ended 30 June 2019 as well as in the comparable period, shareholders in MHM d.o.o. served as members of the managerial staff of subsidiaries of Asseco South Eastern Europe Group.
- <sup>7)</sup> In the period of 6 months ended 30 June 2019 as well as in the comparable period, Mr. Albertas Sermokas, a shareholder in UAB Linkas, was a non-controlling shareholder in our subsidiaries UAB Sintagma and Asseco Lietuva. Furthermore, he served as member of the managerial staff of UAB Sintagma and Asseco Lietuva.
- <sup>8)</sup> In the period of 6 months ended 30 June 2019, Mr. Miguel Lúcio, Member of the Management Board of Asseco PST Holding SGPS S.A. was a shareholder in the company Leaven Advisory and Services Lda.
- <sup>9)</sup> Receivables from the sale of shares in Asseco South Eastern Europe S.A. concern the following managers of ASEE Group companies or their related entities: Mr. Piotr Jeleński, Mr. Miljan Mališ, Mr. Miodrag Mirčetić, Mr. Marcin Rulnicki, as well as to other managers.
- <sup>10)</sup> Receivables from the sale of shares in Asseco Central Europe, a.s. concern the following managers of ACE Group companies or their related entities: Mr. Jozef Klein, Mr. Branislav Tkáčik, Mr. Marek Grác, Mr. David Stoppani, and Mr. Markus Haller.
- <sup>11)</sup> Receivables from the sale of shares in Formula Systems (1985) Ltd. concern Mr. Guy Bernstein, CEO of Formula Systems as well as his related entity.
- <sup>12)</sup> In the period of 6 months ended 30 June 2019 and in the comparable period, Mr. Yuri Otrashkevsky served as Chairman of the Board of Directors of R-Style Softlab JSC.

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

As at 30 June 2019, receivables from related parties comprised trade receivables amounting to PLN 4.2 million, as compared with PLN 4.8 million outstanding as at 31 December 2018.

As at 30 June 2019, liabilities to related parties comprised trade payables amounting to PLN 2.8 million, as compared with PLN 2.2 million outstanding as at 31 December 2018.

## 7. Explanatory notes to the consolidated statement of cash flows

### 7.1. Cash flows – operating activities

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

	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
Change in inventories	(8.5)	(1.5)
Change in receivables and non-financial assets	73.8	55.7
Change in liabilities	(291.9)	(259.4)
Change in prepayments and accruals	36.8	21.7
Change in provisions	(6.0)	(22.6)
<b>Total</b>	<b>(195.8)</b>	<b>(206.1)</b>

### 7.2. Cash flows – investing activities

In the period of 6 months ended 30 June 2019, the amount of cash flows from investing activities was affected primarily by acquisitions of property, plant and equipment and intangible assets, as well as by expenditures for development projects:

	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
Acquisition of property, plant and equipment	(81.5)	(63.4)
Acquisition of intangible assets	(11.3)	(6.6)
Expenditures for development projects	(48.5)	(39.1)
Acquisition of investment property	(0.8)	(0.4)
<b>Total</b>	<b>(142.1)</b>	<b>(109.5)</b>

Expenditures for the acquisition of subsidiaries and associates, and cash and cash equivalents in the acquired subsidiaries as at the date of obtaining control, as presented in the table below:

for the period of 6 months ended 30 June 2019	Acquisition of subsidiaries mPLN	Cash in subsidiaries acquired mPLN
Acquisitions made within the Asseco Poland segment	(2.6)	-
Acquisitions made within the Asseco International segment	(3.5)	0.1
Acquisitions made within the Formula Systems segment	(215.0)	67.7
<b>Total</b>	<b>(221.1)</b>	<b>67.8</b>

for the period of 6 months ended 30 June 2018	Acquisition of subsidiaries mPLN	Cash in subsidiaries acquired mPLN
Acquisitions made within the Asseco Poland segment	(11.7)	-
Acquisitions made within the Asseco International segment	(29.3)	6.2
Acquisitions made within the Formula Systems segment	(124.0)	10.1
<b>Total</b>	<b>(165.0)</b>	<b>16.3</b>

The following table presents detailed cash flows relating to loans during the period of 6 months ended 30 June 2019:



for the period of 6 months ended 30 June 2019	Loans collected mPLN	Loans granted mPLN
Loans for employees	0.9	(1.2)
Loans for related parties	-	(0.6)
Loans for other entities	1.9	(2.5)
Term cash deposits with original maturities exceeding 3 months	28.5	-
<b>Total</b>	<b>31.3</b>	<b>(4.3)</b>

for the period of 6 months ended 30 June 2018	Loans collected mPLN	Loans granted mPLN
Loans for employees	1.0	(0.9)
Loans for related parties	-	(2.0)
Loans for other entities	18.7	(6.3)
Term cash deposits with original maturities exceeding 3 months	8.7	(11.3)
<b>Total</b>	<b>28.4</b>	<b>(20.5)</b>

### 7.3. Cash flows – financing activities

In the period of 6 months ended 30 June 2019 as well as in the comparable period, the amount of cash flows from financing activities was affected primarily by the following proceeds and expenditures:

- Proceeds from bank loans and borrowings:

Proceeds from bank loans and borrowings	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
Bank loans and borrowings obtained within the Asseco Poland segment	2.4	-
Bank loans and borrowings obtained within the Asseco International segment	49.9	32.3
Bank loans and borrowings obtained within the Formula Systems segment	376.8	107.0
<b>Total</b>	<b>429.1</b>	<b>139.9</b>

Proceeds from issuance of debt securities in the amount of PLN 311.4 million resulted from series C bonds issued by Formula Systems in the first half of 2019.

- Repayments of bank loans and borrowings:

Repayments of bank loans and borrowings	6 months ended 30 June 2019 mPLN	6 months ended 30 June 2018 mPLN
Bank loans repaid within the Asseco Poland segment	(55.0)	(21.9)
Bank loans repaid within the Asseco International segment	(48.1)	(14.0)
Bank loans repaid within the Asseco International segment	(172.3)	(88.8)
<b>Total</b>	<b>(275.4)</b>	<b>(124.7)</b>

In addition, in the period of 6 months ended 30 June 2019, Formula Group redeemed its previously issued bonds. In the first half of 2019, cash outflows for this purpose amounted to PLN 80.5 million (of which PLN 43.0 million were spent by Formula Systems and PLN 37.5 million by Sapiens Group).

The increase in payments of lease liabilities in the first half of 2019 in relation to the comparable period of the previous year is a consequence of the implementation of IFRS 16 by the Group as of 1 January 2019 which resulted in the recognition of rental fees paid for rented and leased assets as payments of lease liabilities under financing activities.

## 8. Other explanatory notes

### 8.1. Off-balance-sheet liabilities

The table below presents our contingent liabilities as at 30 June 2019 and 31 December 2018:

Contingent liabilities	30 June 2019	31 Dec. 2018
	mPLN	mPLN
<b>Liabilities from guarantees of due performance of contracts</b>		
Liabilities falling due within 3 months	15.8	15.7
Liabilities falling due within 3 to 12 months	42.9	60.2
Liabilities falling due within 1 to 5 years	97.4	79.6
Liabilities falling due after 5 years	23.8	12.1
<b>Total</b>	<b>179.9</b>	<b>167.6</b>
<b>Liabilities arising from bank guarantees and guarantee bonds</b>		
Liabilities falling due within 3 months	3.3	0.1
Liabilities falling due within 3 to 12 months	0.8	2.9
Liabilities falling due within 1 to 5 years	2.2	1.7
Liabilities falling due after 5 years	0.0	-
<b>Total</b>	<b>6.3</b>	<b>4.7</b>
<b>Other contingent liabilities</b>	<b>0.2</b>	<b>0.7</b>

In the Management's opinion, the probability of having to satisfy our liabilities from guarantees of due performance of contracts as presented in the table above is negligible; however, due to their amount, it was decided to make an appropriate disclosure in these interim condensed consolidated financial statements of Asseco Group.

None of the above-described guarantee obligations meet the definition of a financial guarantee under IFRS 9, and therefore they are not recognized as liabilities in the statement of financial position of the Group as at 30 June 2019 and 31 December 2018.

In the period reported, none of the Group's companies granted any new significant guarantees and/or sureties. As at 30 June 2019, the value of the surety granted by Asseco Poland S.A. in favour of SG Equipment Leasing Polska Sp. z o.o. in order to secure the repayment of a loan by Asseco Lietuva, as described in the Group's annual report, amounted to PLN 2.5 million.

#### Disputes in litigation as at the end of the reporting period

As at 30 June 2019, the Parent Company was party to two court proceedings initiated by the same claimant, in which the total value of the subject in dispute amounted to approx. PLN 13.3 million. The Parent Company's Management assessed the validity of claims brought in court and considered them to be groundless, and consequently assessed the risk of an outflow of economic benefits from the Parent Company to be so small that there was no need to create any provision. In the said disputes, the claimant makes unjustified demands upon the Parent Company to transfer proprietary software copyrights and extend the licenses granted.

During the reporting period, one of the Parent Company's court disputes, as described in the financial statements for the year ended 31 December 2018, was settled. The Parent Company signed a settlement agreement which is still pending approval by the court as at the date of publication of this report. The provision, which was recognized in respect of this dispute in the prior reporting periods, was higher than the amount the Parent Company agreed to pay under the settlement.

In the reporting period, Asseco Data Systems S.A. was party to taxation proceedings. On 18 September 2017, tax authorities began to inspect the company's value added tax treatments under transactions involving intra-Community supply of goods carried out with a contractor from Germany. On 30 January 2019, the Head of the Pomeranian Tax Office in Gdańsk submitted an unfavourable inspection report to the company, in which he showed that Asseco Data Systems S.A. was used by external entities as part of a VAT extortion mechanism, and therefore the correctness of VAT treatments relating to the controlled transactions may be put into

question. However, the Tax Office did not indicate what legal and tax effects may result from the inspection findings.

The company raised its objections to the report, but in response the Tax Office maintained its standpoint and concurrently informed that the evidence collected during the inspection will be used for the purposes of another ongoing inspection, due to the fact that a comprehensive treatment of value added tax for the month in which the said transactions took place may be achieved only by performing a tax inspection of the entire settlement period. During the period covered by this report, the parties exchanged further arguments while the control activities were carried out. As at the date of publication of this report, these proceedings are still underway and the deadline for completing the inspection was set for 30 August 2019. Considering the legal and tax analysis carried out by the company which was supported by an opinion of independent experts, the Group's management believes that Asseco Data Systems S.A. exercised due diligence when concluding the controlled transaction and thus it is not justified to create any provision in this respect.

In the reporting period, ASEE Group (the Asseco International segment) was party to court proceedings in which the total amount in dispute was PLN 6.6 million. On 12 April 2019, an amicable settlement was reached in one of the disputes whose value was PLN 1.3 million. As a result of this settlement, ASEE Group will pay PLN 0.4 million in compensation. As far as the second dispute is concerned, during the reporting period, the court of second instance rejected the appeal filed by the claimant against the verdict of the first instance court which dismissed their claims for compensation. Pursuant to the provisions of law, the claimant may still appeal against the said decision to the court of cassation, however the Group considers the risk of continuing these court proceedings to be minimal.

During the reporting period, ACE Group (the Asseco International segment) was party to court proceedings regarding a delay in delivery of an IT system to a customer in Slovakia. The Group has created a provision against the potential contractual penalty in the amount of PLN 5.7 million.

In the reporting period, Matrix IT Group (the Formula Systems segment) was party to court proceedings where the total amount in dispute was PLN 12.8 million. The Group believes it has created a sufficient amount of provisions for ongoing court cases.

In the reporting period, Magic Software Enterprises Group (the Formula Systems segment) was party to court proceedings where the total amount in dispute was PLN 36 million. The Group believes it has created a sufficient amount of provisions for ongoing court cases.

Except for those described above, during the reporting period, no significant proceedings were instituted or pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of Asseco Group companies.

## 8.2. Seasonal and cyclical nature of business

The Group's sales revenues are subject to some seasonality in individual quarters of the year. The fourth quarter revenues tend to be somewhat higher than in the remaining periods, as bulk of such turnover is generated from the sale of IT services for large enterprises and public administration. Such entities often decide to make higher purchases of hardware and licenses in the last months of a year.

## 8.3. Employment

Number of employees in the Group companies as at	30 June 2019	31 Dec. 2018
Management Board of the Parent Company	10	10
Management Boards of the Group companies	169	142
Production departments	22,544	21,047
Sales departments	1,321	1,288
Administration departments	1,797	1,815
<b>Total</b>	<b>25,841</b>	<b>24,302</b>

Number of employees in the Group companies as at	30 June 2019	31 Dec. 2018
<b>Asseco Poland segment</b>	<b>3,447</b>	<b>3,421</b>
Asseco Poland S.A.	2,370	2,374
Asseco Data Systems S.A.	808	816
DahliaMatic Sp. z o.o.	53	51
ZUI Novum Sp. z o.o.	72	70
SKG S.A.	38	35
Park Wodny Sopot Sp. z o.o.	52	52
Gdyński Klub Koszykówki "Arka" S.A.	7	7
Asseco Resovia S.A.	4	4
GSTN Consulting Sp. z o.o.	4	3
Eversoft sp. z o.o.	31	9
ComCERT S.A.	8	-
<b>Asseco International segment</b>	<b>6,505</b>	<b>6,398</b>
Asseco Central Europe Group	3,095	3,052
Asseco South Eastern Europe Group	2,504	1,655
Asseco International, a.s.	4	6
Asseco Western Europe Group	142	964
Asseco Danmark A/S	33	33
Peak Consulting ApS	45	39
Asseco PST Holding SGPS Group (former Exictos)	436	423
Sintagma UAB	158	148
Asseco Georgia LLC	60	49
Asseco Kazakhstan LLP	-	8
Asseco Software Nigeria Ltd.	21	21
Asseco Central Asia	7	-
<b>Formula Systems segment</b>	<b>15,889</b>	<b>14,483</b>
Formula Systems Group	15,889	14,483
<b>Total</b>	<b>25,841</b>	<b>24,302</b>

#### 8.4. Significant events after the reporting period

- **Asseco International, a.s. – acquisition of shares in TECSISA (TECNOLOGIA SISTEMAS Y APLICACIONES SL)**

On 23 July 2019, Asseco International, a.s. acquired 51% of shares in TECSISA (TECNOLOGIA SISTEMAS Y APLICACIONES SL) based in Spain. The newly acquired company specializes in the development of software for producers and sellers of electricity. TECSISA provides native cloud and Big Data applications running on the technologically advanced Kommodo platform. The products offered by this company have already been implemented in over a dozen countries, including Spain, Mexico, Guatemala, Peru, and Argentina. The 51% stake was purchased for a maximum price of EUR 7.9 million, of which EUR 4.9 million was paid right away, while the remaining consideration shall depend on the achievement of target financial results by that company in the future.

- **Asseco Poland S.A. – disposal of a real estate classified as assets held for sale**

On 30 July 2019, Asseco Poland S.A. sold a property classified as held for sale with a carrying value of PLN 1.9 million. The transaction value amounted to PLN 2.8 million.

- **ASEE Group – acquisition of shares in Bassilichi CEE d.o.o. Belgrade**

On 30 July 2019, Payten d.o.o. Belgrade purchased 100% of shares in the company Bassilichi CEE d.o.o. Belgrade.

▪ **ASEE Group – acquisition of shares in B Servis d.o.o. Podgorica**

On 31 July 2019, Payten d.o.o. Podgorica signed an agreement to acquire 100% of shares in the company B Servis d.o.o. Podgorica.

▪ **Increase of the share capital of Asseco Innovation Fund Sp. z o.o.**

On 7 August 2019, the Extraordinary General Meeting of Partners passed a resolution on increasing the share capital of Asseco Innovation Fund Sp. z o.o. from the amount of PLN 10 thousand to PLN 20 thousand through the issuance of 200 new shares with a par value of PLN 50 each. The newly issued shares will be paid up in cash amounting to PLN 720 thousand, of which PLN 10 thousand will be recognized in the share capital and PLN 710 thousand in the reserve capital.

▪ **Receiving information about a lawsuit against the Parent Company**

On 9 August 2019, the Parent Company received a notification of filing a lawsuit for compensation due to improper performance of a contract. The amount claimed under the lawsuit has been estimated at PLN 17.1 million. After an initial assessment, the Company's Management Board considered the claims presented in the lawsuit to be completely groundless and thus determined there was no need to create any provision.

▪ **ASEE Group – decision to acquire shares in SONET společnost s.r.o. and SONET Slovakia s.r.o.**

On 9 August 2019, the Management Board of Asseco South Eastern Europe S.A. made the decision to acquire 100% of shares in a new company SONET společnost s.r.o. and 50% of shares in the company SONET Slovakia s.r.o. Due to the fact that the remaining 50% of shares in SONET Slovakia s.r.o. are held by SONET společnost s.r.o., Asseco South Eastern Europe S.A. will indirectly hold 100% of shares and maintain control over the company of SONET Slovakia s.r.o. The planned acquisitions are aimed at expanding the business of payment services within the target organizational structure of Payten Group.

▪ **Formula Group – acquisition of shares in Unique Software Industries Ltd.**

On 12 August 2019, Michpal Micro Computers (1983) Ltd. signed an agreement to acquire 100% of shares in Unique Software Industries Ltd. The acquired company will be a wholly-owned subsidiary of Michpal Micro Computers (1983) Ltd.

▪ **Formula Group – declaration of a dividend payment**

On 19 August 2019, the Management Board of Formula Systems (1985) Ltd. declared payment of a dividend for the year 2018 to be made during the third quarter of 2019. The total amount of dividend to be distributed among all shareholders will reach approx. USD 8.0 million.

## 8.5. Significant events related to prior years

Until the date of preparing these interim condensed consolidated financial statements for the period of 6 months ended 30 June 2019, we have not observed any significant events related to prior years, which have not but should have been included in these financial statements.



## Approval for publication by the Management Board

These interim condensed consolidated financial statements of Asseco Group for the period of 6 months ended 30 June 2019 have been approved for publication by the Management Board of Asseco Poland S.A. on 26 August 2019.

**Management Board:**

President  
of the Management Board  
Adam Góral

Vice President  
of the Management Board  
Andrzej Dopierała

Vice President  
of the Management Board  
Krzysztof Groyecki

Vice President  
of the Management Board  
Rafał Marek Kozłowski

Vice President  
of the Management Board  
Marek Panek

Vice President  
of the Management Board  
Paweł Piwowar

Vice President  
of the Management Board  
Zbigniew Pomianek

Vice President  
of the Management Board  
Sławomir Szmytkowski

Vice President  
of the Management Board  
Artur Wiza

Vice President  
of the Management Board  
Gabriela Żukowicz

**Person responsible for the preparation of consolidated financial statements:**

Director of the Financial  
Reporting Department

Karolina Rzońca-Bajorek



# Solutions for demanding business.

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