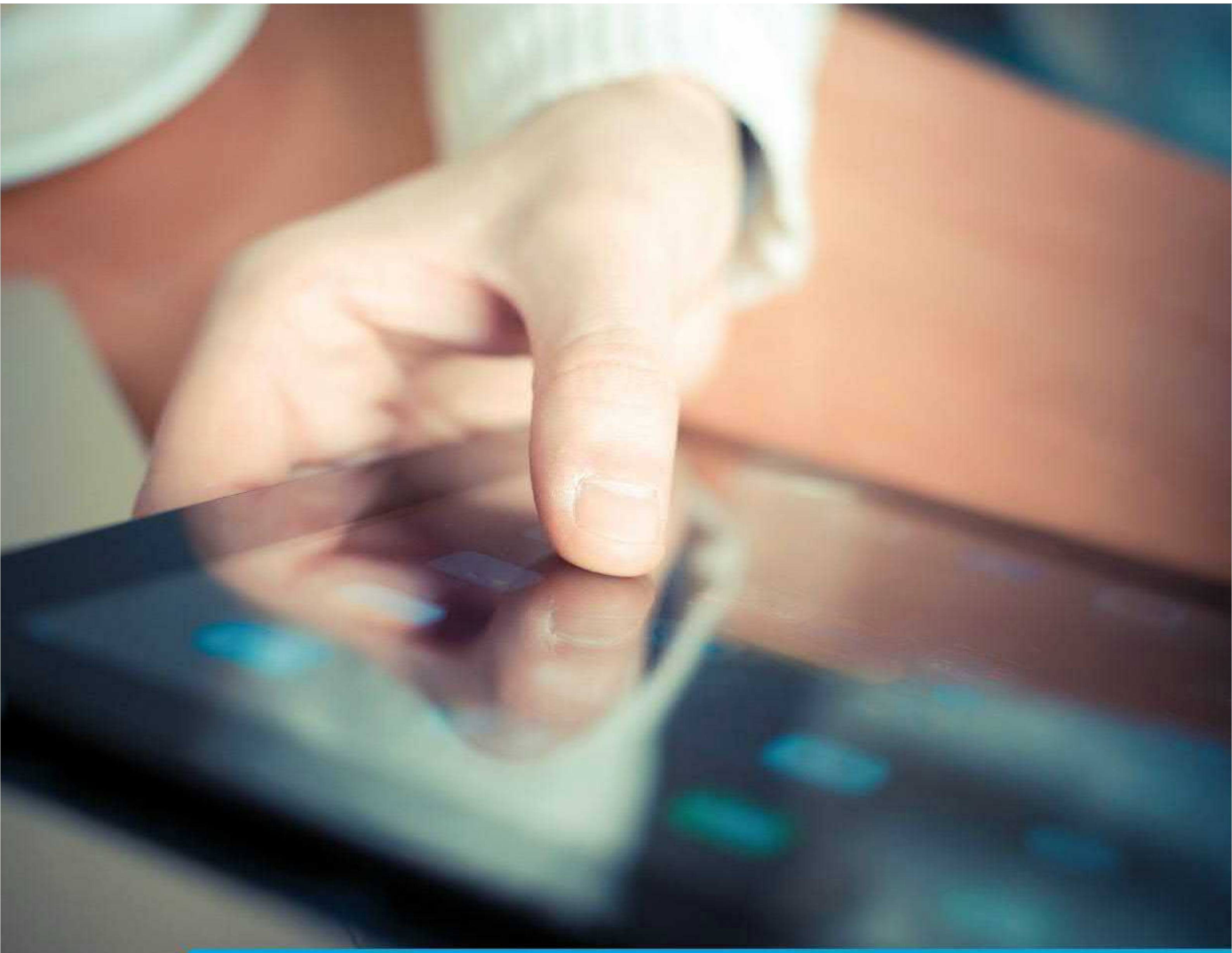


ASSECO ENTERPRISE SOLUTIONS

Výročná správa 2017

asseco.com/ce

Obsah

1. Charakteristika a základné údaje

Skupina Asseco

Asseco Poland je konečnou materskou spoločnosťou Skupiny AES. Je poprednou poľskou spoločnosťou informačných technológií, ktorá vyvíja činnosť na domácom IT trhu už viac než 25 rokov. V roku 2004 začala spoločnosť Asseco Poland svoju medzinárodnú expanziu a čo sa týka trhovej kapitalizácie, v súčasnosti patrí medzi najväčšie IT spoločnosti kótované na Varšavskej burze cenných papierov. Podľa rebríčka Truffle 100 je šiestym najväčším producentom softvéru v Európe.

Asseco Poland je hybnou silou medzinárodnej skupiny Asseco Group, ktorá zastrešuje veľký počet priamo alebo nepriamo kontrolovaných dcérskych spoločností. Kľúčové činnosti skupiny sa zameriavajú na produkciu proprietárnych softvérových riešení a IT služby. Asseco Poland sa špecializuje na komplexné informačno-technologické projekty, integračné projekty a konzultačné služby vo všetkých dôležitých sektoroch ekonomiky.

V súčasnosti vyvíja Asseco Group činnosť vo viac než 50 krajinách po celom svete a vďaka tomu má skutočne globálny dosah. V Európe pôsobí prostredníctvom svojich holdingov: Asseco Central Europe (Slovensko, Česká republika, Maďarsko, Nemecko, Švajčiarsko), Asseco South Eastern Europe (krajiny Balkánu a Turecko), Asseco Western Europe (Španielsko, Portugalsko, Taliansko, Škandinávia a Pobaltské republiky) a Asseco Eastern Europe (Rusko, Gruzínsko, Kazachstan). Činnosti skupiny v Izraeli, Spojených štátoch, Japonsku a Kanade, a to uvádzame len niektoré krajiny, realizujú spoločnosti patriace do holdingu Formula Systems, ktorý je kótovaný tak na Burze cenných papierov v Tel Avive (TASE), ako aj na NASDAQ Global Markets. Formula Systems vlastní akcie v troch kótovaných IT spoločnostiach: Matrix IT, Sapiens International a Magic Software.

V roku 2017 zamestnávala Asseco Group viac než 22 300 veľmi angažovaných odborníkov vrátane približne 4 600 specialistov v Poľsku.

Skupina AES

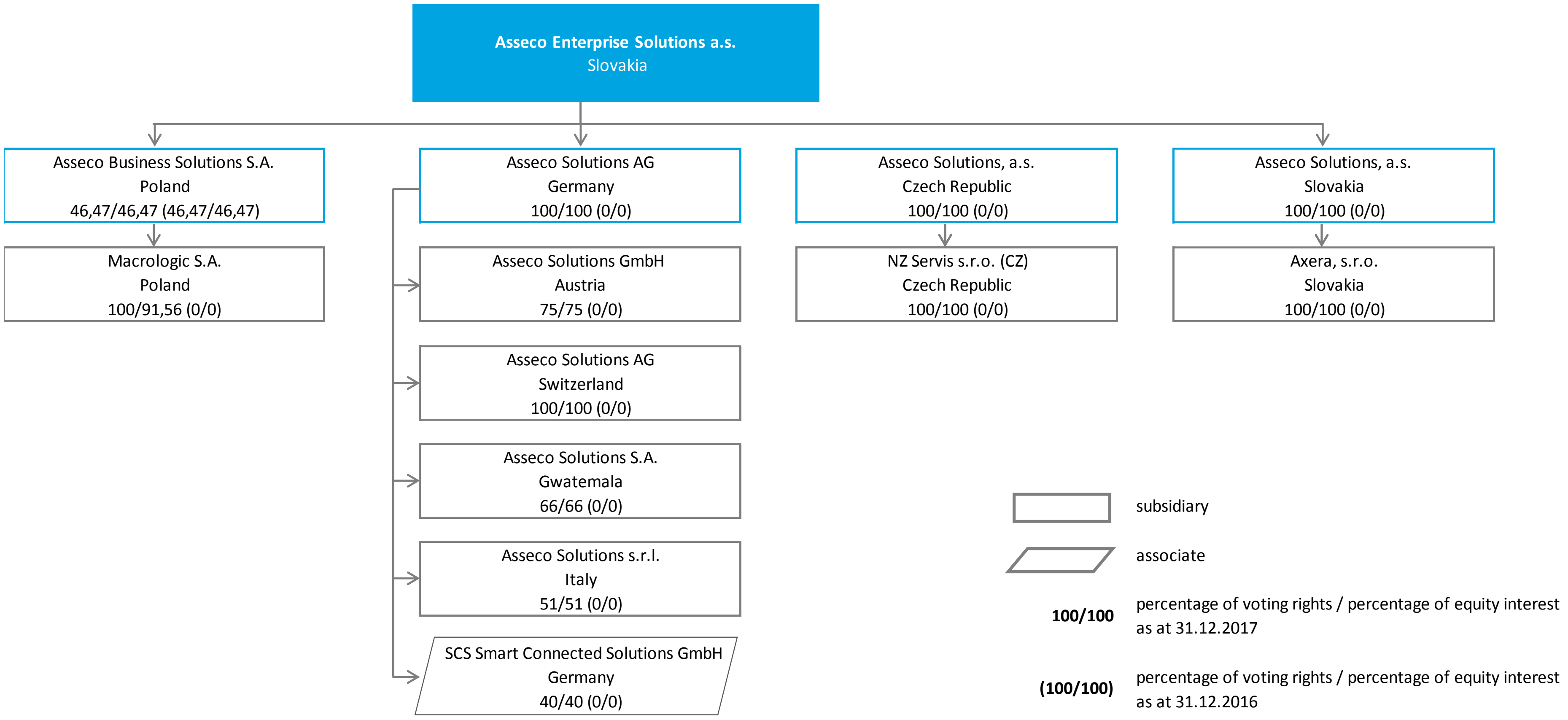
Materskou spoločnosťou Skupiny Asseco Enterprise Solutions (ďalej len "Skupina AES") je spoločnosť Asseco Enterprise Solution, a.s. (ďalej len "Spoločnosť") so sídlom Trenčianska 56/A, 821 09 Bratislava IČO: 50 635 018. Spoločnosť bola založená v roku 2016 spoločnosťou Asseco Poland S.A. s cieľom vytvoriť kompetenčné centrum skupiny Asseco Group pre ERP softvéry.

Skupina AES má za cieľ rozvíjať a posilňovať medzinárodnú pozíciu skupiny Asseco Group v segmente ERP riešení.

Štruktúra akcionárov Spoločnosti k 31.12.2017:

Spoločník, akcionár	**Výška podielu na základnom imaní**		**Podiel na hlasovacích právach v %**	**Iný podiel na ostatných položkách VI ako na ZI v %**
	absolútne	**v %**		
Asseco Poland S.A.	6 795 738	49,9%	49,9%	49,9%
Asseco Central Europe, a.s.	6 822 975	50,1%	50,1%	50,1%
	13 618 713	**100%**	**100%**	**100%**

Štruktúra Skupiny AES k 31.12.2017:



Asseco Solutions, a. s. (SK, CZ, DE, AT, CH,)

Spoločnosť Asseco Solutions je najväčším producentom podnikových informačných systémov na českom a slovenskom trhu a v nemecky hovoriacich krajinách. Softvérové aplikácie z jej produkcie sa distribuujú aj na ďalších trhoch v rámci strednej Európy. Podnikové informačné systémy pokrývajú potreby firiem všetkých veľkostí v najrozličnejších oblastiach podnikania. Spoločnosť sa zaoberá vývojom, ale takisto implementáciou a podporou špecializovaných systémov pre organizácie všetkých veľkostí v najrozličnejších oblastiach ich pôsobenia. Produktové portfólio siaha od informačných systémov pre najširšie spektrum podnikov zaoberajúcich sa výrobou, obchodom či službami, cez produkty pre oblasť verejnej správy až napríklad po produkty pokrývajúce špecializované potreby ubytovacích a stravovacích zariadení. Všetky produkty dopĺňa široká ponuka služieb a partnerských programov. Okrem základných modulov a funkcionalít poskytujú tiež riešenia pre jednotlivé oblasti podnikania, tzv. „branžové riešenia“. Asseco Solutions je nositeľom certifikátu kvality ISO 9001:2008. V súčasnosti spoločnosť Asseco Solutions tvorí sedem krajín. Okrem Slovenska a Českej republiky aj Rakúsko, Švajčiarsko, Nemecko, Taliansko a Guatemala. V Asseco Solutions k 31. 12. 2017 pracovalo 796 ľudí.

Asseco Business Solutions Group (PL)

Asseco Business Solutions Group pozostáva zo spoločnosti Asseco Business Solutions S.A. kótovanej na Varšavskej burze cenných papierov a spoločnosti Macrologic S.A. Tieto spoločnosti dodávajú moderné IT riešenia pre firmy rôzneho charakteru a všetkých veľkostí v každom odvetví. Komplexná ponuka produktov Asseco Business Solutions zahŕňa ERP systémy, ktoré podporujú obchodné procesy veľkých a stredne veľkých firiem (Asseco Softlab ERP), súbor aplikácií pre manažment malých firiem (Asseco Wapro ERP), programy pre optimalizáciu všetkých procesov v oblasti personálneho manažmentu a miezd (Asseco Softlab HR), systémy pre podporu predaja prostredníctvom mobilných zariadení vrátane riešení SFA a FFA pre mobilnú pracovnú silu, ktoré sú dostupné na trhoch v celej Európe (Mobile Touch), platformy pre výmenu dát (Connector Platform) a programy pre spracovanie faktoringových transakcií (Factor). Medzi hlavné produkty spoločnosti Macrologic patria Macrologic Merit a Macrologic ERP – ERP systémy, ktoré uľahčujú komplexný manažment firiem.

Všetky riešenia Asseco BS využívajú znalosti skúsených odborníkov, overenú metodológiu vývoja a moderné IT nástroje. Vďaka vysokej kvalite produktov a súvisiacich služieb žne softvér spoločnosti Asseco Business Solutions už celé roky úspechy v rámci podpory činností desiatok tisícov firiem. Primárnym trhom Asseco Business Solutions S.A je Poľsko, avšak produkty tejto spoločnosti boli implementované už vo viac než päťdesiatich krajinách Európy. Asseco Business Solutions S.A. má v Poľsku šesť pobočiek, dátové centrum a sieť stoviek obchodných partnerov po celej krajine. K 31.12.2017 pre Asseco Business Solutions pracovalo 957 ľudí. Technologickými a obchodnými partnermi Asseco BS sú najväčší globálni predajcovia softvéru a hardvéru ako sú napríklad Oracle, Microsoft, HP, IBM, Citrix.

Asseco Enterprise Solutons, a.s.

Spoločnosť nemá organizačnú zložku v zahraničí

2. Kľúčové udalosti a ocenenia v skupine Asseco Enterprise Solutions

Asseco Solutions (SK, CZ, DE, AT, CH, IT, GT)

Asseco Solutions SK tento rok expandovalo na český HORECA trh a na veľtrhu TOP GASTRO 2017 v Prahe úspešne prezentovalo vlastný reštauračný systém Asseco BLUEGASTRO a hotelový systém Asseco HOREC.
Významná zmena sa udiala na poste finančného riaditeľa Asseco Solutions, kedy koncom roka 2017 vymenil pána Richarda Biznára nový riaditeľ pán Martin Vittek.
V novembri 2017 sa uskutočnil prieskum spokojnosti zákazníkov informačných systémov Asseco Solutions. Testovalo sa 6 produktov (Asseco SPIN Commercial, Asseco SPIN Public, Asseco Wéčko, Asseco HELIOS Orange, Asseco HOREC a Asseco BLUEGASTRO). Podarilo sa nám získať názory až od cca. 1200 používateľov a všetky naše produkty sú vysoko kladne hodnotené. Celková spokojnosť s produktami dosiahla neuveriteľných 96 %.
Program oceňovania najlepších značiek Superbrands, ktorý je nezávislou globálnou autoritou v oblasti hodnotenia a oceňovania obchodných značiek, predstavil na galavečere Superbrands Tribute Event, ktorý sa konal 4. októbra v priestoroch bratislavského hotela Carlton, ocenené značky pre ročník 2017. Spoločnosť Asseco Solutions sa môže pýšiť titulom Business Superbrands. Prestížne ocenenie prevzala počas galavečera naša generálna riaditeľka, pani Edita Angyalová.
ISSS - Internet v štátnej správe a samospráve. Na tomto tradične najvýznamnejšom a najväčšom podujatí, týkajúcom sa informačných technológií pre oblasť verejnej správy, prezentovala systémy HELIOS aj spoločnosť Asseco Solutions.
Konferenciu na tému Priemyslu 4.0. organizovalo 7. júna v Prahe vydavateľstvo Economia. Vystúpila tu celá rada slovenských i zahraničných odborníkov, vrátane napríklad rektora ČVUT v Prahe. Za Asseco Solutions tu vystúpil člen predstavenstva Robert Monsberger s prezentáciou na tému údržby v dobe digitálnej evolúcie, ktorá vyvolala silnú odozvu.
Zmluvu s prvým zákazníkom produktu SCS v Českej republike sa podarilo podpísať v októbri roku 2017. Stala sa ním spoločnosť BLK servis, ktorá vykonáva montáže nábytku, kuchýň a podobné práce. Ide o typicky servisnú spoločnosť, ktorej montážni pracovníci sa neustále pohybujú v teréne a potrebujú pomoc s plánovaním svojich služieb a zabezpečením výkazov svojej činnosti.
Už tretíkrát po sebe sa tento rok Asseco Solutions predstavila na Medzinárodnom strojárskom Veľtrhu. Tohtoročný koncept našej expozície bol naozaj revolučný - stala sa totiž historicky prvou "Posilňovňou" pre všetky firmy v Českej a Slovenskej republike. Návštevníkov tu čakali netradičné prezentácie našich produktov, ktoré im atraktívnou formou predvádzali školení tréneri - zamestnanci Asseco Solutions, ktorí vedia, ako dostať firmu do kondície.
Asseco Solutions DE počas minuloročného veľtrhu CeBIT v Hannoveri predstavilo riešenie 4.0 pre inováciu digitálnych podnikových modelov pre stredne veľké spoločnosti.
Nemecký ERPII špecialista po piatykrát ocenil riešenie Applus spoločnosti Asseco Solutions ako ERP systém roka.

Asseco Business Solutions Group (PL)

Medzi udalosti s najväčším a najdlhšie trvajúcim dopadom na činnosti Asseco Business Solutions S.A v roku 2017 patrila akvizícia spoločnosti Macrologic S.A., poľského producenta ERP softvéru, ktorá sa uskutočnila v júni a jej výsledkom bolo vytvorenie Asseco Business Solutions Capital Group. Hlavným cieľom tejto akvizície bolo posilniť a rozšíriť odborné vedomosti a technologické know-how v oblasti ERP. Najdôležitejším zámerom tejto akvizície bola vzájomná výmena vedomostí a synergický efekt, ktorý rozšíril ponuku produktov a zvýšil celkovú kvalitu vlastných produktov a služieb.

Promotion Optimization Institute (POI) udelil spoločnosti Asseco Business Solutions S.A. a jej produktu Mobile Touch veľmi vysoké skóre v rámci hodnotenia spoločností a produktov. V najnovšej správe POI vydanej v júli 2017 "Panoráma predajcov pre maloobchodný predaj a monitoring v oblasti spotrebného tovaru za rok 2017" bola spoločnosť Asseco Business Solution opísaná ako neúnavný inovátor v oblasti „zvyšovania predaja" a ako vizionár a skutočný globálny hráč, ktorý pomáha výrobcom spotrebného tovaru dosahovať efektívnejšie výsledky v oblasti maloobchodného predaja prostredníctvom takých inovácií ako je napríklad Perfect Store, Retail Activity Optimization (RAO) a Motivation and Coaching. Riešenia Asseco BS SFA získali prestížne ocenenia Best-in-Class za vynikajúcu podporu predaja prostredníctvom riešení Retail Activity Optimisation a Coaching and Gamification.

Spoločnosť Asseco Business Solutions organizuje každý rok niekoľko konferencií a workshopov pre súčasných a potenciálnych zákazníkov s cieľom prezentovať najnovšie riešenia, ktoré spoločnosť ponúka prostredníctvom svojich produktov.

3. Vývoj ekonomických ukazovateľov Skupiny AES

Vybrané finančné ukazovatele

Aktíva	**31 Dec 2017**	**31 Dec 2016**
Dlhodobý majetok	**111 682**	**44 689**
Pozemky, budovy a zariadenia	6 232	2 658
Goodwill	92 228	39 031
Dlhodobý nehmotný majetok	6 774	2 390
Dlhodobý finančný majetok	4 556	-
Dlhodobé pohľadávky	345	136
Odložená daňová pohľadávka	1 532	452
Dlhodobé náklady budúcich obdobý	15	22
Obežný majetok	**35 084**	**23 991**
Zásoby	215	46
Náklady budúcich období	1 175	238
Pohľadávky z obchodného styku	20 061	7 612
Daňové pohľadávky	34	0
Pohľadávky voči štátnemu rozpočtu	7	0
Ostatné pohľadávky	342	110
Finančné aktíva	5 715	-
Ostatné krátkodobé nefinančné aktíva	168	10
Hotovosť a termínované vklady	7 367	15 975
Aktíva celkom	**146 766**	**68 680**

Vlastné imanie Skupiny AES

Vlastné imanie a záväzky	31 Dec 2017	31 Dec 2016
Vlastné imanie (pripadajúce na akcionárov materskej spoločnosti)	**77 428**	**29 239**
Základné imanie	13 619	6 797
Emisné ážio	93 955	67 973
Kurzové rozdiely z prepočtu dcérskych spoločností	1 713	-
Nerozdelený zisk minulých rokov	(31 859)	(45 531)
Nekontrolujúce podiely	**35 787**	**33 379**
Vlastné imanie spolu	**113 215**	**62 618**
Dlhodobé záväzky	**6 175**	**201**
Úročené dlhodobé bankové a iné úvery	3 197	-
Odložený daňový záväzok	1 395	-
Dlhodobé rezervy	363	201
Dlhodobé finančné záväzky	1 220	-
Krátkodobé záväzky	**27 376**	**5 861**
Úročené krátkodobé bankové a iné úvery	4 208	9
Záväzky z obchodného styku	4 655	973
Current tax payable	2 094	848
Záväzky voči štátnemu rozpočtu	3 736	1 137
Finančné záväzky	133	37
Ostatné záväzky	1 251	142
Rezervy	116	86
Výnosy budúcich období	5 459	75
Výdavky budúcich období	5 724	2 554
Záväzky celkom	**33 551**	**6 062**
Vlastné imanie a záväzky celkom	**146 766**	**68 680**

Štruktúra výnosov

Tržby podľa druhu činnosti	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Vlastný softvér a služby	67 608	-
Softvér a služby tretích strán	4 758	-
Počítačový hardvér a infraštruktúra	1 755	-
Ostatné služby	250	-
	74 371	**0**

Tržby podľa sektorov	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Bankovnícvto and financie	2 075	-

Podniky	70 601	-
Verejné inštitúcie	1 695	-
	74 371	**0**

Výsledok hospodárenia

Nižšie uvedené tabuľky predstavujú čistý zisk a počet akcií použitých na výpočet základného zisku na jednu akciu:

	12 months ended 31 Dec 2017	**Period ended 31 Dec 2016**
Čistý zisk pripadajúci na akcionárov Spoločnosti	**7 406**	**(11)**
Vážený priemer počtu kmeňových akcií v obehu, pre výpočet zisku na akciu	**13 618 713**	**6 797 267**
Konsolidovaný zisk na akciu	0.54	0.00

Rozdelenie výsledku hospodárenia minulého obdobia, návrh na rozdelenie:
V rokoch 2017 ani 2016 materská Spoločnosť nevyplatila svojim akcionárom žiadne dividendy.
Výsledok hospodárenia minulého obdobia bol preúčtovaný ako strata minulých období.
Valné zhromaždenie spoločnosti na svojom zasadnutí 22 júna 2018 schválilo rozdelenie výsledku hospodárenia Spoločnosti, zisku vo výške 4.737 tis. EUR nasledovne:

- Suma vo výške 11 tis. EUR bude použitá na úhradu straty minulých období
- Suma vo výške 1 tis. EUR bude ponechaná na investície v Spoločnosti
- Suma vo výške 4.725 tis. EUR sa rozdelí akcionárom vo forme dividend, výška dividendy na jednu akciu bude 0,347 EUR.

Výskum a vývoj

Počas roku 2017 investovala Skupina AES na výskum a vývoj 2 013 tis. EUR

4. UDALOSTI, KTORÉ NASTALI PO DNI, KU KTORÉMU SA ZOSTAVUJE Výročná správa

Po 31. decembri 2017 do dňa zostavenia účtovnej závierky Spoločnosti nenastali také udalosti, ktoré by si vyžadovali zverejnenie.

5. Výhľad na ďalšie obdobie

Jedno poslanie spája všetky spoločnosti v skupine: Vytvoriť inovatívnu, rýchlo rastúcu globálnu softvérovú skupinu, ktorá poskytuje vysokú úroveň kvality v oblasti technológii a služieb. To stavia Asseco Group medzi 10 najlepších poskytovateľov softvéru v Európe. Spoločnosť je aktívna vo väčšine európskych krajín, rovnako ako v Izraeli, Japonsku a Kanade, a je evidovaná na burzách vo Varšave, Tel Avive a na burze NASDAQ v USA.

Asseco Solutions udáva tempo pre technológiu budúcnosti v skupine Asseco Group, kombinuje rýchlosť stredne veľkej firmy s bezpečnosťou jedného z najväčších poskytovateľov IT v Európe.

Podnikové informačné systémy z ponuky spoločností Asseco Solutions pokrývajú potreby firiem všetkých veľkostí v najrôznejších oblastiach podnikania a verejnej správy. Systémy dopĺňa široká ponuka služieb a partnerských programov. Sú vysoko cenené pre svoju technologickú vyspelosť aj pre ďalšie vlastnosti, ktoré vyplývajú z dokonalej znalosti domáceho trhu. Vďaka blízkosti jednotlivých Asseco Solutions spoločností k lokálnym zákazníkom možno lepšie prispôsobovať produktové portfólio špecifickým požiadavkám jednotlivých odvetví a krajín a ponúkať ešte lepšie služby na profesionálnej úrovni. Rovnako možno vybrané overené lokálne riešenia v dlhodobejšom horizonte zavádzať aj do obchodnej ponuky v ostatných krajinách.

6. Systém riadenia

Systém riadenia v jednotlivých spoločnostiach Skupiny AES je na základe vízie, stratégie a cieľov spoločnosti podporovaný systémom manažérstva kvality a environmentu, informačnej bezpečnosti a manažérstva IT služieb.
Jednotlivé systémové nástroje, ako je plánovanie, riadenie dokumentácie, interné audity, riadenie rizík, stanovovanie nápravných opatrení, slúžia manažmentu ako aj ostatným zamestnancom k predchádzaniu nezhôd prípadne rizikových udalostí, k dosahovaniu cieľov spoločnosti a uspokojovaniu potrieb zákazníkov.

Enviromentálna politika

Environmentálna politika je neoddeliteľnou súčasťou stratégie spoločenskej zodpovednosti spoločností Skupiny AES voči životnému prostrediu. Predmetom činnosti a realizáciou poskytovaných služieb nemá naša spoločnosť významný vplyv na životné prostredie, napriek tomu sa v rámci svojej filozofie „Mať zodpovednosť voči životnému prostrediu“ snaží v čo najväčšom rozsahu, napomáhať ochrane ľudského zdravia a prispievať k ochrane a zlepšovaniu kvality životného prostredia. Separácia odpadu a vyraďovanie počítačovej techniky v zmysle príslušnej legislatívy ako i efektívne riadenie využívania motorových vozidiel patria medzi hlavné aktivity z pohľadu EMS. Vyradená počítačová technika, ktorá už nespĺňa požadované výkonnostné parametre, je darovaná v rámci sponzorských aktivít, odpredávaná zamestnancom, prípadne sa likviduje prostredníctvom oprávnených spoločností.

7. Kľúčové hodnoty

Spokojný zákazník

Poskytovať stabilné a kvalitné služby a riešenia s vysokou pridanou hodnotou za účelom naplnenia strategických cieľov zákazníkov je jedinou spoľahlivou cestou, ako si zákazníkov nielen získať, ale aj udržať. Spokojní zákazníci a ich prirodzená lojalita sú základom úspechu skupiny.

Spokojnosť zamestnancov

Kľúčovým vstupným faktorom pre poskytovanie kvalitných a stabilných služieb sú zamestnanci. Motiváciu a lojalitu zamestnancov považujeme za neoddeliteľnú súčasť úspechu firmy. Snažíme sa vytvárať stimulujúce pracovné prostredie, ktoré rozvíja kreativitu zamestnancov a podporuje ich osobnostný rast.

Dôvera akcionárov

Uskutočňovanie správnych kľúčových rozhodnutí pri súčasnom zohľadnení záujmov akcionárov, naplnenie očakávaní a vybudovanie ich dôvery je ďalšou z kľúčových hodnôt spoločností skupiny AES. Nevyhnutnosťou pre naplnenie tejto kľúčovej hodnoty je transparentný prístup k riadeniu procesov, ktorý je predpokladom pre dlhodobé udržanie dôvery akcionárov.

Organický kontinuálny rast

Snahou spoločností je sledovať a zároveň vytvárať moderné trendy v oblasti IT, neustále sa zlepšovať a prinášať na trh pokročilé technológie a „riešenia pre náročných zákazníkov“, ktoré napĺňajú požiadavky klientov a prinášajú im v ich biznise významnú pridanú hodnotu.

Spoločenská zodpovednosť

Spoločnosti Skupiny AES sa usilujú prispievať k zvyšovaniu kvality života spoločnosti nielen dodržiavaním legislatívy, ale i prostredníctvom vývoja inovatívnych informačných technológií a podporou vedeckých inštitúcií, ktoré sú takisto zameriavajú na tento cieľ.

8. Naše poslanie

Poslanie spoločností Skupiny AES má v sebe obsiahnuté záväzné hodnoty, ktoré sú neodmysliteľnou súčasťou podnikateľského prostredia a sú platné i v medzinárodnom meradle. Tieto záväzné hodnoty reprezentuje predovšetkým vysoká a stabilná kvalita ponúkaných riešení a služieb, nepretržitá starostlivosť o zákazníkov, flexibilné reagovanie na potreby trhu a poskytovanie profesionálnych IT služieb a informačných systémov na báze moderných informačných technológií, ktoré podporujú obchodné aktivity a úspech zákazníkov a súčasne zabezpečujú dlhodobú prosperitu spološností v Skupine AES.

9. Etický kódex

Spoločnosti Skupiny AES majú etický kódex definovaný súborom princípov, ktoré smerujú dovnútra spoločnosti, k pracovníkom, ale aj k svojmu okolitému prostrediu. Spoločnosť sa primárne riadi princípmi etického správania v podnikaní, t.j. vo svojich aktivitách zohľadňuje princípy objektívnosti, transparentnosti, zodpovednosti a otvorenosti. Dodržiavaním uvedených princípov spoločností Skupiny AES deklarujú, že tak ako v súčasnosti, aj v budúcnosti chcú byť neustále spoľahlivým partnerom pre všetkých svojich zákazníkov, akcionárov, obchodných partnerov, pracovníkov, ako aj verejnosť vo všetkých krajinách a regiónoch, v ktorých pôsobí. Spoločnosti Skupiny AES vytvárajú podmienky pre otvorenú a transparentnú firemnú kultúru.

Vzťahy v spoločnosti

Spoločnosti Skupiny AES považujú za rozhodujúcu predovšetkým úctu k človeku, ktorá je základným prvkom medziľudských vzťahov. V spoločnosti je zakázaná akákoľvek forma diskriminácie, zneužívania, ponižovania, sexuálneho obťažovania či dehonestácie ľudskej osobnosti. Nikto nesmie byť znevýhodnený, zvýhodňovaný, obťažovaný alebo vylúčený pre svoje pohlavie, etnický pôvod, rasu, vek, pôvod, vierovyznanie alebo fyzické obmedzenia. Nesmie sa porušovať dôstojnosť žiadneho pracovníka, jeho práva a jeho súkromie. Ďalej považujú za dôležité čestnú, svedomitú a efektívnu prácu, etiku komunikácie, lojalitu k spoločnosti, ochranu dobrého mena a majetku spoločnosti a etiku riešenia sporov.

Vzťahy so zákazníkmi a dodávateľmi

Vzťahy sú prezentované úctou a profesionálnym správaním k zákazníkovi a korektným konaním smerom sa k obchodným partnerom. Domáce a medzinárodné právne rámce platia pre každé podnikateľské konanie smerom k zákazníkom a obchodným partnerom, ktoré je v rámci spoločností Skupiny AES realizované.

10. Ciele spoločností

- Byť dôveryhodným strategickým partnerom zákazníka a prostredníctvom moderných informačných systémov s vysokou pridanou hodnotou podporovať jeho rast a konkurencieschopnosť.
- Prostredníctvom zvyšovania kvality služieb a aplikovania najnovších trendov v oblasti vývoja informačných systémov pokračovať vo zvyšovaní spokojnosti zákazníka.
- Byť myšlienkovým lídrom v oblasti vývoja softvéru a posilňovať svoju pozíciu v rámci trhu strednej Európy ako aj na medzinárodných trhoch.
- Podporovať silnú, technicky i morálne zdatnú a zákaznícky orientovanú zamestnaneckú základňu.
- Budovať firemnú kultúru podporujúcu vzájomnú spoluprácu, kreativitu a dynamický rozvoj spoločnosti.
- Rozvíjať a podporovať vedecko-výskumné aktivity v oblasti IT.

11. Opis systémov vnútornej kontroly a riadenia rizík

Konsolidovaná účtovná závierka Spoločnosti je pripravená v súlade s Medzinárodnými účtovnými štandardami ("IAS") a Medzinárodnými štandardami pre finančné výkazníctvo ("IFRS"). IAS a IFRS obsahujú interpretácie schválené Výborom pre interpretácie medzinárodného finančného výkazníctva ("IFRIC").

Jedným z kľúčových mechanizmov v procese prípravy účtovných závierok spoločností je pravidelná previerka tejto závierky nezávislými audítormi, a to najmä previerka polročnej účtovnej závierky, ako aj predbežný a konečný audit ročnej účtovnej závierky.

Kvalita účtovných záznamov, ktoré poskytujú základ pre zostavenie účtovnej závierky, je navyše garantovaná skutočnosťou, že účtovné knihy spoločností sú udržiavané integrovaným ERP systémom.

Výbor pre audit, zložený z členov dozornej rady, zohráva dôležitú rolu pri internej kontrole zostavovania individuálnej a konsolidovanej účtovnej závierky. Rada je oprávnená vykonať kontrolné činnosti v rámci jednotlivých spoločností, a to najmä:

- sledovať proces finančnej závierky,
- sledovať účinnosť systémov internej kontroly, interného auditu a risk manažmentu,
- sledovať výkon činností pre výkon činností finančného auditu,
- sledovať nezávislosť audítorov, ako aj osôb poverených výkonom finančného auditu.

Procesy internej kontroly a risk manažmentu aplikované v procese prípravy účtovnej závierky spoločností sú veľmi účinné a umožňujú zostavenie reportov v najvyššej kvalite, čo je podložené výrokmi nezávislých audítorov po ukončení ich auditu ročnej účtovnej závierky Spoločnosti.

Konsolidovaná účtovná závierka s výrokom audítora

Building a better working world

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Independent Auditor's Report

To the Shareholders, Supervisory Board and Board of Directors of Asseco Enterprise Solutions, a.s.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Asseco Enterprise Solutions, a.s. and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2017, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU ("IFRS EU").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Statutory Audit No 423/2015 Coll. and on amendments to the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Statutory Audit") related to ethics, including Auditor's Code of Ethics, that are relevant to our audit of the consolidated financial statements, and we have fulfilled other requirements of these provisions related to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Financial statements of the Group for the immediately preceding period ended 31 December 2016 were not audited.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give true and fair view in accordance with IFRS EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements including the presented information as well as whether the consolidated financial statements captures the underlying transactions and events in a manner that leads to their fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Consolidated Annual Report

Management is responsible for the information disclosed in the Group's annual report, prepared based on requirements of the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Accounting"). Our opinion on the consolidated financial statements expressed above does not apply to other information contained in the Group's annual report.

In connection with audit of the consolidated financial statements it is our responsibility to understand the information disclosed in the Group's annual report and to consider whether such information is not materially inconsistent with audited consolidated financial statements or our knowledge obtained in the audit of the consolidated financial statements, or otherwise appears to be materially misstated.

We considered whether the Group's consolidated annual report contains information, disclosure of which is required by the Act on Accounting.

Based on procedures performed during the audit of consolidated financial statements, in our opinion:

- Information disclosed in the Group's annual report prepared for 2017 is consistent with the consolidated financial statements for the relevant year,
- The Group's annual report contains information based on the Act on Accounting.

Additionally, based on our understanding of the Group and its situation, obtained in the audit of the consolidated financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor's report. In this regard, there are no findings which we should disclose.

21 December 2018
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Peter Potoček, statutory auditor
UDVA Licence No. 992

ASSECO ENTERPRISE SOLUTIONS GROUP

CONSOLIDATED FINANCIAL STATEMENTS
INCLUDING INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY EUROPEAN UNION

BRATISLAVA, 18 DECEMBER 2018

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Contents

These consolidated financial statements for the year ended 31 December 2017 were prepared on 18 December 2018 and approved by the Board of Directors of Asseco Enterprise Solutions, a. s. at the date.

Jozef Klein Chairman of the Board of Directors

Bratislava, 18 December 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ASSECO ENTERPRISE SOLUTIONS GROUP

	Note	12 months ended 31 December 2017	Period ended 31 December 2016
Sales revenues	1	**74 371**	-
Cost of sales	2	**(43 450)**	-
Gross profit on sales		**30 921**	-
Selling expenses	2	(6 434)	-
General administrative expenses	2	(7 315)	(11)
Net profit on sales		**17 172**	**(11)**
Other operating income	3	485	-
Other operating expenses	3	(461)	-
Operating profit		**17 196**	**(11)**
Financial income	4	579	-
Financial expenses	4	(544)	-
Share in profits of associates		-	-
Pre-tax profit		**17 231**	**(11)**
Corporate income tax (current and deferred portions)	5	(3 517)	-
Net profit for the period		**13 714**	**(11)**
Net profit for the period		**13 714**	**(11)**
Attributable to:			
Shareholders of the Parent Company		**7 406**	**(11)**
Non-controlling interest		7 406	(11)
Consolidated earnings per share attributable to Shareholders of Parent Company (in EUR):		**6 308**	-
Basic / diluted consolidated earnings per share	6	6 308	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		3 456	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial losses		(19)	-
Deferred tax related to other comprehensive income		4	-
Total other comprehensive income		**3 441**	-
Shareholders of the Parent Company		1 716	0
Non-controlling interests		1 725	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**17 155**	**(11)**
Attributable to:			
Shareholders of the Parent Company		*9 122*	*(11)*
Non-controlling interests		*8 033*	-

All figures in thousands of EUR,
unless stated otherwise

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
THE ASSECO ENTERPRISE SOLUTIONS GROUP

ASSETS	Note	31 Dec 2017	31 Dec 2016
Non-current assets		**111 682**	**44 689**
Property, plant and equipment	8	6 232	2 658
Goodwill	10	92 228	39 031
Intangible assets	9	6 774	2 390
Non-current financial assets	12	4 556	-
Non-current receivables	15	345	136
Deferred income tax assets	5	1 532	452
Non-current prepayments		15	22
Current assets		**35 084**	**23 991**
Inventories	13	215	46
Prepayments	14	1 175	238
Trade receivables	15	20 061	7 612
Current tax receivable	15	34	0
Receivables from state and local budget	15	7	0
Other receivables	15	342	110
Current financial assets	12	5 715	-
Other current non-financial assets		168	10
Cash and short-term deposits	17	7 367	15 975
TOTAL ASSETS		**146 766**	**68 680**

All figures in thousands of EUR,
unless stated otherwise

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
THE ASSECO ENTERPRISE SOLUTIONS GROUP

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31 Dec 2017	31 Dec 2016
Shareholders' equity (attributable to Shareholders of the Parent Company)		**77 428**	**29 239**
Share capital	18	13 619	6 797
Share premium		93 955	67 973
Exchange differences on translation of foreign operations		1 713	-
Retained earnings		(31 859)	(45 531)
Non-controlling interest		**35 787**	**33 379**
Total shareholders' equity		**113 215**	**62 618**
Non-current liabilities		**6 175**	**201**
Interest-bearing bank credits, loans and debt securities	20	3 197	-
Deferred tax liability	5	1 395	-
Non-current provisions	22	363	201
Non-current financial liabilities	19	1 220	-
Current liabilities		**27 376**	**5 861**
Interest-bearing bank credits, loans and debt securities	20	4 208	9
Trade payables	21	4 655	973
Current tax payable	21	2 094	848
Liabilities to state budget	21	3 736	1 137
Financial liabilities	19	133	37
Other liabilities	21	1 251	142
Provisions	22	116	86
Deferred income	23	5 459	75
Accrued expenses	23	5 724	2 554
TOTAL LIABILITIES		**33 551**	**6 062**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**146 766**	**68 680**

All figures in thousands of EUR,
unless stated otherwise

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
THE ASSECO ENTERPRISE SOLUTIONS GROUP

	Note	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings	Shareholders' equity of the Parent Company	Non-controlling interests	Total shareholders' equity
As at 1 January 2017		**6 797**	**67 973**	-	**(45 531)**	**29 239**	**33 379**	**62 618**
Net profit for the period		-	-	-	7 399	**7 399**	6 315	**13 714**
Other comprehensive income		-	-	1 713	(9)	**1 704**	1 737	**3 441**
Total comprehensive income		-	-	1 713	7 390	**9 103**	8 052	**17 155**
Dividend for the year 2016	7	-	-	-		-	(5 207)	**(5 207)**
Acquisition of non-controlling interests in subsidiaries		-	-	-		-	(63)	**(63)**
Acquisition of subsidiaries under common control				-	8 036	**8 036**		**8 036**
Increase in parent ownership					(337)	**(337)**	(374)	**(711)**
Issue of share capital (excluding SBP)		6 822	25 982	-	(1 417)	**31 387**		**31 387**
As at 31 December 2017		**13 619**	**93 955**	**1 713**	**(31 859)**	**77 428**	**35 787**	**113 215**

	Note	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings	Shareholders' equity of the Parent Company	Non-controlling interests	Total shareholders' equity
As at incorporation date (19.12.2016)		**6 797**	**67 973**	-	**(45 795)**	**28 975**	-	**28 975**
Net profit for the period		-	-	-	(11)	**(11)**	-	**(11)**
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	(11)	**(11)**	-	**(11)**
Acquisition of subsidiaries under common control				-	275	**275**	33 379	**33 654**
As at 31 December 2016		**6 797**	**67 973**	-	**(45 531)**	**29 239**	**33 379**	**62 618**

All figures in thousands of EUR,
unless stated otherwise

CONSOLIDATED STATEMENT OF CASH FLOWS
THE ASSECO ENTERPRISE SOLUTIONS GROUP

	Note	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Cash flows - operating activities			
Pre-tax profit		17 231	(11)
Total adjustments:		**890**	**2**
Depreciation and amortization		3 616	-
Changes in working capital	25	(2 322)	2
Interest income and expense		(138)	-
(Gain) / loss on foreign exchange differences		(42)	-
(Gain) / loss on investing activities		(218)	-
Other		(6)	-
Net cash generated from operating activities		**18 121**	**(9)**
Corporate income tax paid		(3 660)	-
Net cash provided by (used in) operating activities		**14 461**	**(9)**
Cash flows - investing activities			
Disposal of tangible fixed assets and intangible assets		232	-
Acquisition of tangible fixed assets and intangible assets	25	(1 409)	-
Expenditures related to research and development projects		(2 013)	-
Acquisition of subsidiary companies	25	(23 116)	-
Cash and cash equivalents of acquired subsidiary companies	25	6 625	16 109
Net debt of disposed subsidiary companies		(33)	-
Disposal of other financial assets		97	-
Acquisition of other financial assets		(1)	-
Loans granted	25	(5 153)	-
Loans collected	25	21	-
Interest received		119	-
Net cash used in (provided by) investing activities		**(24 631)**	**16 109**
Cash flows - financing activities			
Acquisition of non-controlling interests		(855)	-
Proceeds from borrowings		4 710	9
Repayment of borrowings		(20)	-
Finance lease liability paid		(72)	-
Interest paid		(69)	-
Dividends paid out to non-controlling interests	25	(5 336)	-
Net cash (used in) provided by financing activities		**(1 642)**	**9**
Increase (decrease) in cash and cash equivalents		(11 812)	16 109
Net foreign exchange differences		607	(153)
Cash and cash equivalents as at 1 January	17	15 956	-
Cash and cash equivalents as at 31 December	17	**4 751**	**15 956**

All figures in thousands of EUR,
unless stated otherwise

SUPLEMENTARY INFORMATION AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. GENERAL INFORMATION

The Parent Company of the Asseco Enterprise Solutions Group (the "Group") is Asseco Enterprise Solutions, a. s. (the "Parent Company", "Company", "Asseco Enterprise Solutions, a. s. (SK)) with its registered seat at Trencianska street 56/A, 821 09 Bratislava, Slovakia.

Parent Company identification number (IČO) of the Company is 50635018.

The Company was registered on 19 December 2016 as entity wholy owned by Asseco Poland S.A.

On 1 July 2017 Asseco Central Europe acquired 39,7% shares in the Company and control over the Company, while Asseco Poland S.A. owned remaining 60,3% shares in Company. On 11 December 2017 Asseco Central Europe, a.s. increased it's share in AES to 50,1% and remaining 49,9% shares are owned by Asseco Poland S.A.

Since 1 July 2017 Asseco Central Europe, a.s. is direct parent of the Company and Asseco Poland S.A is the ultimate parent.

Asseco Poland S.A. with its registered seat at ul. Olchowa 14, 35-322 Rzeszów, Poland prepares consolidated financial statements of the Asseco Group which comprise Asseco Enterprise Solutions Group.

Asseco Enterprise Solutions, a.s. is not an unlimited liability partner in any company.

Asseco Enterprise Solutions, a. s. is a holding company, while other entities in AES Group develop and sell an Enterprise Resource Planning (ERP) type software and related services (implementation, maintanance, modification) to a wide variety of clients operating in the sectors of financial institutions, general business and public administration.

II. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Basis for preparation

This are the consolidated financial statements of the Group.

All the entities in the Group are obliged to report according to IFRS and the data used as basis for preparation of the first consolidated financial statements of the Group are also in accordance with IFRS. Therefore there was no need to restate of adjust any comparative data.

All entities in the Group, indluding the Parent Company, are controlled by an Ultimate Parent (Asseco Poland S.A.), so financial data used for preparation of the first consolidated financial statements were take directly from the consolidated Financial Statements of the named Ultime Parent.

Simplified approach was used for the presentation of income statement figues for the period ended 31 December 2016. The parent entity acquired control over ABS on 16 December 2016, but for practical and materiality reasons no income statement amounts of ABS were included in the consolidated income statement of the Group for the year 2016.

The consolidated financial statements of the Asseco Enterprise Solutions Group ("Group") have been prepared on a historical cost basis, except for derivative financial instruments which were measured at their fair value.

The presentation currency of these consolidated financial statements is Euro (EUR), and all figures are presented in thousands of euros (EUR '000), unless stated otherwise.

Consolidated financial statements have been prepared based on the assumption that the Group companies will continue as going concerns in the foreseeable future. As at the date of authorization of these consolidated financial statements, the Parent Company's Board of Directors is not aware of any facts or circumstances that would indicate a threat to the continued activity of the Group entities.

2. Compliance statement

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed by the European Union ("EU IFRS").

As at the date of approving these financial statements for publication, given the ongoing process of implementation of IFRS standards in the EU as well as the nature of the Group's operations, within the scope of accounting policies applied by the Group, there are no differences between IFRS and EU IFRS.

IFRS include standards and interpretations accepted by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee ("IFRIC").

Some of the Group companies maintain their accounting books in accordance with the accounting policies set forth in their respective local regulations. The consolidated financial statements may include adjustments not disclosed in the accounting books of the Group's entities, which were introduced to adjust the financial statements of those entities to the IFRS.

3. Professional judgments and estimates

Preparing the consolidated financial statements in accordance with IFRS requires making judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Although the estimates and assumptions have been made based on the Group's management best knowledge of the current activities, 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 judgments, and whose estimates, if changed, could significantly affect the Group's future results.

i. Valuation of IT contracts as well as measurement of their completion

The Group carries out a number of contracts for construction and implementation of information technology systems. The valuation of IT contracts requires that future operating cash flows are determined in order to arrive at the fair value of income and expenses as well as it requires measurement of the contract's percentage of completion. This percentage is measured as a relation of costs already incurred (provided such costs contribute to the progress of work) to the total costs planned, or as a portion of man-days worked out of the total work-effort required.

ii. Rates of depreciation and amortization

The level of depreciation and amortization rates is determined on the basis of anticipated period of economic useful life of the components of tangible and intangible assets. The Group verifies the adopted periods of useful lives on an annual basis, taking into account the current estimates.

In 2017 the rates of depreciation and amortization applied by the Group were not subject to any substantial modifications.

iii. Impairment tests of goodwill

In line with the Group's policy, every year as at 31 December, the Board of Directors of the Parent Company performs an annual impairment test on cash-generating units to which goodwill has been allocated. Whereas, as at each interim balance sheet date, the Board of Directors of the Parent Company performs a review of possible indications of impairment of cash-generating units to which goodwill has been allocated. In the event such indications are identified, an impairment test should be carried out as at the interim balance sheet date.

Each impairment test requires making estimates of the value in use of cash-generating units or groups of cash-generating units to which goodwill has been allocated.

The value in use is estimated by determining both the future cash flows expected to be achieved from the cash-generating unit or units and a discount rate to be subsequently used in order to calculate the net present value of those cash flows. Impairment tests that were carried out as at 31 December 2017 have been described in detail in explanatory note 11 to these consolidated financial statements.

iv. Intangible assets acquired in acquisitions

As at 31 December 2017 net value of intangible assets recognized as part of purchase price allocations related to the Group's acquisitions of subsidiaries amounted to EUR 796 thousand. The intangibles comprise various categories of assets including customer contracts and related customer relationships and software and licenses recognized in the acquisitions of subsidiaries.

The customer contracts and related customer relationships and software and licenses were initially recognized at fair values. The fair values were estimated using valuation methodologies which require making estimates regarding future cash flows generated by the intangible assets, discount rates to convert the projected cash flows to their present values, replacement or reproduction costs of the intangible assets as well as their normalized useful life and remaining useful life.

v. Deferred tax asset

The Group recognises deferred tax asset based on the assumption that taxable profits will be available in the future against which the deferred tax asset can be utilised.

Deferred tax assets for unused tax losses are recognized to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

vi. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

vii. Consolidation of entities in which the Group holds less than absolute majority of voting rights

The Group has concluded that when there is a lack of an absolute majority of voting rights at the general meeting of shareholders of acquired company, in accordance with IFRS 10, this company can be controlled by the Group based on all relevant facts and circumstances in assessing whether the Parent Company has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights;
- any additional facts and circumstances that may indicate that the Company has, or does not have, the ability to direct the relevant activities when decisions need to be made, inclusive of voting patterns observed at previous meetings of shareholders.

4. Changes in the accounting principles applied and new standards and interpretations effective in current period

During the year ended 31 December 2017 there has been no change to the the accounting principles (policy) adopted in the preparation of these consolidated financial statements

The Group did not decide on early adoption of any other standard, interpretation or amendment which has been published but has not yet become effective.

5. New standards and interpretations published but not yet in force

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

- IFRS 9 Financial Instruments (issued on 24 July 2014) – effective for financial years beginning on or after 1 January 2018;
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), including amendments to IFRS 15 Effective date of IFRS 15 (issued on 11 September 2015) - effective for financial years beginning on or after 1 January 2018;
- 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) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- IFRS 16 Leases (issued on 13 January 2016) - effective for financial years beginning on or after 1 January 2019;
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) - effective for financial years beginning on or after 1 January 2018;
- Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016) - effective for financial years beginning on or after 1 January 2018;
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016) - effective for financial years beginning on or after 1 January 2018,

- Amendments to IAS 28 Investments in Associates and Joint Ventures which are part of Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018,
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards which are part of Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018,
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2018;
- Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2018;
- IFRS 17 Insurance Contracts (issued on 18 May 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) - not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2019,
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017) regarding IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing Costs - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019,
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019.

The effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union.

The Board of Directors of the Parent Company has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Group is currently conducting an analysis of how the above-mentioned amendments are going to impact its consolidated financial statements.

Implementation of IFRS 15 *Revenue from Contracts with Customers*

This standard was issued on 28 May 2014 and will be effective for annual periods beginning on or after 1 January 2018. This standard has been endorsed by the European Union on 22 September 2016.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date. During 2016 and 2017 the Group performed an assessment of IFRS 15 and considered the clarifications issued by the IASB in April 2016 and further developments.

The Board of Directors of the Parent Company estimates that the application of the standard will have no material impact on the consolidated financial statements.

Implementation of IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date.

IFRS 9 provides new requirements and guidance on the classification and measurement of financial assets and modifies accounting for hedging transactions. Given the nature of the Group's transactions, no major change is expected. IFRS 9 contains also a new impairment model based on expected credit losses, instead of incurred losses approach. For the Group, this may imply impairment of non-matured receivables due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

The Board of Directors of the Parent Company estimates that the application of the standard will have no material impact on the consolidated financial statements.

6. Corrections of material errors

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

7. Changes in the applied principles of presentation and changes in the comparative data

In the reporting period there were no changes in the applied principles of presentation.

III. SIGNIFICANT ACCOUNTING POLICIES

1. Consolidation rules

The consolidated financial statements comprise the financial statements of the Parent Company as well as financial statements of its subsidiaries in each case prepared for the year ended on 31 December 2017. Subsidiaries are all entities over which the Group has control. The control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights;
- any additional facts and circumstances that may indicate that the Company has, or does not have, the ability to direct the relevant activities when decisions need to be made, inclusive of voting patterns observed at previous meetings of shareholders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment on an annual basis as at 31 December, or more frequently if there are indications to do so. Goodwill is not subject to amortization.

As at the acquisition date, the acquired goodwill is allocated to every cash-generating unit which may benefit from synergy effects arising from a business combination. Each cash-generating unit or group of units to which the goodwill is so allocated shall:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment identified in accordance with IFRS 8 Operating Segments.

An impairment write-down is determined by estimating the recoverable value of a cash-generating unit to which goodwill has been allocated. In the event the recoverable value of a cash-generating unit is lower than its carrying amount, an impairment charge shall be recognized.

Such write-down is recognized as a financial expense.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. Business combination under common control

A business combination under common control is a business combination in which all of the entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

In particular, this will include transactions such as the transfer of subsidiaries or businesses between entities within the Asseco Poland Group.

In the case of a business combination under common control, entities within the Group should apply the pooling of interest method with application of financial data from consolidated financial statements of the Parent entity.

The pooling of interest method is considered to involve the following:

- the assets and liabilities of the combining entities are reflected at their carrying amounts – i.e. no adjustments are made to reflect fair values or to recognize any new assets or liabilities, which would otherwise be done under the acquisition method; the only adjustments that are made are to harmonize accounting policies and eliminate inter-company balances;
- no "new" goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity "acquired" is reflected within equity. Comparative data is not adjusted.

4. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

5. Treatment of put options held by non-controlling interests in the consolidated financial statements

A contract that contains an obligation for an entity to purchase its own equity instruments gives rise to a financial liability for the present value of the redemption amount, even if the obligation to purchase is conditional on the counterparty exercising a right to redeem, for example in situations where the non-controlling interests are entitled to put shares of a subsidiary to be purchased by the Parent Company.

If concluded based on contractual terms that the acquirer does not have a present ownership interest in the shares concerned, the non-controlling interest is still attributed its share of the profits and losses (and other changes in equity) of the acquiree. The impact of the put option is the amount attributable to the non-controlling interest to be reclassified as a financial liability. The reclassification of the non-controlling interest is deemed to be equivalent to a change in the non-controlling interest. Therefore, the accounting at the end of the reporting period should replicate the accounting that would be adopted as if the option had been exercised at that date.

Accordingly, any difference between the liability under the put option at the end of the reporting period and the non-controlling interest reclassified is accounted for as a change in the equity attributable to the Parent Company. No amount is recognized in the profit or loss for the financial liability or separate accounting for the unwinding of any discount in respect of the liability. It also means that the liability resulting from the put option is not subject to any discount.

While the put option remains unexercised, the accounting at the end of each reporting period is as follows:

- the entity determines the amount that would have been recognized within equity for the non-controlling interest, including an update to reflect its share of profits and losses (and other changes in equity) of the acquiree for the period, and
- the entity accounts for the difference between (1) the amount determined above and (2) the fair value of the liability under the put option, as a change in the non-controlling interest.

If the put option is ultimately exercised, the same treatment will be applied up to the date of exercise. The amount recognized as the financial liability at that date will be extinguished by payment of the exercise price. If the put option expires unexercised, the position will be unwound, so that the non-controlling interest at that date is reclassified back to equity and the financial liability is derecognized.

If, under purchase agreement, the acquirer have a present ownership interest in the shares concerned, the non-controlling interest is not recognized at the date of obtaining control as well as at each subsequent balance sheet date. Hence, a business combination is accounted for as if, at the date of obtaining control, the Parent Company acquired not only an equity interest in a subsidiary but also the interests defined by put option. Liabilities under put options are measured at fair value at each balance sheet date; whereas, any changes in such estimates are recognized in the income statement (as financial income/expenses). The share of profits attributable to puttable equity interests is allocated to the Parent Company.

Under the agreement between the Parent Company and non-controlling interest, Parent Company may be granted call option over the non-controlling shares.

If, under purchase agreement, a call option gives the acquiring entity present access to returns over all of the shares held by non-controlling shareholders, then there will be no non-controlling interests presented in equity. The acquirer accounts for the business combination as though it acquired a 100% interest. The acquirer also recognizes financial liability to the non-controlling shareholders under the call option. Changes in the carrying amounts of the financial liability are recognized in profit and loss. If the call option expires unexercised, then the acquirer has effectively disposed of a partial interest in its subsidiary in return for the amount recognized as financial liability as the date of the expiry and account for the transaction as a change in ownership interest without loss of control.

If a call option does not give the acquiring entity present access to returns, associated with ownership interest , the accounting depends on whether the call option meets the definition of a financial asset or an equity instrument.

If however, based on the call option conditions, the call option is related to the unlisted instruments or the option price is based on expected future results or net assets of the subsidiary as at the date of exercise, the Group does not recognize call option at all.

6. Translation of items expressed in foreign currencies

The Group's consolidated financial statements are presented in euros, which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currencies of the Group's foreign subsidiaries are Polish złoty (PLN), Euro (EUR), Czech crown (CZK), and Swiss Franc (CHF).

Transactions denominated in foreign currencies are initially recognized by the Group's entities at their respective functional currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

On consolidation, the assets and liabilities of foreign operations are translated into EUR at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates from the reporting period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the currency rate of exchange at the reporting date.

The following exchange rates were applied for the purpose of valuation in the statement of financial position:

Currency	As at 31 Dec 2017	As at 31 Dec 2016
CZK	25.535	27.021
CHF	1.170	1.0739
PLN	4.1770	4.4103

Average exchange rates for the specified reporting periods were as follows:

Currency	Period of 12 months ended 31 Dec 2017	Period ended 31 Dec 2016
CZK	26.3289	27.0343
CHF	1.1114	1.0902
PLN	4.2573	4.3632

7. Fair value measurement

The Group measures financial instruments such as derivatives and non-financial assets such as investment properties, at fair value at each balance sheet date.

All figures in thousands of EUR,
unless stated otherwise

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

8. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment write-downs, if any. Any costs incurred after a tangible asset has been commissioned into use, such as costs of repairs and technical inspections or operating fees, are expensed in the reporting period in which they were incurred. At the time of purchase, tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses also constitute a component of assets.

Such assets are depreciated using the straight-line method over their expected useful lives which are as follows:

Type	Period of useful life
Buildings and structures	12-40 years
Machinery and technical equipment	4-12 years
Transport vehicles	3-6 years
Computer hardware	4-12 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

A tangible asset may be derecognized from the statement of financial position after it is disposed of or when no economic benefits are expected from its further use. Gain/loss on disposal of a tangible fixed asset is assessed by comparing the proceeds from the disposal against the present book value of such asset, and it is accounted for as other operating income/expense. Any gains or losses resulting from the removal of a given item of property, plant and equipment from the statement of financial position (calculated as a difference between the net cash obtained from sales and the book value of this item) are recognized in the profit and loss account in the period in which the derecognition from the accounting books was made.

Tangible assets under construction are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Tangible assets under construction are not depreciated until their construction is completed and they are commissioned into use.

9. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired as a result of a business combination are measured at their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

All the intangible assets subject to amortization are amortized under the straight-line method. Below are the periods of useful life adopted for intangible assets:

Type	Period of useful life
Cost of development work	2-5 years
Computer software	2-9 years
Patents and licenses	2-8 years
Customer contracts and related customer relations	2-7 years
Other	2-5 years

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The Group presents in separate categories the final products of development projects ("internally generated software") and the products which have not been finished yet ("costs of development projects in progress"). An intangible asset generated internally as a result of development work (or completion of the development phase of an internal project) may be recognized if, and only if, the Group is able to demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the construction of such intangible asset;
- the ability to use or sell such intangible asset;
- how such intangible asset is going to generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development work and to make the intangible asset ready for use or sale;
- the ability to reliably measure the expenditure for the development work attributable to such intangible asset.

The cost of an internally generated intangible asset is the sum of expenditures incurred from the date when the intangible asset first meets the above-mentioned recognition criteria. Expenditures previously recognized as expenses cannot be capitalized. The cost of an internally generated intangible asset comprises directly attributable costs necessary to create, produce, and prepare that asset to be capable of operating in the manner intended by management. Such costs shall include:

- costs of benefits for employees who are directly involved in the generation of an intangible asset;
- all directly attributable costs necessary to create, produce, and adjust an intangible asset, including any legal title registration fees and amortization of patents and licenses that are used to generate such intangible asset;
- costs of materials and services that are used or consumed directly in generating an intangible asset;
- indirect costs that are directly attributable to the generation of an intangible asset, including depreciation of equipment used in the generation process as well as rental costs of any office space utilized by the work team.

The cost of an internally generated intangible asset shall not include:

- selling, administrative and other general overhead expenditures;
- clearly identified work inefficiencies and initial operating losses incurred before an intangible asset achieves planned performance; and
- expenditures on training staff to operate such intangible asset.

Until completion of the development work, accumulated costs directly attributable to such development work are disclosed as "costs of development projects in progress". Upon completion of the development work, the ready-made product of the development work is reclassified to the category of "Internally generated software" and from that time the Company begins to amortize such internally generated software. Following initial recognition of the internally generated software, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses.

Any gain or loss resulting from derecognition of an intangible asset from the statement of financial position (calculated as the difference between the net cash obtained from sales and the book value of the item) is disclosed in the profit and loss account for the period in which the derecognition was made.

10.Leasing

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease.

Finance lease agreements, under which substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the Group, at the commencement of the lease term are recognized as assets and liabilities in the statement of financial position at the amounts equal to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability so as to obtain a constant periodic rate of interest on the remaining balance of the liability. Financial expenses are charged as expenses directly in the profit and loss account.

Property, plant and equipment used under finance lease agreements are subject to depreciation over the estimated useful life or the leasing period, whichever is the shorter.

Leasing agreements whereby the lessor retains substantially all the risks and rewards incidental to ownership of the leased asset are treated as operating leases. Lease payments under an operating lease are recognized as expenses in the profit and loss account on a straight-line basis over the leasing period.

11.Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the profit or loss account in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill is allocated. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

12. Government subsidies

Government subsidies are a form of financial assistance provided to enterprises by the government in exchange for satisfying, in the past or in the future, certain conditions related to their operating activities. Government subsidies do not include any forms of government aid which have no precise value, nor any transactions conducted with the government which cannot be differentiated from ordinary business transactions of an enterprise.

Government subsidies are not recognized in accounts until there is sufficient certainty that a beneficiary company is going to meet the subsidy conditions and that the subsidy is going to be received, while the fact of actually having received a subsidy may not itself be perceived as convincing evidence that the subsidy conditions have been or will be met.

The method of subsidy accounting does not depend upon the manner in which it was granted. Therefore, a subsidy is accounted for using the same approach, irrespective of whether it was received in cash or in the form of a reduction of liabilities towards the government.

If a subsidy corresponds to a specific cost item, then it is recognized as income proportionally to the incurrence of the costs which the subsidy is supposed to compensate.

However, if a subsidy corresponds to a specific asset then its fair value is initially recognized in the deferred income account and amortized in the profit and loss account over the estimated useful life of the related asset.

13. Financial assets

Financial assets are divided into the following categories:

- financial assets held to maturity;
- financial instruments valued at fair value through profit or loss;
- loans granted and receivables;
- financial assets available for sale.

Purchases or disposals of financial assets are recognized in the accounting books at the transaction date. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets held to maturity are financial assets quoted on an active market that are not derivative instruments, have identified or identifiable payments and a fixed maturity date, which the Company intends and is able to hold till maturity, and are different from:

- financial assets designated at the initial recognition as carried at fair value through profit or loss;
- financial assets designated as available for sale;
- assets qualifying as loans and receivables.

Financial assets held to maturity are valued at amortized cost using the effective interest rate. Financial assets held to maturity shall be classified as fixed assets if their maturity exceeds 12 months from the balance sheet date.

The Group did not have any held-to-maturity investments during the years ended 31 December 2017 and 2016.

Financial assets carried at fair value through profit or loss include assets that satisfy one of the following conditions:

- have been classified as assets held for trading. Financial assets are classified as held for trading if they are:
    - purchased for resale in short term (up to 3 months);
    - a part of the portfolio of specific financial instruments which are managed together, and which are likely to generate short-term gains;
    - derivative instruments, except for derivatives which are used as the elements of hedge accounting or financial guarantee contracts;

- have been classified in this category, in accordance with IAS 39, at the time of initial recognition.

Financial assets carried at fair value through profit or loss are measured at the market value of financial instruments as at the balance sheet date with no regard to any costs of their disposal transaction. Changes in the value of such financial instruments are recognized as finance income or expenses in the profit and loss account.

As at 31 December 2017 the Group had EUR 70 thousand financial assets carried at fair value through profit or loss, while as at 31 December 2016 the Group had no only financial assets at fair value through profit or loss.

Loans and receivables are financial assets, not classified as derivative instruments, with fixed or determinable payments that are not quoted in an active market. They are recognized as current assets unless their maturity periods are longer than 12 months from the balance sheet date. Loans granted and receivables with maturity periods longer than 12 months from the balance sheet date are recognized as fixed assets. This category is the most relevant to the Group and generally applies to trade and other receivables. For more information please refer to note 13 and 16.

Financial assets available for sale comprise financial assets which are not derivative instruments, and which have been designated as available for sale, or do not belong to any of the above three categories of financial assets.

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held to maturity nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement financial assets available for sale are carried at fair value, increased by the transaction-related costs that are directly attributable to the acquisition or issuance of a financial asset. If financial instruments are not quoted on an active market and it is impossible to determine their fair value reliably with alternative methods, such financial assets available for sale shall be measured at purchase cost adjusted by impairment charges. Provided financial instruments have a market price determined in a regulated active market or it is possible to determine their fair value in other reliable way, any positive or negative differences between the fair value and purchase cost of such assets available for sale (after deducting any deferred tax liabilities) shall be recognized in other comprehensive income. A decrease in the value of assets available for sale, resulting from their impairment, shall be recognized as a financial expense.

Disposals of financial assets are recognized in the accounting books at the transaction date. A financial asset shall be derecognized from the statement of financial position if the Group no longer controls the contractual rights arising from such financial instrument. This usually takes place when the instrument is sold or when all cash flows generated by that instrument are transferred to an independent third party.

14. Trade receivables

Trade accounts receivable, usually with payment terms ranging from 10 to 40 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for uncollectable receivables. Receivables with remote payment terms are recognized at the present value of expected payments.

Allowances for doubtful receivables are estimated when it is no longer probable that the entire amount of original receivables will be collected. The amount of allowances represents the difference between the nominal amount of receivables and their recoverable value, which corresponds to the net present value of expected cash flows discounted using the interest rate applicable to similar debtors. Doubtful receivables are expensed as operating costs in the profit and loss account at the time when they are deemed uncollectible.

Receivables are revaluated taking into account the probabilities of their collection, by making allowances for:

- receivables from debtors who went into liquidation or bankruptcy – up to the amount receivable not covered by any guarantee or other collateral, reported to the liquidator or magistrate in bankruptcy proceedings;
- receivables from debtors in case the declaration of bankruptcy is dismissed and the debtor's assets are insufficient to satisfy the costs of bankruptcy proceedings – in full amount receivable;
- receivables disputed by debtors and past-due where, following an assessment of the debtor's property and financial condition, collection of full contractual amounts is unlikely – up to the amount receivable not covered by any guarantee or other collateral;
- receivables that constitute an increase of other receivables subject to prior impairment write-downs – in full amount receivable until they are received or written-off as uncollectible;
- past-due (or not yet due) receivables, where it is highly probable they will become uncollectible because of the type of business or structure of customers – in the amount of reliably measured or full allowance for doubtful receivables.

Furthermore, the minimum levels of allowances for receivables as recognized by the Company are:

- 100% in relation to receivables in litigation, unless the Management Board believes that obtaining a favorable judgment by the Company is almost certain;
- 100% in relation to receivables past-due over 12 months (from the payment deadline), taking into account any partial payments or arrangements made after the balance sheet date;
- 50% in relation to receivables past-due between 6 and 12 months (from the payment deadline), taking into account any partial payments or arrangements made after the balance sheet date.

When deciding on any allowances, the Group takes into consideration not only events that took place before the balance sheet date, but also later events that took place prior to the preparation of financial statements if such events are related to receivables carried in the books as at the balance sheet date. Every year the Company verifies whether the adopted principles for recognition of write-downs correspond to the actual impairment of its receivables.

Allowances for trade receivables are recognized as operating expenses. Allowances for other receivables are recognized as other operating expenses. Allowances for accrued interest receivable are recognized as financial expenses.

If the cause for recognition of an allowance is no longer valid, such allowance shall be reversed, in the whole amount or in appropriate portion, being recognized as an increase in the value of a relevant asset or as an adjustment to respective cost items.

15.Cash and cash equivalents

Cash and cash equivalents presented in the statement of financial position consist of cash held in banks and on hand, short-term bank deposits with maturities not exceeding 3 months, and other highly liquid instruments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

16.Impairment of financial assets

At each balance sheet date, the Group determines whether there are any objective indications of impairment of a financial asset or group of financial assets.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans or receivables valued at amortized cost has been incurred, the amount of the impairment write-down is measured as the difference between the asset's book value and the present value of estimated future cash flows (excluding future bad debt losses that have not yet been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amounts of such assets are reduced either directly or by establishing an impairment write-down. The amount of the loss is recognized in the profit and loss account.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of a group of assets for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any such reversal of the impairment write-down is recognized in profit or loss to the extent that the carrying amount of the financial asset does not exceed its amortized cost at the date at which the impairment is reversed.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative instrument that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset involved and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets.

Financial assets available for sale

When there is objective evidence that a financial asset available for sale is impaired, then the amount of difference between the purchase cost of such an asset (net of any principal repayments and amortization) and its current value decreased by any impairment charges on that financial asset as previously recognized in profit or loss, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, then the amount of the impairment loss is reversed in the profit and loss account.

17. Inventories

The Group distinguishes two categories of inventories:

- raw materials, spare parts and other components used in implementation or maintenance of IT systems;
- hardware, third party licences and other goods for resale.

Inventories are valued at whichever is the lower of the following two values: purchase price/production cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

At each balance sheet date, an ageing analysis of goods for resale is performed, providing rationale for making any write-downs subject to the following rules:

- 100% write-down on goods stored for 24 months or longer;
- 75% write-down on goods stored between 18 and 24 months;
- 50% write-down on goods stored between 12 and 18 months;
- 25% write-down on goods stored between 6 and 12 months.

Every year the Group verifies whether the adopted principles for recognition of write-downs correspond to the actual impairment of its inventories.

Write-downs on inventories shall be recognized as operating expenses.

18. Prepayments

Prepayments comprise expenses incurred before the balance sheet date that relate to future periods or to future revenues.

Prepayments may in particular include the following items:

- prepaid services (including maintenance services, licence fees, insurance, consultancy services) which shall be provided in future periods;
- rents paid in advance;
- expenses incurred in relation to an issuance of shares, until such issuance is registered;
- any other expenses incurred in the current period, but related to future periods.

19.Interest-bearing bank credits and loans

All the bank credits, loans and debt securities are initially recognized at cost; this is at fair value of cash received less the costs related to obtaining a credit or loan, or issuing a debt security.

Subsequently to such initial recognition, bank credits, loans and debt securities are measured at amortized purchase price using the effective interest rate. Determination of the amortized purchase price takes into account the costs related to obtaining a credit or loan, or issuing a debt security, as well as the discounts or bonuses obtained on repayment of the liability.

The difference between the cash received (net of costs related to obtaining a credit or loan, or issuing a debt security) and the repayment amount is disclosed in the profit and loss account over the term of the liability involved. Gains and losses are recognized in the profit and loss account after the liability has been removed from the statement of financial position but also when impairment is detected or depreciation charges are made. All expenses relating to bank credits, loans or debt securities issued, are recognized in the profit and loss account for the period to which they relate.

20.Trade payables

Trade payables relating to operating activities are recognized and disclosed at the amounts due for payment, and are recognized in the reporting periods which they relate to.

21.Derivative financial instruments

In order to hedge against the risk of changes in foreign currency exchange rates and in interest rates, the Group utilizes currency forward contracts. Such financial derivatives are measured at fair value. Derivative instruments are recognized as assets or liabilities depending on whether their value is positive or negative.

Fair value of currency forward contracts is determined on the basis of the forward exchange rates currently available for contracts with a similar maturity.

Gains and losses on changes in the fair value of derivatives are recognized directly in profit or loss in the current financial reporting period, due to the fact that Group does not use financial instruments which are qualified for hedge accounting.

22.Provisions

A provision should be recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Group expects that the expenditure required to settle a provision is to be reimbursed, e.g. under an insurance contract, this reimbursement should be recognized as a separate asset when, and only when, it is virtually certain that such reimbursement will be received. The expense relating to such a provision is to be presented in the profit and loss account, net of the amount of any reimbursements.

The Group recognizes provisions for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Where the effect of the value of money in time is material, the amount of a provision is determined by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the value of money in time and the risks related to the liability. Where the discounting method is used, the increase in a provision due to the passage of time is recognized as borrowing costs.

Warranty provisions

The provision for warranty repairs is created to cover anticipated future costs of warranty or service obligations resulting from the executed IT contracts. The costs of fulfilment of our warranty obligations comprise mainly labor costs (number of man-days multiplied by the standard rate) as well as the cost of goods, materials and third-party services used in performing such warranty obligations.

This provision is set aside in the cases where:

- the client has not signed any contract for maintenance services;
- the scope of the maintenance services contract does not fully cover all anticipated costs of the fulfilment of warranty obligations;
- the scope of the manufacturer's warranty for any equipment resold is narrower than the scope of warranty the Company is contractually committed to provide to its client.

The provision amount recognized at the balance sheet date shall be proportional to the progress of the IT contract execution.

Any costs associated with the provision of our warranty services shall be, when incurred, deducted from the previously created provision. At each balance sheet date, the Company verifies the amount of carried provision for warranty repairs. If the actual costs of warranty services or anticipated future costs are lower/higher than assumed at the time of initial recognition of a provision, such provision shall be decreased/increased accordingly to reflect the Company's current expectations in respect of fulfilment of its warranty obligations in future periods.

23.Accrued expenses and deferred income

Accrued expenses are liabilities to pay for services that have been provided by employees but have not been paid, invoiced or formally agreed such as accruals for unused holiday leaves or employees bonuses. Amounts of accruals are estimated. While preparing the estimates, the generally accepted practices in the trade should be considered.

Deferred income is a liability showing the amount of future revenue (cash received or recorded by issued invoice but unearned) as at the balance sheet. Revenue is deferred until the services have been rendered or products have been delivered and is recognised in the profit and loss account as revenue over the period during which the service is performed.

24. Equity

Equity is composed of equity attributable to shareholders of Parent Company and non-controlling interest.

Shareholders' equity is disclosed at nominal value. Shareholders' equity comprises the following items:

- share capital, disclosed in the amount of capital contributions made and paid up;
- share premium from the sale of shares over their par value;
- exchange differences on translation of foreign operations;
- retained earnings, including: retained earnings, other capital funds and net profit/loss for the reporting period;
- non-controlling interest.

Non-controlling interest is equity in a subsidiary not attributable, directly or indirectly to the Parent. In the event of a transaction whereby the Group increases its equity interest in a subsidiary (partial or full buy-out of non-controlling interests), such a transaction is deemed not to be a business combination. The assets, liabilities and equity of such a subsidiary are measured at fair value at the date when an additional equity stake is acquired by the Group. The difference between the purchase price of non-controlling interests and the book value of net assets acquired is recognized directly in equity disclosed in the Group's consolidated financial statements.

25. Sales revenues

The Group presents its revenues from sales of products and services only. Such presentation appropriately reflects the business profile of the Group that renders comprehensive information technology solutions based on proprietary products. While recognizing revenues the following criteria are also taken into account.

Sales revenues

Sales revenues are recognized if the amount of revenue can be measured reliably and if it is highly probable that economic benefits associated with the transaction will flow to the Group.

Should it be impossible to estimate reliably the amount of revenue from a service transaction, such revenue shall only be recognized in the amount of costs incurred which the Group expects to recover.

The Company identifies the following types of revenues:

- revenues from the sale of proprietary software licenses and/or services;
- revenues from the sale of third-party software licenses and/or services; and
- revenues from the sale of hardware.

The category of "Proprietary licenses and services" includes revenues from contracts with customers under which we supply our own software and provide related services. Such services may be performed by the Company's employees (internal resources) as well as by subcontractors (external resources). The engagement of subcontractors in this category of revenues has no impact on the scope of responsibility or relationship between the Group companies and the customer to whom a service is provided. It is entirely up to the Group to decide whether services required for this type of projects should be performed by subcontractors or own employees. In addition, this category includes revenues from the provision of own services for third-party software and infrastructure.

The category of "Third-party licenses and services" includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, must be carried out by subcontractors (this applies to hardware and software maintenance and outsourcing services provided by their manufacturers).

Revenues from the sale of own software licenses and/or services, which are supplied/rendered under an implementation contract, shall be recognized proportionally to the completion of the entire contract. The rules for recognition of sales revenues from implementation contracts are described in point 26 of Significant accounting policies.

In the case of own software licenses and/or services, revenues are recognized over the period of rendering services to the client.

Revenues from the sale of third-party software licenses and/or services may be recognized as sales of goods or as sales of services, depending on the nature of the contract with the client.

In the case of third-party software licenses and/or services for which the significant risks and rewards of ownership are transferred to the buyer at the time of the sale, revenues are recognized as sales of goods, this is in a lump sum at the time of the sale, regardless of whether a third-party license and/or service is provided for a specified or unspecified period of time. The Group considers that significant risks are transferred to the buyer when, after the delivery of a license/service, the Group is not obligated to provide any additional and potentially costly benefits to the client.

In other cases, i.e. when the significant risks and rewards incidental to the ownership of a third-party license and/or service are not transferred to the buyer at the time of the sale, revenues are recognized as sales of services, this is over a period in which such services are performed and proportionally to the completion of the entire transaction.

Revenues from the sale of hardware are recognized as sales of goods, provided that the significant risks and rewards resulting from a contract have been transferred to the buyer and the amount of revenue can be measured reliably.

Interest

Interest income shall be recognized on a time proportion basis (taking into account the effective yield, this is the interest rate which accurately discounts future cash flows during the estimated useful life of a financial instrument) on the net book value of a financial asset.

Interest income comprises interest on loans granted, investments in securities held to maturity, bank deposits and other items, as well as the discounts on costs (liabilities) according to the method of the effective interest rate.

Dividends

Dividends shall be recognized when the shareholders' right to receive payment is vested.

Revenues and expenses related to implementation contracts

Revenues from implementation contracts shall include highly probable revenues resulting from the concluded contracts and/or orders, which can be measured reliably. Therefore, the pool of such revenues does not include any proceeds that are doubtful despite being determined in a signed contract (e.g., the Group anticipates that a client may decide to resign from a portion of contracted work).

Contract revenues include the following:

- revenues resulting from issued invoices;
- future revenues resulting from signed agreements and/or orders placed on the basis of framework agreements.

Contract costs include the following:

- costs of goods, materials and third-party services sold (COGS); and
- costs of internal resources being involved in the contract execution.

The costs of internal resources employed in the contract execution are calculated on the basis of actual workload (for ended periods) or estimated workload (for forecast periods), and appropriate standard (cost) rate covering the production costs.

The standard rate corresponds to the cost of man-hour (or man-day) of our own production resources calculated on the basis of production costs budgeted for a given year.

Valuation of implementation contracts

The purpose for valuation of an IT implementation contract is to determine the amount of revenues to be recognized in a given period. The Group performs such valuation using the percentage of completion method.

Should the percentage progress of incurred costs, decreased by expected losses and increased by profits included in the income statement, exceed the percentage progress of invoiced sales, the amount of uninvoiced sales resulting from such difference shall be disclosed as trade receivables in the balance sheet, under "Receivables from valuation of long-term IT contracts".

On the other hand, if the percentage progress of invoiced sales exceeds the percentage progress of costs incurred, decreased by expected losses and increased by profits included in the income statement, then future-related revenues resulting from such difference shall be disclosed as trade payables, under "Liabilities from valuation of long-term IT contracts".

Loss generating contracts

Loss generating contract is a contract, under which total revenues are lower than total costs.

In the event it is highly probable that the total contract execution costs exceed the total contract revenues, the anticipated loss shall be recognized as cost in the reporting period in which it has been detected, by creating a provision for contractual losses.

The amount of such provision and/or its legitimacy are subject to verification at each subsequent reporting date, until the completion of the contract.

The amount of created provisions for losses shall be disclosed in provisions, under "Provision for loss on long-term IT contracts".

Methods for measuring the percentage of contract completion

In order to measure the progress of contract completion, the Group applies a variety of methods allowing to determine reliably the percentage of work executed under the contract. Depending on the contract nature, these methods may include:

- determination of the proportion of costs incurred for work performed up to the balance sheet date to the estimated total contract costs;
- determination of the proportion of work performed to the total work-effort required by the contract.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenues and contract costs. The effects of changes in estimates of contract revenues or contract costs are recognized in the period in which such changes occur.

26. Operating costs

The Group companies maintain cost accounting both by cost nature and by cost function. Cost of sales comprises the costs resulting directly from purchases of merchandise sold and generation of services sold. Selling expenses include the costs of distribution and marketing activities. General administrative expenses include the costs of the companies' management and administration activities.

27. Income tax and value added tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss account. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all positive temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of positive temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the negative temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of negative temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are disclosed in the amounts excluding value added tax except:

- when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- when receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

28. Earnings per share (basic and diluted)

Basic earnings per share are computed by dividing the net profit for the reporting period, attributable to shareholders of the Parent Company, by the average weighted number of ordinary shares outstanding during that financial period.

Diluted earnings per share are computed by dividing net profit for the financial period, attributable to shareholders of the Parent Company, by the adjusted (due to diluting impact of potential shares) average weighted number of ordinary shares outstanding during that financial period, adjusted by the factor of conversion of bonds convertible to ordinary shares.

29. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale or distribution transaction rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to distribute are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

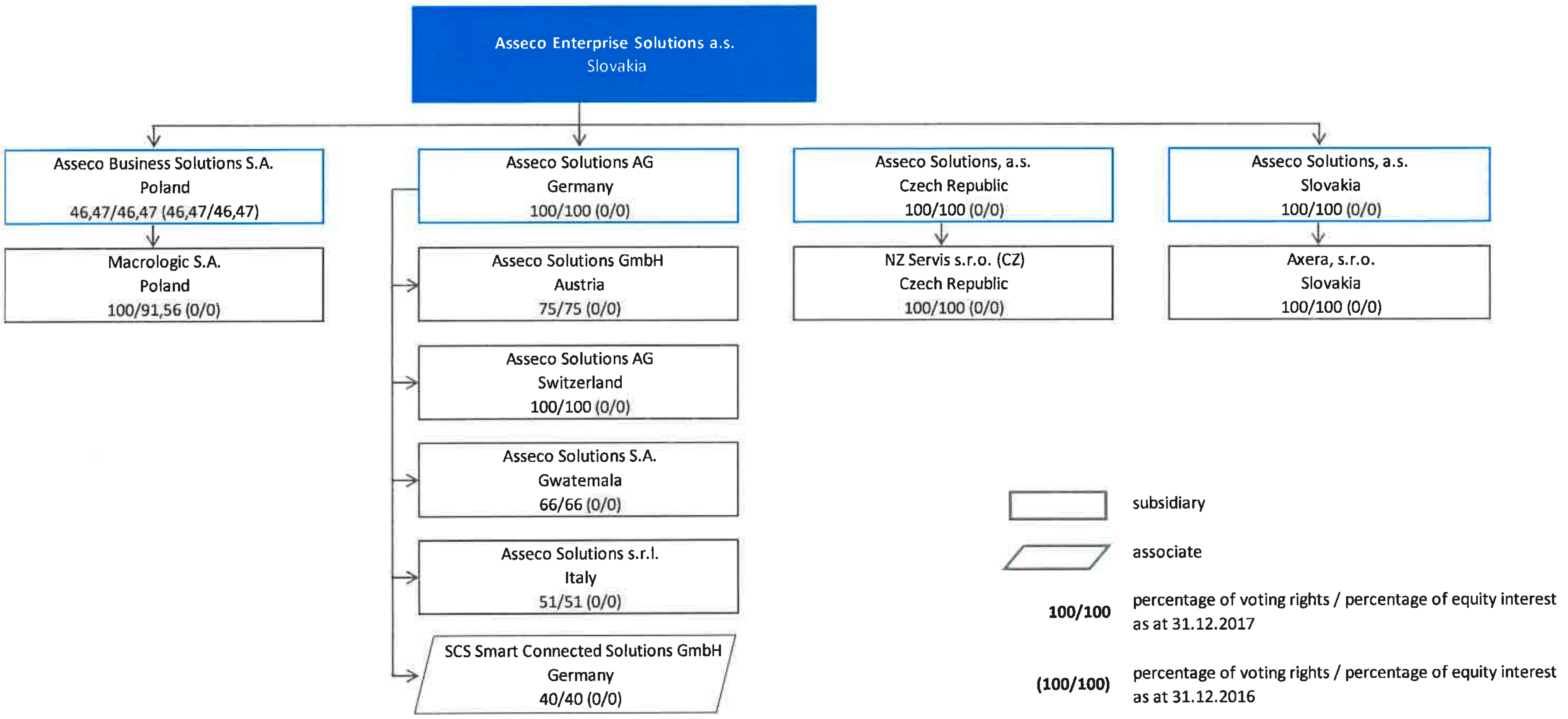
- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the profit or loss account.

In the year ended 31 December 2017 in the Group there were no discontinued operations.

IV. ORGANISATION AND CHANGES IN STRUCTURE OF ASSECO ENTERPRISE SOLUTIONS GROUP, INCLUDING INDICATION OF ENTITIES SUBJECT TO CONSOLIDATION

The table below presents the Group's structure along with its equity interests and voting interests held at the general meetings of shareholders/partners as at 31 December 2017 and 31 December 2016:



In year 2017, the following changes in the Group structure were observed:

Acquisition of Macrologic S.A.

Transactions concluded under the tender offer for shares of Macrologic S.A. that was announced by Asseco Business Solutions S.A. on 11 April 2017, were cleared on 14 June 2017.

Following the tender offer settlement, Asseco Business Solutions holds 1,667,603 shares in Macrologic S.A., representing 88.29% of the share capital and voting rights at the general meeting of Macrologic S.A.Moreover, Macrologic S.A. holds 159,436 of treasury shares, representing approx. 8.44% of its share capital and voting rights at its general meeting.

The purchase price under the tender offer equalled PLN 59 per share. The total value of transaction amounted to PLN 98.4 million.

On 24 July 2017, Asseco Business Solutions acquired an additional 3.27% stake in Macrologic upon the settlement of a compulsory buyout transaction.

As a result, Asseco Business Solutions S.A. holds 1,729,283 shares in Macrologic S.A., representing 91.56% of the share capital and voting rights at the general meeting of Macrologic S.A. The remaining 8.44% stake of shares in Macrologic S.A. is constituted by treasury shares held by Macrologic S.A. itself, meaning that, following the compulsory buyout transaction, Asseco Business Solutions S.A. effectively holds 100% of shares in the acquired company.

The details concerning this acquisition are presented in explanatory note 10 to these consolidated financial statements.

On 26 October 2017 the Extraordinary General Meeting of Asseco Business Solutions S.A. approved the merger of Asseco Business Solutions S.A. with its subsidiary Macrologic S.A. (being the acquired company). The merger was conducted by transferring all the assets of the acquired company to the Taking over company, without increasing its share capital. As a result of the merger, the company of Macrologic S.A. has been dissolved without going into liquidation.

The companies' merger was registered by the District Court after the reporting date, i.e. on 2 January 2018.

Merger of Macrologic S.A. with Retilia Sp.z o.o.

On 1 December 2017, the company Retilia Sp. z o.o. was merged with Macrologic S.A.

Contribution in-kind of shares in Asseco Solutions, a.s., Czech Republic

In November 2017 Asseco Central Europe, a. s. (direct parent of the Company) made the in-kind contribution of 100% stake in the company Asseco Solutions, a.s. (company ID Nr. 64949541), seated in Praha 4, Zelený Pruh 1560/99, Czech Republic and thus increased its share in Asseco Enterprise Solutions, a.s. Value of contribution was EUR 8,290 thousand. As a result of this transaction Company acquired control over Asseco Solutions, a.s. (Czech Republik).

Contribution in-kind of shares in Asseco Solutions AG, Germany

In July 2017 Asseco Central Europe, a. s. (direct parent of the Company) made the in-kind contribution of a 100% stake in the company Asseco Solutions AG (company ID Nr. HRB 108535), seated in Karlsruhe, Amaliendstrase 41, Bau 54, Germany and thus increased its share in Asseco Enterprise Solutions, a.s. Value of contribution was EUR 13,802 thousand.

As a result of this transaction Company acquired control over Asseco Solutions AG (Germany).

Contribution in-kind of shares in Asseco Solutions, a.s., Slovak Republic

In July 2017 Asseco Central Europe, a. s. (direct parent of the Company) made the in-kind contribution of 100% stake in the company Asseco Solutions, a.s. (company ID Nr. 00602311), seated in Bratislava, Plynárenská 7/C, Slovak Republic and thus increased its share in Asseco Enterprise Solutions, a.s. Value of contribution was EUR 9,295 thousand. As a result of this transaction Company acquired control over Asseco Solutions, a.s. (Slovakia).

Increase of share in Asseco Solutions Guatemala S.A.

In April 2017 Asseco Solutions A.G. signed an agreement for acquisition of additional 15% shares in Asseco Solutions S.A. (Guatemala) and increased its shares in this entity from 51% to 66%.

Merger of Mjthos GmbH

In April 2017 Mjthos GmbH was merged with Asseco Solutions AG (Germany).

In 2017 no other changes in the Group structure were observed.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Sales revenues

During the period of 12 months ended 31 December 2017 and the corresponding comparative period, the sales revenues were as follows:

Sales revenues by type of business	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Proprietary software and services	67 608	-
Third-party software and services	4 758	-
Computer hardware and infrastructure	1 755	-
Other sales	250	-
	74 371	**0**

Sales revenues by sectors	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Banking and finance	2 075	-
General business	70 601	-
Public institutions	1 695	-
	74 371	**0**

The category of 'Proprietary licenses/software and services' includes revenues from contracts with customers under which the Group supplies own software and provide related services. Such services may be performed by the Group's employees (internal resources) as well as by subcontractors (external resources). The engagement of subcontractors in this category of revenues has no impact on the scope of responsibility or relationship between the Group's company and the customer to whom a service is provided. It is entirely up to the Group to decide whether services required for this type of projects should be performed by subcontractors or by own employees. In addition, this category includes revenues from the provision of own services for third-party software and infrastructure.

The category of 'Third-party licenses/software and services' includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, must be carried out by subcontractors (this applies to hardware and software maintenance services as well as to software outsourcing services provided by their manufacturers).

Sales revenues presented in the table above contain EUR 4 805 thousand revenues from implementation contracts, as described further in note 15 to these financial statements.

All figures in thousands of EUR,
unless stated otherwise

2. Operating costs

During the period of 12 months ended 31 December 2017 and the corresponding comparative period, the operating costs were as follows:

Operating costs	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Cost of goods, materials and third-party services sold	(4 951)	-
Employee benefits	(36 292)	-
Depreciation and amortization	(3 617)	-
Third-party services	(4 425)	(11)
Other	(7 914)	-
	(57 199)	**(11)**
Cost of sales	(43 450)	-
Selling costs	(6 434)	-
General administrative expenses	(7 315)	(11)
	(57 199)	**(11)**

In the period of twelve months ended 31 December 2017 other costs comprised mainly of: costs of company vehicles and property maintenance costs in the amount of EUR 5 536 thousand, costs of advertising in the amount of EUR 834 thousand, costs of domestic and international business trips in the amount of EUR 642 thousand.

The table below presents the reconciliation of depreciation and amortization charges reported in the profit and loss account with those disclosed in the tables of changes in property, plant and equipment (note 8) and in intangible assets (note 9):

	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Depreciation of fixed assets resulting from movement table of property, plant and equipment	(1 480)	-
Amortization of intangible assets resulting from the movement table of intangible assets	(2 215)	-
Depreciation decrease as a result of grants and other	78	-
Total depreciation and amortization presented in the operating costs	**(3 617)**	**-**

All figures in thousands of EUR,
unless stated otherwise

3. Other operating income and expenses

During twelve months ended 31 December 2017 and the corresponding comparative period, the other operating income and expenses were as follows:

Other operating income	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Gain on disposal of non-current assets	254	-
Release of other provisions	27	-
Rental income	75	-
Recharged services	107	-
Other	22	-
	485	-

Other operating expenses	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Loss on disposal of non-current assets	(222)	-
Liquidation costs of non-current assets and inventories	(15)	-
Charitable contributions to unrelated companies	(27)	-
Other	(96)	-
	(461)	**-**

4. Financial income and expenses

During twelve months ended 31 December 2017 and the corresponding comparative period, the financial income and expenses were as follows:

Financial income	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Interest income on loans granted, debt securities and bank deposits	222	-
Gain on foreign exchange differences	153	-
Gain on revaluation of financial derivatives	107	-
Gain on exercise of currency forward contracts	97	-
Total financial income	**579**	**-**

Financial expenses	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Interest expense on bank credits, loans, debt securities	(186)	-
Interest expense on financial leases	(6)	-
Bank fees and charges	(30)	-
Loss on foreign exchange differences	(240)	-
Cost directly connected with acquisition of subsidiaries	(77)	-
Other financial expenses	(5)	-
Total financial expenses	**(544)**	**-**

All figures in thousands of EUR,
unless stated otherwise

5. Income tax

The main charges on the pre-tax profit due to corporate income tax (current and deferred portions):

	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Current portion of corporate income tax and prior years adjustments	(3 826)	-
Deferred income tax	309	-
Income tax expense as disclosed in the profit and loss account	**(3 517)**	**-**

Regulations applicable to the value added tax, corporate income tax, personal income tax or social security contributions are subject to frequent amendments, thereby often depriving the taxpayers of a possibility to refer to well established regulations or legal precedents. The current regulations in force include ambiguities which may give rise to different opinions and legal interpretations on the taxation regulations either between companies and public administration, or between the public administration bodies themselves. Taxation and other settlements (for instance customs duty or currency payments) may be controlled by administration bodies that are entitled to impose considerable fines, and the amounts of so determined liabilities must be paid with high interest. In effect the amounts disclosed in the financial statements may be later changed, after the taxes payable are finally determined by the taxation authorities.

Reconciliation of the corporate income tax payable on pre-tax profit according to the statutory tax rates with the corporate income tax computed at the Group's effective tax rate:

	12 months ended 31 Dec 2017	Period ended 31 Dec 2016
Pre-tax profit		
Pre-tax profit from continuing operations	**17 231**	**(11)**
Statutory corporate income tax rate	21%	21%
Corporate income tax computed at the statutory tax rate	**3 619**	**(2)**
Minimum taxes and withholding tax	36	-
Difference in corporate income tax rates	(113)	-
Non-tax deductible accounting costs	64	-
Use of tax credits	(58)	-
Other	(31)	-
Corporate income tax at the effective tax rate of: 20.4% in 2017 and 0% in 2016	**3 517**	**0**

The table below presents the reconciliaition of change of deferred tax asset (gross) and liability (gross) and deferred tax disclosed in profit or loss:

All figures in thousands of EUR,
unless stated otherwise

12 months ended 31 December 2017	**Opening balance**	**acquisition of subsidiaries (+)**	**exchange differences on translation of foreign operations (+/-)**	**Closing balance**	**Profit and loss**
Deferred income tax assets, gross	452	708	13	1 886	714
Deferred income tax liabilities, gross	168	1 189	(9)	1 749	(401)
Change of deffered tax disclosed in profit and loss					**309**
Change of deferred tax disclosed in other comprehensive income					**4**

The Group made an estimation of taxable income planned to be achieved in the future and concluded it will able to utilize the deferred tax assets in the amount of EUR 1 532 thousand as at 31 December 2017 (EUR 452 thousand as at 31 December 2016).

	31 Dec 2017	**31 Dec 2016**
Deferred income tax assets	1 532	452
Deferred income tax liabilities	(1 395)	0
Deferred income tax assets (+)/Deferred income tax liability (-), net	**137**	**452**

The table below presents information on deferred income tax assets and liabilities:

	Deferred income tax liability, gross		**Deferred income tax asset, gross**	
	31 Dec 2017	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2016**
Property, plant and equipment	166	50	27	22
Intangible assets	1 387	7	-	-
Financial assets carried at fair value through profit or loss	13	-	-	8
Loans granted	8	-	-	-
Inventories	-	-	19	6
Trade receivables	139	97	83	30
Provisions	19	-	1 024	525
Trade payables	-	-	89	27
Other liabilities	-	-	6	2
Deferred income	17	14	427	-
Losses deductible against future taxable income	-	-	211	-
Deferred income tax liability, gross	**1 749**	**168**	**n/a**	**n/a**
Deferred income tax asset, gross	**n/a**	**n/a**	**1 886**	**620**
Write-down due to inability to realize a deferred income tax asset	n/a	n/a	-	
Deferred income tax asset, net	**n/a**	**n/a**	**1 886**	**452**
Deferred income tax asset/liability, net	**1 395**	**0**	**1 532**	**452**

All figures in thousands of EUR,
unless stated otherwise

6. Earnings per share

Basic earnings per share are computed by dividing the net profit for the reporting period, attributable to shareholders of the Parent Company, by the average weighted number of ordinary shares outstanding during that financial period.

Diluted earnings per share are computed by dividing net profit for the financial period, attributable to shareholders of the Parent Company, by the adjusted (due to diluting impact of potential shares) average weighted number of ordinary shares outstanding during that financial period, adjusted by the factor of conversion of bonds convertible to ordinary shares.

The tables below present net profits and numbers of shares used for calculation of basic earnings per share:

	12 months ended 31 Dec 2017	**Period ended 31 Dec 2016**
Net profit attributable to Shareholders of the Parent Company	**7 406**	**(11)**
Average weighted number of ordinary shares, used for calculation of diluted earnings per share	**13 618 713**	**6 797 267**
Basic consolidated earnings per share	0.54	0.00

During both the reporting period and the comparative periods no events took place that would cause dilution of earnings per share.

7. Dividends paid

In the year 2017 and year 2016 the Parent Company neither paid not declared any dividend to its shareholders.

All figures in thousands of EUR,
unless stated otherwise

8. Property, plant and equipment

The net book value of property, plant and equipment during the period of twelve months ended 31 December 2017 and in the comparative period changed as a result of the following transactions:

For 12 months ended 31 December 2017	Land and buildings	Computers and other office equipment	Transport vehicles	Other tangible assets	Total
Net book value of property, plant and equipment as at 1 January 2017	**269**	**1 243**	**1 114**	**32**	**2 658**
Additions, of which:	**256**	**1 878**	**2 761**	**155**	**5 050**
Purchases and modernization	27	990	57	13	**1 087**
Obtaining control over subsidiaries	229	888	2 704	142	**3 963**
Reductions, of which:	**(94)**	**(969)**	**(618)**	**(33)**	**(1 714)**
Depreciation charge for the reporting period	(85)	(963)	(402)	(30)	**(1 480)**
Disposal and liquidation	(9)	(6)	(216)	(3)	**(234)**
Exchange differences on translation of foreign operations (+/-)	**16**	**85**	**127**	**10**	**238**
Net book value of property, plant and equipment as at 31 December 2017	**447**	**2 237**	**3 384**	**164**	**6 232**
As at 1 January 2017					
Gross value	667	5 296	2 396	633	**8 992**
Depreciation and impairment write-downs	(398)	(4 053)	(1 282)	(601)	**(6 334)**
Net book value as at 1 January 2017	**269**	**1 243**	**1 114**	**32**	**2 658**
As at 31 December 2017					
Gross value	1 182	9 518	6 832	1 448	**18 980**
Depreciation and impairment allowance	(735)	(7 281)	(3 448)	(1 284)	**(12 748)**
Net book value as at 31 December 2017	**447**	**2 237**	**3 384**	**164**	**6 232**

All figures in thousands of EUR,
unless stated otherwise

For period ended 31 December 2016	Land and buildings	Computers and other office equipment	Transport vehicles	Other tangible assets	Total
Net book value of property, plant and equipment as at incorporation date (19 December 2016)	-	-	-	-	-
Additions, of which:	**269**	**1 243**	**1 114**	**32**	**2 658**
Purchases and modernization					-
Obtaining control over subsidiaries (ABS Group)	269	1 243	1 114	32	**2 658**
Reductions, of which:	-	-	-	-	-
Depreciation charge for the reporting period	-	-	-	-	-
Disposal and liquidation	-	-	-	-	-
Exchange differences on translation of foreign operations (+/-)	-	-	-	-	-
Net book value of property, plant and equipment as at 31 December 2016	**269**	**1 243**	**1 114**	**32**	**2 658**
As at incorporation date (19 December 2016)					
Gross value	-	-	-	-	-
Depreciation and impairment write-downs	-	-	-	-	-
Net book value as at incorporation date	-	-	-	-	-
As at 31 December 2016					
Gross value	667	5 296	2 396	633	8 992
Depreciation and impairment allowance	(398)	(4 053)	(1 282)	(601)	(6 334)
Net book value as at 31 December 2016	**269**	**1 243**	**1 114**	**32**	**2 658**

All figures in thousands of EUR,
unless stated otherwise

9. Intangible assets

The net book value of intangible assets during the period of twelve months ended 31 December 2017 and in the comparative period changed as a result of the following transactions:

For 12 months ended 31 December 2017	Internally generated software and licenses	Purchased software, patents, licenses and other intangibles	Costs of development projects in progress	Intangible assets identified as part of the PPA process	Total
Net book value of intangible assets as at 1 January 2017	**2 097**	**159**	**97**	**37**	**2 390**
Additions, of which:	**4 669**	**3 219**	**434**	**796**	**9 118**
Purchases			277		277
Capitalization of costs of development projects		2 035			2 035
Transfers from the costs of development projects in progress	2 779				2 779
Obtaining control over subsidiaries	1 890	1 184	157	796	4 027
Reductions, of which:	**(1 998)**	**(2 779)**	**(162)**	**(55)**	**(4 994)**
Amortization charge for the reporting period	(1 998)		(162)	(55)	(2 215)
Transfers to internally generated software		(2 779)			(2 779)
Impairment, write-downs	**-**	**-**	**40**	**-**	**40**
Exchange differences on translation of foreign operations (+/-)	**168**	**13**	**10**	**29**	**220**
Net book value of intangible assets as at 31 December 2017	**4 936**	**612**	**419**	**807**	**6 774**
As at 1 January 2017					
Gross value	10 295	296	1 593	37	12 221
Amortization and impairment allowance	(8 198)	(137)	(1 496)	-	(9 831)
Net book value as at 1 January 2017	**2 097**	**159**	**97**	**37**	**2 390**
As at 31 December 2017					
Gross value	18 444	761	7 213	2 438	28 856
Amortization and impairment allowance	(13 508)	(149)	(6 794)	(1 631)	(22 082)
Net book value as at 31 December 2017	**4 936**	**612**	**419**	**807**	**6 774**

All figures in thousands of EUR,
unless stated otherwise

For period ended 31 December 2016	Internally generated software and licenses	Purchased software, patents, licenses and other intangibles	Costs of development projects in progress	Intangible assets identified as part of the PPA process	Total
Net book value of intangible assets as at incorporation date (19 December 2016)	-	-	-	-	-
Additions, of which:	**2 097**	**159**	**97**	**37**	**2 390**
Purchases	-	-	-	-	-
Obtaining control over subsidiaries (ABS Group)	2 097	159	97	37	**2 390**
Reductions, of which:	-	-	-	-	-
Amortization charge for the reporting period	-	-	-	-	-
Transfers to internally generated software	-	-	-	-	-
Exchange differences on translation of foreign operations (+/-)	-	-	-	-	-
Net book value of intangible assets as at 31 December 2016	**2 097**	**159**	**97**	**37**	**2 390**
As at incorporation date (19 December 2016)					
Gross value	-	-	-	-	-
Depreciation and impairment write-downs	-	-	-	-	-
Net book value as at incorporation date	-	-	-	-	-
As at 31 December 2016					
Gross value	10 295	296	1 593	37	12 221
Depreciation and impairment allowance	(8 198)	(137)	(1 496)	-	(9 831)
Net book value as at 31 December 2016	**2 097**	**159**	**97**	**37**	**2 390**

Based on the detailed analysis of costs of development projects in progress the Board of Directors of the Parent Company believes the carrying value of costs of development projects in progress do not exceed the recoverable amount.

All figures in thousands of EUR,
unless stated otherwise

10. Goodwill

For impairment testing purposes, goodwill is allocated by the Group to individual subsidiaries or subgroups.

	31 Dec 2017	31 Dec 2016
Asseco Solutions (Slovakia)	7 649	-
Asseco Solutions (Germany)	16 722	-
Asseco Solutions (Czech Republic)	7 028	-
Asseco Busines Solutions (Poland)	60 829	39 031
Total	**92 228**	**39 031**

During the period of twelve months ended 31 December 2017, the following changes in goodwill were observed:

Goodwill as allocated to entites of subgroups:	Goodwill at the beginning of the period	Increases due to obtaining of control (+)	Decrease due to loss of control (-)	Decreases due to impairment (-)	Foreign exchange differences (+/-)	Goodwill at the end of the period
Asseco Solutions (Slovakia)	-	7 649				7 649
Asseco Solutions (Germany)	-	16 722				16 722
Asseco Solutions (Czech Republic)	-	7 010			18	7 028
Asseco Busines Solutions (Poland)	39 031	19 539			2 259	60 829
	39 031	**50 920**	**-**	**-**	**2 277**	**92 228**

Increase of goodwill during year ended 31 December 2017 was a result of the following transactions:

Acquisition of Macrologic S.A.

Transactions concluded under the tender offer for shares of Macrologic S.A. (that was announced by Asseco Business Solutions S.A. on 11 April 2017) were cleared on 14 June 2017. Following the tender offer settlement, Asseco Business Solutions held 1,667,603 shares in Macrologic S.A., representing 88.29% of the share capital and voting rights at the general meeting of Macrologic S.A.

Moreover, Macrologic S.A. held 159,436 of treasury shares, representing approx. 8.44% of its share capital and voting rights at its general meeting.

As a consequence, Asseco Business Solutions S.A. effectively held 96.43% of total voting rights at 78 the general meeting of Macrologic S.A. The purchase price under the tender offer equalled PLN 59 per share. The total value of transaction amounted to PLN 98.4 million.

The company of Macrologic S.A. has been acquired by the Group with the objective to build up expertise and technological competence in the area of ERP systems.

As at 31 December 2017, the process of purchase price allocation has already been completed by the Group. Therefore, the amount of goodwill recognized on the acquisition of Macrologic S.A. is final.

All figures in thousands of EUR,
unless stated otherwise

The fair values of identifiable assets and liabilities of Macrologic as at the date of obtaining control were as follows:

	Fair value as at acquisition date PLN millions	Fair value as at acquisition date EUR thousands
Assets acquired		
Property, plant and equipment	8,6	2 049
Intangible assets	15,7	3 741
Trade receivables	7,1	1 692
Cash and cash equivalents	0,9	214
Other assets	2,5	596
Total assets	**34,8**	**8 292**
Liabilities acquired		
Loan and credits	1,5	357
Lease liabilities	2,3	548
Trade payables	1,8	429
Provisions	0,4	95
Deferred income	9,3	2 216
Other liabilities	2,3	548
Total liabilities	**17,6**	**4 193**
Net assets value	**17,2**	**4 099**
Value of non-controlling interests	**0,8**	**191**
Equity interest acquired	**96,43%**	**96,43%**
Purchase price	**98,4**	**23 447**
Goodwill as at the acquisition date	**82**	**19 539**

Contribution in-kind of shares in Asseco Solutions AG, Germany

In July 2017 Asseco Central Europe, a. s. (direct parent of the Company) made the in-kind contribution of a 100% stake in the company Asseco Solutions AG (company ID Nr. HRB 108535), seated in Karlsruhe, Amaliendstrase 41, Bau 54, Germany and thus increased its share in Asseco Enterprise Solutions, a.s. Value of contribution was EUR 13,802 thousand. As a result of this transaction Company obtained control over Asseco Solutions AG (Germany).

The fair values of identifiable assets and liabilities as at the date of obtaining control were as follows:

	Fair value as at acquisition date EUR thousands
Assets acquired	
Property, plant and equipment	527
Internal goodwill	4 046
Trade receivables	6 306
Cash and cash equivalents	3 110
Other assets	4 936
Total assets	**18 925**

All figures in thousands of EUR,
unless stated otherwise

Liabilities acquired	
Trade payables	1 564
Non-current financial liabilities	1 000
Deferred tax liability	1 189
Deferred income	4 085
Other liabilities	2 038
Total liabilities	**9 876**
Net assets value	**9 049**
Value of non-controlling interests (internal)	**-63**
Equity interest acquired	**100%**
Purchase price	**13 802**
Equity from acquisition of subsidiaries under common control	**7 988**
Goodwill as at the acquisition date	**12 676**

Contribution in-kind of shares in Asseco Solutions, a.s., Slovak Republic

In July 2017 Asseco Central Europe, a. s. (direct parent of the Company) made the in-kind contribution of 100% stake in the company Asseco Solutions, a.s. (company ID Nr. 00602311), seated in Bratislava, Plynárenská 7/C, Slovak Republic and thus increased its share in Asseco Enterprise Solutions, a.s. Value of contribution was EUR 9,295 thousand. As a result of this transaction Company acquired control over Asseco Solutions, a.s. (Slovakia).

The fair values of identifiable assets and liabilities as at the date of obtaining control were as follows:

	Fair value as at acquisition date EUR thousands
Assets acquired	
Property, plant and equipment	437
Trade receivables	1 144
Cash and cash equivalents	1 533
Other assets	599
Total assets	**3 713**
Liabilities acquired	
Trade payables	780
Deferred income	1 061
Other liabilities	1 069
Total liabilities	**2 910**
Net assets value	**803**
Value of non-controlling interests	**0**
Equity interest acquired	**100%**
Purchase price	**9 295**

All figures in thousands of EUR,
unless stated otherwise

Equity from acquisition of subsidiaries under common control	**-845**
Goodwill as at the acquisition date	**7 647**

Contribution in-kind of shares in Asseco Solutions, a.s., Czech Republic

In November 2017 Asseco Central Europe, a. s. (direct parent of the Company) made the in-kind contribution of 100% stake in the company Asseco Solutions, a.s. (company ID Nr. 64949541), seated in Praha 4, Zelený Pruh 1560/99, Czech Republic and thus increased its share in Asseco Enterprise Solutions, a.s. Value of contribution was EUR 8,290 thousand. As a result of this transaction Company acquired control over Asseco Solutions, a.s. (Czech Republik).

The fair values of identifiable assets and liabilities as at the date of obtaining control were as follows:

	Fair value as at acquisition date CZK millions	**Fair value as at acquisition date EUR thousands**
Assets acquired		
Property, plant and equipment	26 378	1 030
Intangible assets	5 993	234
Internal goodwill	2 787	109
Trade receivables	67 709	2 645
Cash and cash equivalents	53 281	2 081
Other assets	42 615	1 665
Total assets	**198 763**	**7 764**
Liabilities acquired		
Trade payables	25 352	990
Deferred income	58 887	2 300
Accrued expenses	19 328	755
Other liabilities	36 786	1 437
Total liabilities	**140 353**	**5 482**
Net assets value	**58 410**	**2 282**
Value of non-controlling interests	**0**	**0**
Equity interest acquired	**100%**	**100%**
Purchase price	**212 232**	**8 290**
Equity from acquisition of subsidiaries under common control	**22 856**	**893**
Goodwill as at the acquisition date	**176 678**	**6 901**

All figures in thousands of EUR,
unless stated otherwise

11. Impairment testing

In line with the Group's policy, each year as at 31 December, the Board of Directors of the Parent Company performs an annual impairment test on cash-generating units or groups of cash-generating units, to which goodwill has been allocated.

In the case of cash-generating units constituted by companies or groups of companies quoted on an active market, the recoverable amount may equal the market value (i.e. stock market capitalization) of a company/group or its value in use, whichever is higher. Therefore, for cash-generating units constituted by companies or groups of companies quoted on an active market, impairment testing was performed in two stages. First of all, the carrying value of a cash-generating unit was compared to its market value (stock market capitalization). If the market value exceeded the carrying value, the cash-generating unit was deemed not to have been impaired. Otherwise, the value in use of such cash-generating unit would be estimated by applying the model of discounted free cash flow to firm (FCFF).

In AES Group there is one company quoted on active market: Asseco Business Solutions S.A., quoted on Warsaw Stock Exchange. The table below compares the market values (calculated on the basis of the average price of each company's shares quoted in the last quarter) against the carrying values of our cash-generating units constituted by Asseco Business Solutions S.A. as at 31 December 2017.

Asseco Business Solutions S.A.	**31 Dec 2017**
Carying value of cash-generating unit	67 571
Fair value	210 318
Excess of fair value over book value	**142 748**

Market value exceeds book value, so the conducted impairment test did not indicate a necessity for the Parent Company to recognize any impairment write-offs regarding ABS Group as at 31 December 2017.

In the case of companies or groups of companies not quoted on an active market, the recoverable amount of cash-generating units was determined as their value in use by applying the model of discounted free cash flow to firm (FCFF).

In the calculation of the value in use of cash-generating units or groups, the following assumptions have been adopted:

- for each subsidiary, the so-called business units were analyzed which, when put together, comprise the budget and forecasts of the whole subsidiary company;
- detailed forecasts covered the period of 5 years, for which increasing cash flows were assumed, while for further time of each subsidiary operations the residual value was computed assuming no growth in cash flows;
- the assumed increases in cash flows depend upon the strategy of the entire Group, tactical plans of individual companies, they take due account of conditions prevailing in particular markets by region and sector, at the same time reflecting the present and potential order portfolios;
- the forecasts for foreign subsidiaries assumed growth of sales in their functional currencies;

All figures in thousands of EUR,
unless stated otherwise

- the discount rates applied were equivalent to the weighted average cost of capital for a given cash-generating unit. Particular components of the discount rate were determined taking into account the market values of risk free interest rates, the beta coefficient leveraged to reflect the market debt equity structure, as well as the expected market yield.

The conducted impairment tests, which involved the estimation of the value in use by applying the model of discounted free cash flow to firm (FCFF), indicated that the value in use of our cash-generating units or groups of cash-generating units is higher than their carrying value. Hence, the conducted impairment test did not indicate a necessity for the Parent Company to recognize any impairment write-offs on its cash-generating units as at 31 December 2017.

Sensitivity analysis

The Group carried out a sensitivity analysis in relation to other goodwill impairment tests conducted as at 31 December 2017, in order to find out how much the selected parameters applied in the model could be changed so that the estimated value in use of cash-generating units equaled their carrying amounts. Such sensitivity analysis examined the impact of changes in the applied:

- nominal discount rate applied for the residual period, i.e. cash flows generated after 2022;
- compound annual growth rate of free cash flow changes over the forecast period, i.e. in the years 2018-2022;

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

The results of the conducted sensitivity analysis are presented in the table below:

	Carrying amount of CGU	Discount rate		Compound annual growth rate of cash flows	
		applied in the model for residual period	marginal	applied in the model for forecast period	marginal
	EUR thousand	%	%	%	%
Cash-generating units constituted by companies or groups of companies					
Asseco Solutions Germany	19 203 220	7,2%	22,7%	-5,3%	-20,0%
Asseco Solutions Slovakia	7 111 600	9,2%	20,5%	-7,5%	-18,3%
Asseco Solutions Czech Republic	6 617 583	10,2%	∞	-1,4%	-29,2%

∞ - means that the marginal discount rate for the residual period is greater than 100%.

12. Financial assets

Loans granted and other financial assets

	31 Dec 2017	31 Dec 2016
Non-current loans, of which:	4 556	-
loans granted to related parties	*4 556*	-

All figures in thousands of EUR,
unless stated otherwise

loans granted to employees	-	-
	4 556	**-**
Current loans, of which:	5 645	-
loans granted to related parties	*5 626*	-
loans granted to employees	*13*	-
other	*6*	-
Current financial assets at fair value	70	-
	5 715	**-**

Loans granted to related parties

Loans granted to related parties in the total amount of EUR 10 201 thousand comprise of:

- Loan granted to Asseco Poland S.A. (principal EUR 4,669 thousand + interest EUR 72 thousand; maturity 30 June 2019);
- Loan granted to Asseco Central Europe a.s. (principal EUR 4 000 thousand + interests EUR 26 thousand, maturity 24 March 2018);
- Loan granted to SCS Smart Connected Solutions GmbH (principal EUR 1,406 thousand + interests EUR 9 thousand, maturity: 31 December 2021).

Loans to related parties were granted on an arm's length basis.

13. Inventories

	31 Dec 2017	31 Dec 2016
Computer hardware and software licenses for resale	296	75
Impairment allowance	(81)	(29)
	215	**46**

As at 31 December 2017 and 2016 inventories did not serve as security for any bank loans or credits.

14. Current prepayments

As at 31 December 2017 and in the comparative period, the Group held the following current prepayments:

	31 Dec 2017	31 Dec 2016
Current prepayments		
Pre-paid maintenance services	779	69
Pre-paid licence fees	27	-
Pre-paid insurance	150	99
Subscriptions and other pre-paid services	218	70
Other prepayments	1	-
	1 175	**238**

All figures in thousands of EUR,
unless stated otherwise

15. Non-current and current receivables

Non-current receivables as at 31 December 2017 and 31 December 2016 were deposits paid and securing deposits mostly connected with lease of office spaces.

Non-current trade receivables are not interest-bearing and were valued at their present (discounted) value. Non-current receivables were not pledged as collateral for any bank guarantees (of due performance of contracts and tender deposits) neither as at 31 December 2017 nor as at 31 December 2016.

Current receivables

Trade accounts receivable	**31 Dec 2017**	**31 Dec 2016**
Trade receivables, of which:	20 742	7 257
receivables from related companies	*642*	*93*
receivables from other companies	*20 100*	*7 164*
Receivables from valuation of long-term IT contracts (PoC valuation), of which:	498	500
receivables from related companies	-	
receivables from other companies	*498*	*500*
Receivables from uninvoiced deliveries, of which:	208	14
receivables from related companies	-	*12*
receivables from other companies	*208*	*2*
Revaluation write-down on doubtful receivables (-)	(1 387)	(159)
	20 061	**7 612**

Trade receivables are not interest-bearing.

The Group has a relevant policy based on selling its products and services to reliable clients only. Owing to that in the management's opinion the related credit risk would not exceed the level covered by allowances for doubtful accounts as established by the Group.

Receivables from valuation of IT contracts (implementation, long-term contracts) result from the surplus of revenues recognized based on the percentage of completion of implementation contracts over invoices issued.

Receivables relating to uninvoiced deliveries result from the sale of third-party licenses and maintenance services, for which invoices have not yet been issued for the whole period of licensing or provision for maintenance services.

The following table presents the ageing structure of receivables as at 31 December 2017 and 31 December 2016:

Ageing of trade accounts receivable	**as at 31 Dec 2017**		**as at 31 Dec 2016**	
	amount	**structure**	**amount**	**Structure**
Receivables not yet due	14 456	72%	6 288	83%
Receivables overdue less than 3 months	4 555	23%	1 317	17%

All figures in thousands of EUR,
unless stated otherwise

Receivables overdue between 3 to 6 months	591	3%	7	0%
Receivables overdue more than 6 months	459	2%	0	0%
	20 061	**100%**	**7 612**	**100%**

Transactions with related parties are presented in note 23 to these consolidated financial statements.

Other receivables	**31 Dec 2017**	**31 Dec 2016**
Receivables from deposits paid and guarantees of due performance of contracts	224	103
Receivables from disposal of tangible fixed assets	21	-
Other receivables	146	7
Revaluation write-down on other doubtful receivables (-)	(49)	-
	342	**110**

In 2017 and 2016, revaluation write-downs on trade accounts receivable and other receivables were as follows:

	31 Dec 2017	**31 Dec 2016**
As at 1 January	**159**	**0**
Obtaining control over subsidiaries	1 039	164
Created during reporting period	366	-
Utilized and released during reporting period	(163)	-
Exchange differences on translation of foreign operations (+/-)	35	(5)
As at 31 December	**1 436**	**159**

16. Implementation contracts

In the year 2017 the Group executed a number of the so-called IT implementation contracts. In line with IAS 11, sales generated from such contracts are recognized according to the percentage of completion of relevant contracts. The Group measures the percentage of completion of IT implementation contracts using basically the 'cost' method (this is by determining the relation of costs incurred to the overall project costs) or according to the 'work-effort' method (by determining the portion of work completed out of the total work effort required in a project).

The following table includes basic data about the ongoing IT implementation contracts:

	31 Dec 2017	**31 Dec 2016**
Revenues from execution of IT contracts recognized in the reporting period	4 805	-
For all projects being in progress at the balance sheet date:		

All figures in thousands of EUR,
unless stated otherwise

Revenues recognized from execution of IT contracts (cumulative)	8 703	-
Costs incurred due to execution of IT contracts (cumulative)	(982)	-
Net provisions for losses on IT contracts	-	-
Profit (loss) on execution of IT contracts	**7 721**	**-**
Invoiced revenues from execution of IT contracts (cumulative)	8 378	
Receivables arising from valuation of IT contracts	498	500
Liabilities arising from valuation of IT contracts	(173)	82

17. Cash and cash equivalents

	31 Dec 2017	31 Dec 2016
Cash at bank	7 348	322
Cash on hand	19	5
Current deposits	-	15 648
Total cash and cash equivalents as disclosed in the statement of financial position	**7 367**	**15 975**
Accrued interest on cash as at the balance sheet date	-	(19)
Bank overdrafts which form an integral part of an entity's cash management	(2 616)	-
Total cash and cash equivalents as disclosed in the cash flow statement	**4 751**	**15 956**

The interest on cash at bank is calculated with variable interest rates which depend on bank overnight deposit rates. Current deposits are made for varying periods of maturity between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective current deposit rates.

As at 31 December 2017 and 31 December 2016 EUR no cash was pledged as collateral. No current deposits serve as collateral for any bank guarantees (of due performance of contracts and tender deposits) neither at 31 December 2017 nor at 31 December 2016.

18. Share capital and non-controlling interests

Share capital	Par value per share	as at 31 Dec 2017 Number of shares	as at 31 Dec 2016 Number of shares
Ordinary shares	1 EUR	**13 618 713**	**6 797 267**

Share capital and par value of shares

All shares issued have the par value of EUR 1 per share and have been fully paid up.

In year 2017 Company increased its share capital by issuing:

1) 1 300 636 shares series B and 3 179 435 shares series C; registration date 1 July 2017 and
2) 2 341 375 shares series D; registration date 8 December 2017.

All newly issued shares have par value 1 EUR.

All figures in thousands of EUR,
unless stated otherwise

The shares were issued in connection with events described in point IV in these financial statements (contribiution in kind of shares in Asseco Solutions, a.s. Czech Republic, Assseco Solutions AG Germany and Asseco Solutions, a.s. Slovakia).

The direct parent of Asseco Enterprise Solutions, a. s. is Asseco Central Europe, a.s. (Slovakia) that in turn is a subsidiary of the Asseco International, which is owned and controlled by an ulitimate parent of the Asseco Group i.e. Asseco Poland S.A. As at 31 December 2017, Asseco Central Europe, a.s. held a 50,1% stake in Asseco Enterprise Solutions, a.s and the ultimate parent i.e. Asseco Poland S.A. as at the date held 49,9% stake in the Company.

No-controlling interest	**31 Dec 2017**	**31 Dec 2016**
At the beginning of the period	**33 379**	**0**
Net profit for the period	6 315	-
Other comprehensive income	1 737	-
Total comprehensive income	8 052	-
Dividend for the year 2016	(5 207)	-
Acquisition of non-controlling interests in subsidiaries	(63)	-
Acquisition of subsidiaries under common control	-	33 379
Increase in parent ownership	(374)	-
At the end of the period	**35 787**	**33 379**

For each business combination the Group measures at the acquisition date components of non-controlling interest in the acquiree at either: fair value or the present ownership instrument's proportionate share in the acquiree's indentifiable net assets. In 2017 for all acquisitions non-controlling interest were measured at proportionate share in the acquiree's adentifiable net assets.

19. Non-current and current financial liabilities

Non-current	**31 Dec 2017**	**31 Dec 2016**
Liabilities resulting from put options on non-controlling interests	1 000	-
Finance lease commitments	220	-
	1 220	**-**

Current	**31 Dec 2017**	**31 Dec 2016**
Finance lease commitments	133	
Other	-	37
	133	**37**

All figures in thousands of EUR,
unless stated otherwise

Non-current financial liabilities from put options on non-controlling interest relate to put option granted to Mr. Markus Haller, who holds 25% of the share capital of Asseco Solutions GmbH. Under the agreement signed on 4 December 2014 by Asseco Solutions AG, Mr. Haller may exercise the put option upon the termination of his employment as managing director of the company. The purchase price shall be equal amount of EUR 2.6 million, however in the case that Mr. Haller himself cancels his function as chairman of the management board, the price shall be EUR 1 million. According to the best knowledge and belief of the Board of Directors there are no plans or intentions to terminate the contract with Mr. Haller. Therefore, at the end of the reporting period, the Group has measured the financial liability at the amount of EUR 1 million. The Company does not expect the put option to be exercised in the next financial year.

Minimum future cash flows and liabilities under the finance lease agreements are as follows:

	31 Dec 2017	**31 Dec 2016**
Minimum lease payments		
in the period shorter than 1 year	142	-
in the period from 1 to 5 years	227	-
Future minimum lease payments	**369**	**-**
Future interest expense	(16)	-
Present value of finance lease commitment	**353**	**-**
in the period shorter than 1 year	133	-
in the period from 1 to 5 years	220	-

As at 31 December 2017, the effective interest rate on the above financial leasing of vehicles was 3,33%.

All figures in thousands of EUR,
unless stated otherwise

20. Interest-bearing bank credits and debt securities issued

Type of credit facilitiy	Name of entity	Maximum debt as at 31 Dec 2017	Effective interest rate %	Currency	Maturity	31 Dec 2017 Short-term	31 Dec 2017 Long-term	31 Dec 2016 Short-term
Overdraft	Asseco Solutions AG	1 250	EONIA + 2,5%	EUR	-	-	-	-
Overdraft	Asseco Solutions AG	1 250	3M EURIBOR + 6,0%	EUR	-	-	-	-
Overdraft	Asseco Business Solutions S.A.	10 773	WIBOR 1 m-c+marża	PLN	30.06.2020	2,616	-	-
		13 273				**2.616**	**-**	**0**
Bank loan	Asseco Business Solutions S.A.	10 773	WIBOR 1 m-c+marża	PLN	30.09.2020	1,592	3,197	-
Loan from related party	Asseco Enterprise Solutions	9	imm	imm	imm	-	-	9
		10 782				**1,592**	**3,197**	**9**

As at 31 December 2017 the total funds available to the AES Group under credit facilities open in the current accounts reached the level of EUR 24 055 thousand (and EUR 9 thousand as at 31 December 2016).

As at 31 December 2017 and 31 December 2016 no assets served as collateral or pledges for any credit facilities.

All figures in thousands of EUR,
unless stated otherwise

21. Trade and other payables

As at 31 December 2017 and in the comparative periods, the Group had the following liabilities:

Current trade payables	31 Dec 2017	31 Dec 2016
Invoiced current trade payables, of which:	2 853	684
to related companies	*246*	*12*
to other companies	*2 607*	*672*
Liabilities relating to valuation of long term IT contracts (Poc), of which:	173	82
to related companies	-	-
to other companies	*173*	*82*
Liabilities due to non-invoiced deliveries, of which:	1 629	207
to related companies	3	11
to other companies	*1 626*	*196*
	4 655	**973**

Trade payables are not interest-bearing. The transactions with related companies are presented in note 23 to these consolidated financial statements.

Liabilities to the state and local budgets and other liabilities	31 Dec 2017	31 Dec 2016
Liabilities to the state and local budgets		
Social Insurance Institution	1 238	335
Personal income tax (PIT)	727	148
Value added tax	1 758	645
Other	13	9
	3 736	**1 137**
Corporate income tax (CIT)	**2 094**	**848**
Other current liabilities		
Liabilities to employees relating to salaries and wages	956	71
Trade prepayments received	106	-
Other liabilities	189	71
	1 251	**142**

Other liabilities are not interest-bearing.

All figures in thousands of EUR,
unless stated otherwise

22. Provisions

	Provision for warranty repairs	Provision for post-employment benefits	Tax risk provision	Other provisions	Total
As at 1 January 2017	**-**	***186***	***13***	***88***	**287**
Acquisitions of subsidiaries (+)		132			132
Created during the reporting period (+)	6	31			37
Used or reversed during the reporting period (-)		(15)			(15)
Net actuarial gain or loss (+)/(-)		18			18
Exchange differences on translation of foreign operations (+/-)		15	1	4	20
As at 31 December 2017	***6***	***367***	***14***	***92***	***479***
Current as at 31 December 2017	6	7	14	89	116
Non-current as at 31 December 2017	-	360	-	3	363

	Provision for warranty repairs	*Provision for post-employment benefits*	*Tax risk provision*	*Other provisions*	Total
As at incorporation date (19 December 2016)	-	-	-	-	-
Acquisitions of subsidiaries (+)	-	186	13	88	**287**
Created during the reporting period (+)	-	-	-	-	-
Used or reversed during the reporting period (-)	-	-	-	-	-
Net actuarial gain or loss (+)/(-)	-	-	-	-	-
Exchange differences on translation of foreign operations (+/-)	-	-	-	-	-
As at 31 December 2016	**-**	***186***	***13***	***88***	***287***
Current as at 31 December 2016	-	*1*	*13*	*72*	**86**
Non-current as at 31 December 2016	-	*185*	-	*16*	**201**

Provision for post-employment benefits as at 31 December 2017 relates mostly to ABS Group.

23. Accrued expenses and deferred income

Accrued expenses comprise accruals for unused holiday leaves, for salaries and wages of the current period payable in future periods which result from the bonus schemes applied by the entities in the Group.

Current accrued expenses	31 Dec 2017	31 Dec 2016
Accrual for unused holiday leaves	1 605	582
Accrual for the employee bonuses and severance payments	4 119	1 972
	5 724	**2 554**

All figures in thousands of EUR,
unless stated otherwise

The balance of deferred income relates mainly to prepayments for services such as maintenance and IT support. The received prepayments are related primarily to the software development projects implemented by the Group.

Current deferred income	31 Dec 2017	31 Dec 2016
Maintenance services	3 468	75
Licence fees	1 921	-
Other	70	-
	5 459	**75**

24. Transactions with related parties

Asseco Enterprise Solutions Group sales to related parties:		12 months ended	Period ended
Name of entity	**Transaction type**	**31 Dec 2017**	**31 Dec 2016**
Transactions with Asseco Poland S.A.			
Asseco Central Europe, a.s. (Slovakia)		198	-
Asseco Poland S.A.	*sales of IT services and licences*	323	-
		521	
Transactions with related companies			
Asseco Central Europe, a.s. Czech	*sales of IT services and licences*	12	-
exe, a.s.	*sales of IT services and licences*	17	-
Asseco Data Systems S.A.	*sales of IT services and licences*	58	-
		87	**-**
Transactions with associates			
SCS Smart Connected Solutions GmbH	*sales of IT services and licences*	360	
		360	**-**
Transactions with Members of the Board of Directors, Supervisory Board and Proxies of other Group's companies			
Mariusz Lizon [1)]	*lease of tangible assets*	5	-
Aleksander Duch [2)]	*consultancy services*	4	-
Piotr Masłowski [3)]	*consultancy services*	1	-
Wojciech Barczentewicz [4)]	*consultancy services*	1	-
		11	**-**
TOTAL		**979**	**-**

1) In the period of twelve months ended 31 December 2017 as well as in the comparative period, Mariusz Lizon was Member of the Management Board of Asseco Business Solutions S.A.

2) In the period of twelve months ended 31 December 2017 as well as in the comparative period, Aleksander Duch was a member of the management board of Asseco Western Europe S.A., member of the supervisory board of the Asseco Solutions a.s (Slovakia), and Asseco Solutions AG (Germany).

3) In the period of twelve months ended 31 December 2017 Piotr Masłowski was a member of the management board of Asseco Business Solutions S.A.

4) In the period of twelve months ended 31 December 2017, Wojciech Barczentewicz was a member of the management board of Asseco Business Solutions S.A.

All figures in thousands of EUR,
unless stated otherwise

Asseco Enterprise Solutions Group purchases from related parties:		**12 months ended**	**Period ended**
Name of entity	**Transaction type**	**31 Dec 2017**	**31 Dec 2016**
Transactions with Asseco Poland S.A.			
Asseco Central Europe, a.s. (Slovakia)	*purchase of IT services*	15	-
Asseco Poland S.A.	*purchase of IT services*	449	-
		464	
Transactions with related companies			
Asseco Central Europe, a.s. (Slovakia)	*purchase of IT services*	1	-
exe, a.s.	*purchase of IT services*	158	-
Dahliamatic Sp. z o.o.	*purchase of IT services*	30	-
		188	**-**
Transactions with associates			
SCS Smart Connected Solutions GmbH	*purchase of IT services*	138	
		138	**-**
Transactions with other related parties			
Aleksander Duch	*purchase of consultancy services*	81	-
Piotr Masłowski	*purchase of consultancy services*	218	-
Wojciech Barczentewicz	*purchase of consultancy services*	218	-
		517	**-**
TOTAL		**1 308**	**-**

	Trade receivables and other receivables as at		**Trade payables and other liabilities as at**	
	31 Dec 2017	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2016**
Transactions with Parent companies				
Asseco Central Europe, a.s. (Slovakia)	31	-	0	-
Asseco Poland S.A.	52	88	92	14
	83	**88**	**92**	**14**
Transactions with related companies				
Asseco Central Europe, a.s. (Czech)	-	-	12	-
Asseco Data Systems S.A.	3	17	2	-
Dahliamatic Sp. z o.o.	-	-	4	-
Group Asseco SEE Romania	-	-	6	9
	3	**17**	**24**	**9**
Transactions with associates:				
SCS Smart Connected Solutions GmbH	550	-	133	-
	550	**-**	**133**	-
Transactions with other related parties	**6**	-	**1,000**	**-**
TOTAL	**642**	**105**	**1 249**	**23**

As at 31 December 2017, the balance of receivables from related entities comprised trade receivables in the amount of EUR 642 thousand. Whereas, as at 31 December 2016, receivables from related entities comprised trade receivables in the amount of EUR 105 thousand.

All figures in thousands of EUR,
unless stated otherwise

As at 31 December 2017, the balance of liabilities from related entities comprised trade payables in the amount of EUR 249 thousand. Whereas, as at 31 December 2016, liabilities from related entities comprised trade payables in the amount of EUR 23 thousand.

Loans granted to related parties are described in note 12 to these financial statements.

25. Notes to the Statement of Cash Flow

Cash flows – operating activities

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

Changes in working capital	31 Dec 2017	31 Dec 2016
Change in inventories	(56)	-
Change in receivables	(443)	-
Change in liabilities	833	2
Change in prepayments, accruals and deferred income	(2 678)	-
Change in provisions	22	-
	(2 322)	**2**

Cash flows – investing activities

In the period of twelve months ended 31 December 2017, the balance of cash flows from investing activities was affected primarily by the following proceeds and expenditures:

- Acquisitions of property, plant and equipment and intangible assets include purchases of property, plant and equipment for EUR 1 090 thousand and purchases of intangible assets for EUR 319 thousand.
- Expenditure related to research and development in the amount of EUR 2 013 thousand.
- Under the position "Loans granted" there are mostly presented the cash inflows related to loan granted by the Company to Asseco Poland S.A. (the ultimate parent entity)
- Acquisition of the subsidiary companies relates to acquisition of Macrologic by Asseco Business Solutions S.A.
- Cash and cash equivalents in acquired subsidiaries relate to ASOL SK, ASOL DE and ASOL CZ.

Cash flows – financing activities

In the period of twelve months ended 31 December 2017, the balance of cash flows from financing activities was affected primarily by the following proceeds and expenditures:

- Proceeds from bank loans related mostly to loan taken by Asseco Business Solutions in the amount of EUR 4 699 thousand.
- Dividend paid to non-controlling interests in the amount of EUR 5 336 thousand.

26. Commitments and contingencies in favor of related parties

All figures in thousands of EUR,
unless stated otherwise

As at 31 December 2017 and 2016 there were no guarantees and sureties issued by and for Asseco Enterprise Solutions, a. s. in favor of related parties.

27. Commitments and contingent liabilities to other entities

As at 31 December 2017 and 2016 there were no guarantees and sureties issued by and for the Group.

The Group is a party to a number of leasing and tenancy contracts or other contracts of similar nature, resulting in the following off-balance-sheet liabilities for future payments:

	31 Dec 2017	31 Dec 2016
Liabilities under lease of space		
In the period up to 1 year	1 811	1 072
In the period from 1 to 5 years	1 261	265
In the period over 5 years	-	-
	3 072	**1 337**
Liabilities under operating lease of property, plant and equipment		
in the period shorter than 1 year	741	-
in the period from 1 to 5 years	638	-
in the period longer than 5 years	-	-
	1 379	**-**

28. Employment

Average Group's workforce in the reporting period*	**12 months ended 31 Dec 2017**	**Period ended 31 Dec 2016**
Management Board of the Parent Company	3	-
Management Boards of the Group companies	7	-
Production departments	1 218	-
Direct sales departments	119	-
Indirect sales departments	25	-
Back-office departments	126	-
Total	**1 498**	**-**

**Average employment in the reporting period 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.)*

The Group workforce as at	**31 Dec 2017**	**31 Dec 2016**
Management Board of the Parent Company	3	-
Management Boards of the Group companies	7	3
Production departments	1 410	565
Direct sales departments	140	25
Indirect sales departments	34	4
Back-office	159	37
Total	**1 753**	**634**

All figures in thousands of EUR,
unless stated otherwise

Number of employees in the Group companies as at	31 Dec 2017	31 Dec 2016
Asseco Solutions Group (Czech Republic)	356	-
Asseco Solutions Group (Slovakia)	166	-
Asseco Solutions Group (Germany)	274	-
Asseco Business Solutions (Poland)	957	634
	1 753	**634**

29. Objectives and principles of financial risk management

The Asseco Enterprise Solutions Group is exposed to a number of risks arising either from the macroeconomic situation of the countries the Group companies operate in as well as from the microeconomic situation in individual companies. The main external factors that may have an adverse impact on the Group's financial performance are:

(i) fluctuations in foreign currency exchange rates versus the EUR, and

(ii) changes in the market interest rates. The financial results are also indirectly affected by the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and the inflation rate. In addition, the internal factors with potential negative bearing on the Group's performance include: (i) risk related to the increasing cost of work, (ii) risk arising from underestimation of project costs when entering into contracts, and (iii) risk of concluding a contract with a dishonest customer.

Foreign currency exposure risk

The Group's presentation currency is the euro; however, some contracts are denominated in foreign currencies. With regard to the above, the Group is exposed to potential losses resulting from fluctuations in foreign currency exchange rates versus the euro in the period from concluding a contract to invoicing. Furthermore, the functional currencies of Group's foreign subsidiaries are the local currencies of the countries in which these entities are legally registered and operate. Consequently, the assets and financial results of such subsidiaries need to be converted to the euro and their values presented in the Group financial statements remain under the influence of foreign currency exchange rates.

Identification: According to the Group's procedures pertaining to entering into commercial contracts, each agreement that is concluded or denominated in a foreign currency, different from the functional currency is subject to detailed registration. Owing to this solution, any currency risk involved is detected automatically.

Measurement: The foreign currency risk exposure is measured by the amount of an embedded financial instrument on one hand, and on the other by the amount of currency derivative instruments concluded in the financial market. The procedures applicable to the execution of IT projects require making systematic updates of the project implementation schedules as well as the cash flows generated under such projects.

Objective: The purpose of countering the risk of fluctuations in foreign currency exchange rates is to mitigate their negative impact on the contract margins.

All figures in thousands of EUR,
unless stated otherwise

Measures: Contracts settled in foreign currencies are hedged with simple derivatives such as currency forward contracts, while instruments embedded in foreign currency denominated contracts are hedged with non-deliverable forward contracts. In addition, forward contracts with delivery of cash are applied for foreign currency contracts.

Matching the measures to hedge against the foreign currency risk means selecting suitable financial instruments to offset the impact of changes in the risk-causing factor on the Group's financial performance (the changes in embedded instruments and concluded instruments are balanced out). Nevertheless, because the project implementation schedules and cash flows generated thereby are characterized by a high degree of changeability, the Group companies are prone to changes in their exposure to foreign exchange risk. Therefore, the companies dynamically transfer their existing hedging instruments or conclude new ones with the objective to ensure the most effective matching. It has to be taken into account that the valuation of embedded instruments changes with reference to the parameters as at the contract signature date (spot rate and swap points), while transferring or concluding new instruments in the financial market, may only be effected on the basis of the current rates available. Hence, it is possible that the value of financial instruments will not be matched and the Group's financial result will be potentially exposed to the foreign currency risk.

Interest rate risk

Changes in the market interest rates may have a negative influence on the financial results of the Group. The Group is exposed to the risk of interest rate changes primarily in the following areas of its business activities: (i) changes in the value of interest charged on loans granted by external financial institutions to the Group companies, which are based on variable interest rates, and (ii) change in valuation of the concluded and embedded derivative instruments, which are based on the forward interest rate curve. More information on factor (ii) may be found in the description of the currency risk management.

Identification: The interest rate risk arises and is recognized by individual companies of the Group at the time of concluding a transaction or a financial instrument based on a variable interest rate. All such agreements are subject to analysis by the appropriate departments within the Group companies, hence the knowledge of that issue is complete and acquired directly.

Measurement: The Group companies measure their exposure to the interest rate risk by preparing statements of the total amounts resulting from all the financial instruments based on a variable interest rate.

Objective: The purpose of reducing such risk is to eliminate the incurrence of higher expenses due to concluded financial instruments based on a variable interest rate.

Measures: In order to reduce its interest rate risk, the Group companies may: (i) try to avoid taking out credit facilities based on a variable interest rate or, if not possible, (ii) conclude forward rate agreements.

Matching: The Group gathers and analyzes the current market information concerning its present exposure to the interest rate risk. For the time being, the Group companies do not hedge against changes in interest rates due to a high degree of unpredictability of their credit repayment schedules.

Credit risk

The Group is exposed to the risk of defaulting contractors. This risk is connected firstly with the financial credibility and goodwill of the contractors to whom the Group companies provide their IT solutions, and secondly with the financial credibility of the contractors with whom supply agreements are concluded.

The maximum exposure on credit risk does not exceed the carrying amount of financial assets.

Identification: The risk is identified each time when concluding contracts with customers, and afterwards during the settlement of payments.

Measurement: Determination of this type of risk requires knowledge of the complaints or pending judicial proceedings against a client at the time of signing an agreement. Every two weeks the companies are obliged to control the settlement of payments under the concluded contracts, inclusive of the profit and loss analysis for individual projects.

Objective: The Company strives to minimize this risk in order to avoid financial losses resulting from the commencement and partial implementation of IT solutions as well as to sustain the margins adopted for the executed projects.

Measures: As the Group operates primarily in the banking and financial sector, its customers are concerned about their good reputation. Here the engagement risk control is usually limited to monitoring the timely execution of bank transfers and, if needed, to sending a reminder of outstanding payment. However, in the case of smaller clients, it is quite helpful to monitor their industry press as well as to analyze earlier experiences of the Group itself and of its competitors. The Group companies conclude financial transactions with reputable brokerage houses and banks.

Matching: It is difficult to discuss this element of risk management in such cases.

Financial liquidity risk

The Group monitors the risk of funds shortage using the tool for periodic planning of liquidity. This solution takes into account the maturity deadlines of investments and financial assets (e.g. accounts receivable, other financial assets) as well as the anticipated cash flows from operating activities.

The Group's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds.

The following table shows the Group's trade payables as at 31 December 2017 and 31 December 2016, by maturity period, based on the contractual undiscounted payments.

	as at 31 Dec 2017		as at 31 Dec 2016	
Ageing structure of trade accounts payable	**amount**	**structure**	**amount**	**structure**
Overdue liabilities	549	12%	61	6%
Current and future up to 3 months payables	3 856	82%	912	94%
Future payables between 3 and 6 months	32	1%	-	0%
Future payables over 6 months	218	5%	-	0%
	4 655	**100%**	**973**	**100%**

All figures in thousands of EUR,
unless stated otherwise

Foreign currency risk

The Group tries to conclude contracts with its clients in the primary currencies of the countries in which its subsidiaries and associates operate in order to avoid exposure to the risk arising from fluctuations in foreign currency exchange rates versus their own functional currencies.

The sensitivity analysis of trade payables and trade receivables to fluctuations in the exchange rates of EUR against the functional currencies of the Group companies indicates the following net impact on the Group's financial results:

Trade accounts receivable and payable as at 31 December 2017	Amount exposed to risk	Impact on financial results of the Group (before tax)	
		-10%	+10%
CZK:			
Trade accounts receivable	3 108	(310)	310
Trade accounts payable	925	92	(92)
Balance		**(218)**	**218**
CHF:			
Trade accounts receivable	295	(30)	30
Trade accounts payable	6	1	(1)
Balance		**(29)**	**29**
PLN:			
Trade accounts receivable	9 826	(982)	982
Trade accounts payable	1 382	139	(139)
Balance		**(843)**	**843**

Trade accounts receivable and payable as at 31 December 2016	Amount exposed to risk	Impact on financial results of the Group (before tax)	
		-10%	+10%
PLN:			
Trade accounts receivable	6 730	(673)	673
Trade accounts payable	969	97	(97)
Balance		**-74**	**74**

The analysis of sensitivity to fluctuations in foreign exchange rates, with potential impact on the Group's financial results, was conducted using the percentage deviations of +/-10% by which the reference exchange rates, effective as at the balance sheet date, were increased or decreased.

Interest rate risk

The Group is exposed to the risk of interest rate changes due to change in the value of interest charged on credit facilities granted by external financial institutions to the Group companies, which are based on a variable interest rate.

As at 31 December 2017 the Group had total credit facilities in the amount of EUR 7 405 thousand, all of which were subject to WIBOR variable interest rate.

All figures in thousands of EUR,
unless stated otherwise

As at 31 December 2016 the Group had credit facilities in the amount of EUR 9 thousand, which were subject to WIBOR.

Other types of risk

Other risks are not analyzed for sensitivity, due to their nature and the impossibility of absolute classification.

Fair value

As at 31 December 2017, the Group hold financial assets classified as financial asset valued at fair value through profit or loss in the amount EUR 70 thousand (currency forwards), and had no financial liabilities valued at fair value through profit or loss.

As at 31 December 2016, the Group hold no financial assets classified as financial asset valued at fair value through profit or loss, but had financial liabilities related to forward contracts in the amount of EUR 37 thousand.

For any other financial instruments, there were no significant differences between fair value and carrying amount.

30. Remuneration of the entity authorized to audit financial statements

The table below discloses the total amounts due to the entity authorized to audit financial statements, namely Ernst & Young Slovakia, spol. s r. o. paid or payable for the years ended 31 December 2017 and 31 December 2016, in breakdown by type of service:

Type of service	31 Dec 2017	31 Dec 2016
Obligatory audit of the annual financial statements	14	-
Total	**14**	**-**

31. Remuneration of Members of the Board of Directors and Supervisory Board of the Parent Company

Members of the Board of Directors and the Supervisory Board of Asseco Enterprise Solutions, a. s. (SK) received no remuneration (including all related costs and benefits payable) for acting as Members of the Board of Directors/ Supervisory Boards in Parent Company and Group subsidiaries in 2017 and 2016.

32. Equity management

The main objective of the Group's equity management is to maintain a favourable credit rating and safe level of equity ratios so as to support the Group's operating activities and increase the value for our shareholders.

The Group manages its equity structure which is altered in response to changing economic conditions. In order to maintain or adjust its equity structure, the Group may change its dividend payment policy, return some capital to its shareholders or issue new shares. In 2017, as in the year ended 31 December 2016, the Group did not introduce any changes to its objectives, principles and processes adopted in this area.

All figures in thousands of EUR,
unless stated otherwise

The Group consistently monitors the balances of its capital funds using the leverage ratio, which is calculated as a relation of net liabilities to total capital (sum of equity and net liabilities). Net liabilities include interest-bearing credits and loans, trade payables and other liabilities, decreased by cash and cash equivalents.

Equity management	**31 Dec 2017**	**31 Dec 2016**
Interest-bearing credits and loans	7 405	9
Trade accounts payable and other liabilities	13 089	3 137
Cash and cash equivalents	(7 367)	(15 975)
Net liabilities	**13 127**	**(12 829)**
Shareholders' equity	77 428	29 239
Equity plus net liabilities	**90 555**	**16 410**
Leverage ratio	**14,0%**	**-78,0%**

33. Seasonal and cyclical nature of business

The Group's activities are subject to seasonality in terms of uneven distribution of turnover in individual quarters of the year. Because bulk of sales revenues are generated from the IT services contracts executed for large companies and public institutions, the fourth quarter turnovers tend to be higher than in the remaining periods. Such phenomenon occurs because the above-mentioned entities close their annual budgets for implementation of IT projects and carry out investment purchases of hardware and licenses usually in the last quarter.

34. Significant events after the balance sheet date

Until the date of preparing these consolidated financial statements, i.e. 18 December 2018, no significant events occurred that might have an impact on these consolidated financial statements.

35. Significant events related to prior years

Up to the date of preparing these consolidated financial statements for the twelve months ended 31 December 2017, no significant events related to prior years occurred that might have an impact on these consolidated financial statements.

All figures in thousands of EUR,
unless stated otherwise