



**ANNUAL REPORT  
OF ASSECO SOUTH EASTERN EUROPE S.A.  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**Rzeszów, 23 February 2012**



**FINANCIAL STATEMENTS  
ASSECO SOUTH EASTERN EUROPE S.A.  
FOR THE YEAR ENDED 31 DECEMBER 2011 INCLUDING  
OPINION OF INDEPENDENT CERTIFIED AUDITORS**

**Rzeszów, 23 February 2012**

**FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE S.A.**  
**INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE S.A.  
INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

These financial statements were approved for publication by the Management Board of Asseco South Eastern Europe S.A. on 23 February 2012.

Management Board of Asseco South Eastern Europe S.A.:

|                  |                                        |
|------------------|----------------------------------------|
| Piotr Jeleński   | President of the Management Board      |
| Rafał Kozłowski  | Vice President of the Management Board |
| Hatice Ayas      | Member of the Management Board         |
| Calin Barseti    | Member of the Management Board         |
| Miljan Mališ     | Member of the Management Board         |
| Miodrag Mirčetić | Member of the Management Board         |
| Dražen Pehar     | Member of the Management Board         |

Person responsible for maintaining the accounting books:

Anna Dworzak

**FINANCIAL HIGHLIGHTS**  
**ASSECO SOUTH EASTERN EUROPE S.A.**

|                                                           | Year ended<br>31 Dec. 2011<br>(audited) | Year ended<br>31 Dec. 2010<br>(audited) | Year ended<br>31 Dec. 2011 | Year ended<br>31 Dec. 2010 |
|-----------------------------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------|----------------------------|
|                                                           | PLN '000                                | PLN '000                                | EUR '000                   | EUR '000                   |
| I. Dividend income                                        | 21,227                                  | 20,200                                  | 5,127                      | 5,044                      |
| II. Revenues from sales of services                       | 3,391                                   | 3,318                                   | 819                        | 829                        |
| III. Operating profit                                     | 20,002                                  | 19,149                                  | 4,831                      | 4,782                      |
| IV. Pre-tax profit                                        | 16,773                                  | 20,066                                  | 4,051                      | 5,011                      |
| V. Net profit for the period reported                     | <b>16,864</b>                           | <b>20,202</b>                           | <b>4,073</b>               | <b>5,045</b>               |
| VI. Net cash provided by (used in) operating activities   | 15,681                                  | (27,763)                                | 3,788                      | (6,933)                    |
| VII. Net cash provided by (used in) investing activities  | (10,320)                                | (451)                                   | (2,493)                    | (113)                      |
| VIII. Net cash provided by (used in) financing activities | (14,045)                                | (5,891)                                 | (3,392)                    | (1,471)                    |
| IX. Cash and cash equivalents at the end of period        | 4,950                                   | 13,647                                  | 1,121                      | 3,446                      |
| X. Earnings per ordinary share (in PLN/EUR)               | 0.33                                    | 0.40                                    | 0.08                       | 0.10                       |
| XI. Diluted earnings per ordinary share (in PLN/EUR)      | 0.33                                    | 0.40                                    | 0.08                       | 0.10                       |

The financial highlights disclosed in these annual financial statements were translated into Euro in the following way:

- items of the profit and loss account and statement of cash flows were translated into Euro at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
  - in the period from 1 January 2011 to 31 December 2011: EUR 1 = PLN 4.1401
  - in the period from 1 January 2010 to 31 December 2010: EUR 1 = PLN 4.0044
- cash and cash equivalents as at the end of period reported and the corresponding period of the previous year have been translated into Euro at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
  - exchange rate effective on 31 December 2011: EUR 1 = PLN 4.4168
  - exchange rate effective on 31 December 2010: EUR 1 = PLN 3.9603

**PROFIT AND LOSS ACCOUNT**  
**ASSECO SOUTH EASTERN EUROPE S.A.**

|                                                                                  | Note     | Year ended<br>31 Dec. 2011<br>(audited) | Year ended<br>31 Dec. 2010<br>(audited) |
|----------------------------------------------------------------------------------|----------|-----------------------------------------|-----------------------------------------|
| <b>Dividend income</b>                                                           | <u>1</u> | <b>21,227</b>                           | <b>20,200</b>                           |
| <b>Revenues from sales of services</b>                                           | <u>2</u> | <b>3,391</b>                            | <b>3,318</b>                            |
| <b>Cost of sales (-)</b>                                                         | <u>3</u> | <b>(3,391)</b>                          | <b>(3,318)</b>                          |
| <b>Gross profit on sales</b>                                                     |          | <b>21,227</b>                           | <b>20,200</b>                           |
| General administrative expenses (-)                                              | <u>3</u> | (1,027)                                 | (1,234)                                 |
| <b>Net profit on sales</b>                                                       |          | <b>20,200</b>                           | <b>18,966</b>                           |
| Other operating income                                                           | <u>4</u> | 762                                     | 1,167                                   |
| Other operating expenses (-)                                                     | <u>4</u> | (960)                                   | (984)                                   |
| <b>Operating profit</b>                                                          |          | <b>20,002</b>                           | <b>19,149</b>                           |
| Financial income                                                                 | <u>5</u> | 4,945                                   | 1,230                                   |
| Financial expenses (-)                                                           | <u>5</u> | (8,174)                                 | (313)                                   |
| <b>Pre-tax profit</b>                                                            |          | <b>16,773</b>                           | <b>20,066</b>                           |
| Corporate income tax (current and deferred portions)                             | <u>6</u> | 91                                      | 136                                     |
| <b>Net profit for the period reported</b>                                        |          | <b>16,864</b>                           | <b>20,202</b>                           |
| <b>Net profit for the period reported<br/>per share (in PLN)</b>                 |          |                                         |                                         |
| Basic earnings per share from continuing operations<br>for the period reported   | <u>7</u> | 0.33                                    | 0.40                                    |
| Diluted earnings per share from continuing operations<br>for the period reported | <u>7</u> | 0.33                                    | 0.40                                    |

**STATEMENT OF COMPREHENSIVE INCOME**  
**ASSECO SOUTH EASTERN EUROPE S.A.**

|                                                  | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| <b>Net profit for the period reported</b>        | <b>16,864</b>                                    | <b>20,202</b>                                    |
| <b>Other comprehensive income:</b>               |                                                  |                                                  |
| Hedges of cash flows                             | 241                                              | 828                                              |
| <b>Total other comprehensive income</b>          | <b>17,105</b>                                    | <b>21,030</b>                                    |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b> | <b>17,105</b>                                    | <b>21,030</b>                                    |



**BALANCE SHEET**  
**ASSECO SOUTH EASTERN EUROPE S.A.**

| <b>ASSETS</b>                       | <b>Note</b> | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|-------------------------------------|-------------|---------------------|---------------------|
|                                     |             | <b>(audited)</b>    | <b>(audited)</b>    |
| <b>Non-current assets</b>           |             | <b>569,671</b>      | <b>577,752</b>      |
| Property, plant and equipment       | <u>9</u>    | 224                 | 264                 |
| Intangible assets                   | <u>10</u>   | 353                 | 132                 |
| Investments in subsidiary companies | <u>11</u>   | 567,785             | 576,599             |
| Long-term receivables               |             | 578                 | -                   |
| Deferred income tax assets          | <u>6</u>    | 731                 | 437                 |
| Long-term deferred expenses         | <u>21</u>   | -                   | 320                 |
| <b>Current assets</b>               |             | <b>18,016</b>       | <b>14,921</b>       |
| Deferred expenses                   | <u>21</u>   | 73                  | 311                 |
| Trade accounts receivable           | <u>12</u>   | 255                 | 512                 |
| Receivables from the State budget   | <u>12</u>   | 194                 | 99                  |
| Other receivables                   | <u>12</u>   | 2,373               | 352                 |
| Current financial assets            | <u>14</u>   | 10,171              | -                   |
| Cash and short-term deposits        | <u>13</u>   | 4,950               | 13,647              |
| <b>TOTAL ASSETS</b>                 |             | <b>587,687</b>      | <b>592,673</b>      |

**BALANCE SHEET**  
**ASSECO SOUTH EASTERN EUROPE S.A.**

| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                     | <b>Note</b> | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|-----------------------------------------------------------------|-------------|---------------------|---------------------|
|                                                                 |             | <b>(audited)</b>    | <b>(audited)</b>    |
| <b>Shareholders' equity</b>                                     |             |                     |                     |
| Share capital                                                   | <u>15</u>   | 518,942             | 509,921             |
| Share premium                                                   | <u>16</u>   | 38,825              | 38,825              |
| Revaluation capital                                             | <u>16</u>   | -                   | (241)               |
| Prior years' retained earnings (deficit) and current net profit | <u>17</u>   | 25,196              | 21,590              |
| <b>Total shareholders' equity</b>                               |             | <b>582,963</b>      | <b>570,095</b>      |
| <b>Non-current liabilities</b>                                  |             | <b>6</b>            | <b>2,258</b>        |
| Long-term deferred income                                       | <u>21</u>   | 6                   | 39                  |
| Long-term financial liabilities                                 | <u>20</u>   | -                   | 2,219               |
| <b>Current liabilities</b>                                      |             | <b>4,718</b>        | <b>20,320</b>       |
| Trade accounts payable                                          | <u>20</u>   | 715                 | 452                 |
| Liabilities to the State budget                                 | <u>20</u>   | 51                  | 131                 |
| Financial liabilities                                           | <u>20</u>   | 1,759               | 17,773              |
| Other liabilities                                               |             | 62                  | 3                   |
| Provisions                                                      | <u>19</u>   | 1,229               | 1,229               |
| Deferred income                                                 | <u>21</u>   | 35                  | 36                  |
| Accrued expenses                                                | <u>21</u>   | 867                 | 696                 |
| <b>TOTAL LIABILITIES</b>                                        |             | <b>4,724</b>        | <b>22,578</b>       |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>               |             | <b>587,687</b>      | <b>592,673</b>      |

**STATEMENT OF CHANGES IN EQUITY**  
**ASSECO SOUTH EASTERN EUROPE S.A.**

for the year ended 31 December 2011 and for the year ended 31 December 2010

|                                                           | Share capital  | Share premium | Subscribed<br>unregistered share<br>capital | Revaluation capital | Prior years'<br>retained earnings<br>(deficit) and<br>current net profit | Total shareholders'<br>equity |
|-----------------------------------------------------------|----------------|---------------|---------------------------------------------|---------------------|--------------------------------------------------------------------------|-------------------------------|
| <b>As at 1 January 2011</b>                               | <b>509,921</b> | <b>38,825</b> | <b>-</b>                                    | <b>(241)</b>        | <b>21,590</b>                                                            | <b>570,095</b>                |
| Net profit for the period reported                        | -              | -             | -                                           | -                   | 16,864                                                                   | <b>16,864</b>                 |
| Other comprehensive income                                | -              | -             | -                                           | 241                 | -                                                                        | <b>241</b>                    |
| <b>Total comprehensive income for the period reported</b> | <b>-</b>       | <b>-</b>      | <b>-</b>                                    | <b>241</b>          | <b>16,864</b>                                                            | <b>17,105</b>                 |
| Issuance of series T shares                               | 9,021          | -             | -                                           | -                   | -                                                                        | <b>9,021</b>                  |
| Dividends                                                 | -              | -             | -                                           | -                   | (13,258)                                                                 | <b>(13,258)</b>               |
| <b>As at 31 December 2011<br/>(audited)</b>               | <b>518,942</b> | <b>38,825</b> | <b>-</b>                                    | <b>-</b>            | <b>25,196</b>                                                            | <b>582,963</b>                |
| <b>As at 1 January 2010</b>                               | <b>480,375</b> | <b>26,790</b> | <b>25,897</b>                               | <b>(1,069)</b>      | <b>6,881</b>                                                             | <b>538,874</b>                |
| Net profit for the period reported                        | -              | -             | -                                           | -                   | 20,202                                                                   | <b>20,202</b>                 |
| Other comprehensive income                                | -              | -             | -                                           | 828                 | -                                                                        | <b>828</b>                    |
| <b>Total comprehensive income for the period reported</b> | <b>-</b>       | <b>-</b>      | <b>-</b>                                    | <b>828</b>          | <b>20,202</b>                                                            | <b>21,030</b>                 |
| Issuance of series P shares                               | 15,242         | 10,655        | (25,897)                                    | -                   | -                                                                        | -                             |
| Issuance of series R shares                               | 5,929          | 652           | -                                           | -                   | -                                                                        | <b>6,581</b>                  |
| Issuance of series S shares                               | 8,375          | 452           | -                                           | -                   | -                                                                        | <b>8,827</b>                  |
| Dividends                                                 | -              | -             | -                                           | -                   | (5,452)                                                                  | <b>(5,452)</b>                |
| Cost of issuances of shares                               | -              | 312           | -                                           | -                   | -                                                                        | <b>312</b>                    |
| Other                                                     | -              | (36)          | -                                           | -                   | (41)                                                                     | <b>(77)</b>                   |
| <b>As at 31 December 2010<br/>(audited)</b>               | <b>509,921</b> | <b>38,825</b> | <b>-</b>                                    | <b>(241)</b>        | <b>21,590</b>                                                            | <b>570,095</b>                |

**STATEMENT OF CASH FLOWS**  
**ASSECO SOUTH EASTERN EUROPE S.A.**

|                                                                              | Note      | Year ended<br>31 Dec. 2011<br>(audited) | Year ended<br>31 Dec. 2010<br>(audited) |
|------------------------------------------------------------------------------|-----------|-----------------------------------------|-----------------------------------------|
| <b>Cash flows - operating activities</b>                                     |           |                                         |                                         |
| Pre-tax profit                                                               |           | 16,773                                  | 20,066                                  |
| <b>Total adjustments:</b>                                                    |           | <b>(1,044)</b>                          | <b>(47,829)</b>                         |
| Depreciation and amortization                                                |           | 70                                      | 25                                      |
| Change in inventories                                                        | <u>30</u> | -                                       | 700                                     |
| Change in receivables                                                        | <u>30</u> | 256                                     | 4,445                                   |
| Change in receivables from dividends                                         | <u>30</u> | -                                       | 328                                     |
| Change in liabilities                                                        | <u>30</u> | (3,410)                                 | (1,447)                                 |
| Change in deferred and accrued expenses                                      | <u>30</u> | 695                                     | (23)                                    |
| Change in provisions                                                         | <u>30</u> | -                                       | 52                                      |
| Interest income and expense                                                  |           | 93                                      | 183                                     |
| Gain (loss) on foreign exchange differences                                  |           | 885                                     | (421)                                   |
| Cost of acquisition of shares in subsidiary companies                        | <u>30</u> | (9,809)                                 | (53,348)                                |
| Disposal of shares in subsidiary companies                                   | <u>30</u> | 3,212                                   | -                                       |
| Impairment write-down on investments in subsidiary companies                 | <u>5</u>  | 6,033                                   | -                                       |
| Dividends received                                                           | <u>30</u> | 20,982                                  | 20,595                                  |
| Gain (loss) on investing activities                                          |           | (20,042)                                | (20,191)                                |
| Other                                                                        |           | (9)                                     | 1,273                                   |
| <b>Net cash provided by (used in) operating activities</b>                   |           | <b>15,729</b>                           | <b>(27,763)</b>                         |
| Corporate income tax paid                                                    |           | (48)                                    | -                                       |
| <b>Net cash provided by (used in) operating activities</b>                   |           | <b>15,681</b>                           | <b>(27,763)</b>                         |
| <b>Cash flows - investing activities</b>                                     |           |                                         |                                         |
| Acquisition of property, plant and equipment and intangible assets           |           | (251)                                   | (367)                                   |
| Acquisition of financial assets carried at fair value through profit or loss |           | (10,000)                                | -                                       |
| Other                                                                        |           | (69)                                    | (84)                                    |
| <b>Net cash provided by (used in) investing activities</b>                   |           | <b>(10,320)</b>                         | <b>(451)</b>                            |
| <b>Cash flows - financing activities</b>                                     |           |                                         |                                         |
| Dividends paid out to shareholders of Asseco South Eastern Europe S.A.       |           | (13,258)                                | (5,452)                                 |
| Proceeds from loans and borrowings taken out                                 |           | 7,717                                   | -                                       |
| Repayment of loans and borrowings                                            |           | (8,350)                                 | -                                       |
| Interest paid                                                                |           | (96)                                    | (183)                                   |
| Other                                                                        |           | (58)                                    | (256)                                   |
| <b>Net cash provided by (used in) financing activities</b>                   |           | <b>(14,045)</b>                         | <b>(5,891)</b>                          |
| Net increase (decrease) in cash and cash equivalents                         |           | (8,684)                                 | (34,105)                                |
| Net foreign exchange differences                                             |           | (13)                                    | (262)                                   |
| <b>Cash and cash equivalents as at 1 January</b>                             |           | <b>13,647</b>                           | <b>48,014</b>                           |
| <b>Cash and cash equivalents as at 31 December</b>                           | <u>13</u> | <b>4,950</b>                            | <b>13,647</b>                           |

## **SUPPLEMENTARY INFORMATION AND EXPLANATIONS**

### **I. GENERAL INFORMATION**

Asseco South Eastern Europe S.A. (the "Company", "Issuer", "Entity") seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007 as a joint stock company Asseco Adria S.A. On 11 July 2007, the Company was entered in the register of entrepreneurs maintained by the District Court in Rzeszów, XII Commercial Department of the National Court Register, under the number 0000284571. The Parent Company has been assigned the statistical number REGON 180248803. On 11 February 2008, the Parent Company's corporate name was changed from Asseco Adria S.A. to Asseco South Eastern Europe S.A.

The period of the Company's operations is indefinite.

According to the Articles of Association, the business profile of Asseco South Eastern Europe S.A. includes:

- Holding operations;
- Reproduction of computer media;
- Manufacture of computers and other information processing equipment;
- Data transmission;
- Letting of own property;
- Renting of office machinery, equipment, and computer hardware;
- Hardware consultancy;
- Software consultancy and supply;
- Data processing;
- Database activities;
- Other computer related activities;
- Research and experimental development on engineering;
- Business and management consultancy activities;
- Business management and administration;
- Advertising;
- Adult and other education.

The Company shall operate within the territory of the Republic of Poland as well as abroad.

The parent of Asseco South Eastern Europe S.A. is Asseco Poland S.A. (the higher-level parent company). As at 31 December 2011, Asseco Poland S.A. held a 51.06% stake in the share capital of Asseco South Eastern Europe S.A.

Asseco South Eastern Europe S.A. is the parent of the Asseco South Eastern Europe Group.

These financial statements cover the year ended 31 December 2011 and contain comparative data for the year ended 31 December 2010.

The Company draws up its financial statements in accordance with the International Financial Reporting Standards ("IFRS") endorsed by the European Union for the current and comparative period.

These financial statements for the year ended 31 December 2011 were approved for publication by the Company's Management Board on 23 February 2012.

The Company also prepared the consolidated financial statements of the Asseco South Eastern Europe Group for the year ended 31 December 2011 which were approved for publication by the Management Board on 23 February 2012.

## **II. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THEIR COMMITTEES**

As at 31 December 2011 as well as on the date of publication of this report, i.e. on 23 February 2012, the Company's Management Board and Supervisory Board were composed of the following persons:

| <b>Supervisory Board</b> | <b>Management Board</b> |
|--------------------------|-------------------------|
| Adam Góral               | Piotr Jeleński          |
| Jacek Duch               | Rafał Kozłowski         |
| Jan Dauman               | Hatice Ayas             |
| Andrzej Mauberg          | Calin Barseti           |
| Mihail Petreski          | Miljan Mališ            |
| Przemysław Sęczkowski    | Miodrag Mirčetić        |
| Gabriela Żukowicz        | Dražen Pehar            |

During the period reported the composition of the Parent Company's Management Board remained unchanged.

During the period reported the composition of the Parent Company's Supervisory Board changed as follows:

- on 11 July 2011, the Company received a statement from the European Bank for Reconstruction and Development (EBRD) regarding the appointment of Mr. Jan Dauman as Member of the Supervisory Board on the basis of § 13 sect. 3 item 2) of the Company's Articles of Association.

From the balance sheet date till the publication of these separate financial statements, the compositions of the Company's Management Board and Supervisory Board remained unchanged.

On 17 May 2010, the Supervisory Board of Asseco South Eastern Europe S.A., in order to fulfil the obligation under art. 86 sect. 3 and 7 of the Law of 7 May 2009 on certified auditors, their self-government, entities authorized to audit financial statements and on public supervision (the "Law") established an Audit Committee from among its members.

During the period reported and as at the date of publication of this report, this is on 23 February 2012, the Audit Committee was composed of the following persons:

Andrzej Mauberg – Chairman of the Audit Committee  
Przemysław Sęczkowski – Member of the Audit Committee  
Gabriela Żukowicz – Member of the Audit Committee.

Andrzej Mauberg is the Audit Committee Member who is qualified in accounting and financial auditing and satisfies the independence criteria as specified in the Law.

The Audit Committee shall be entitled to perform financial auditing activities within the Company and in particular to:

- monitor the financial reporting process;
- monitor efficiency of the internal control, internal audit and risk management systems;
- monitor performance of the financial audit activities;
- monitor independence of the certified auditor as well as of the entity authorized to audit financial statements.

### III. INVESTMENTS IN COMPANIES

The Company holds equity in the following subsidiaries:

| Company                                                                                  | Seat                 | Business profile                                                                                                                             | Equity interest held |              |
|------------------------------------------------------------------------------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------|
|                                                                                          |                      |                                                                                                                                              | 31 Dec. 2011         | 31 Dec. 2010 |
| <b>Asseco SEE d.o.o., Beograd</b>                                                        | Serbia               | Creation of financial applications and provision of comprehensive IT systems for financial institutions                                      | 100%                 | 100%         |
| <b>Asseco SEE d.o.o., (Zagreb)</b> <sup>1)</sup>                                         | Croatia              | Provision of IT services for the banking and finance sector, insurance sector, and large companies                                           | 100%                 | 100%         |
| <b>Asseco SEE s.r.l., (Bucharest)</b>                                                    | Romania              | Integration services and IT solutions for the financial, industrial, and public administration sectors                                       | 100%                 | 100%         |
| <b>Asseco SEE Sh.p.k., (Pristina)</b>                                                    | Kosovo               | Integration of IT systems as well as development and implementation of proprietary software for the banking sector and public administration | 100%                 | 100%         |
| <b>Asseco SEE Teknoloji A.Ş., (Istanbul)</b> <sup>2)</sup>                               | Turkey               | Integration services and IT solutions for the financial, industrial, and public administration sectors                                       | 100%                 | 100%         |
| <b>EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş., (Istanbul)</b> <sup>2)</sup> | Turkey               | Virtual payment systems                                                                                                                      | n/a                  | 100%         |
| <b>Biro Data Servis d.o.o., (Zagreb)</b> <sup>1)</sup>                                   | Croatia              | Card payment solutions                                                                                                                       | n/a                  | 100%         |
| <b>Asseco SEE d.o.o., (Sarajevo)</b> <sup>3)</sup>                                       | Bosnia & Herzegovina | Card payment solutions                                                                                                                       | 50%                  | 50%          |
| <b>Asseco SEE o.o.d., Sofia</b>                                                          | Bulgaria             | Integration services and IT solutions for the financial, industrial, and public administration sectors                                       | 100%                 | 49%          |
| <b>Asseco SEE d.o.o., (Grosuplje)</b> <sup>4)</sup>                                      | Slovenia             | Card payment solutions                                                                                                                       | 50%                  | n/a          |
| <b>Altius Bulgaria EOOD, (Sofia)</b>                                                     | Bulgaria             | Card payment solutions                                                                                                                       | 100%                 | n/a          |
| <b>ITD Poland Sp. z o.o., (Warsaw)</b>                                                   | Poland               | Integration services and IT solutions for the financial, industrial, and public administration sectors                                       | 100%                 | 100%         |

<sup>1)</sup> On 3 January 2011, there was registered a merger of Asseco SEE d.o.o. (Zagreb) (the taking-over company) with Biro Data Servis d.o.o. (the acquired company);

<sup>2)</sup> On 6 June 2011, there was registered a merger of ITD A.Ş. (Istanbul) (the taking-over company) with EST A.Ş. (Istanbul) (the acquired company). On 18 July 2011, the company of ITD A.Ş. (Istanbul) was renamed as Asseco SEE Teknoloji A.Ş. (Istanbul);

<sup>3)</sup> On 15 April 2011, the company of Cardinfo BDS d.o.o. (Sarajevo) was renamed as Asseco SEE d.o.o. (Sarajevo);

<sup>4)</sup> On 28 October 2011, the company of Simt Cardinfo d.o.o. (Grosuplje) was renamed as Asseco SEE d.o.o. (Grosuplje).

As at 31 December 2011 and 31 December 2010, voting interests the Company was entitled to exercise in its subsidiary and jointly controlled companies were proportional to the Company's equity holdings in those entities.

The companies of Asseco SEE d.o.o. (Sarajevo) and Asseco SEE d.o.o. (Grosuplje) are treated as subsidiaries, because Asseco South Eastern Europe S.A. holds indirectly 100% of shares in those companies. The Company's direct shareholding in Asseco SEE d.o.o. (Sarajevo) is 50%; whereas, the remaining 50% of shares are held by ITD Poland Sp. z o.o. (Warsaw). Asseco South Eastern Europe S.A. holds directly 50% of shares in Asseco SEE d.o.o. (Grosuplje); whereas, the remaining 50% stake is held by Asseco SEE d.o.o., Beograd.

## **IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS**

### **1. Basis for preparation of financial statements**

The financial statements were prepared in accordance with the historical cost principle, except for derivative financial instruments and assets that are carried at fair value through profit or loss. The balance sheet value of recognized hedged assets and liabilities is adjusted by changes in their fair value which are attributable to the risk against which such assets and liabilities are hedged.

The presentation currency of these financial statements is zloty (PLN) and all figures are presented in thousands of zlotys (PLN '000), unless stated otherwise.

These financial statements were prepared on a going-concern basis, assuming the Company will continue its business activities in the foreseeable future, this is over a period not shorter than 12 months from the balance sheet date, i.e. 31 December 2011.

Till the date of approval of these financial statements, there were observed no circumstances indicating a threat to the Company's ability to continue as a going concern.

### **2. Compliance statement**

These financial statements were prepared in compliance with the International Financial Reporting Standards ("IFRS") and IFRS adopted by the European Union. As at the date of approving publication of these financial statements, given the ongoing process of implementing the IFRS standards in the EU as well as the nature of the Company's operations, within the scope of accounting principles applied by the Company there is no difference between the IFRS that came into force and the IFRS endorsed by the European Union.

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

### **3. Functional currency and reporting currency**

The functional currency applied by the Company as well as the reporting currency used in these financial statements is the Polish zloty (PLN).

### **4. Changes in estimates**

In the period of 12 months ended 31 December 2011, the Company's approach to making estimates was not subject to any substantial changes.

### **5. Professional judgement and uncertainty of estimates**

Preparing financial statements in accordance with IFRS requires making estimates and assumptions which impact the data disclosed in such financial statements. Despite the estimates and assumptions have been adopted based on the Company's management best knowledge about the current activities and occurrences, the actual results may differ from those anticipated.

Below are presented the main areas, which in the process of applying the accounting principles (policy) were subject to accounting estimates and the management's professional judgement, and whose estimates, if changed, could significantly affect the Company's future results.

### **Rates of depreciation and amortization**

The level of depreciation and amortization rates is determined on the basis of anticipated period of useful economic life of the components of tangible and intangible assets. The



Company verifies the adopted periods of useful life on an annual basis, taking into account the current estimates.

### **Deferred income tax assets**

The Parent Company did not recognize the entire balance of deferred income tax assets related to the prior years' losses. Deferred income tax assets were recognized in the amount of PLN 731 thousand, this is to the extent it is probable that future taxable income will enable writing such unutilized losses off. As at 31 December 2011, tax-deductible losses not accounted for in deferred income tax assets amounted to PLN 92,997 thousand. The utilization of those tax-deductible losses is possible till the end of 2015.

### **Impairment of financial assets**

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

## **6. Changes in the accounting principles applied**

The accounting principles (policy) adopted for drawing up this report are coherent with those applied for preparation of the annual financial statements for the year ended 31 December 2010, except for applying the following amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2011.

- Amendments to IAS 24 *Related Party Disclosures* (revised in November 2009) – effective for annual periods beginning on or after 1 January 2011. The amendments simplify the disclosure requirements and clarify the definition of a related party. The revised standard provides an exemption from the disclosure requirements in relation to related party transactions conducted with a government that has control, joint control or significant influence over the reporting entity, and with another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. Adoption of these amendments did not affect the Company's financial position or its financial performance, nor the scope of information presented in Company's financial statements.
- Amendments to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayment of a Minimum Funding Requirement* – effective for annual periods beginning on or after 1 January 2011. The amendment eradicates the unintended consequences of IFRIC 14 relating to voluntary retirement contributions, where minimum funding requirements exist. Adoption of these amendments affected neither the Company's financial position nor its financial performance.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – effective for annual periods beginning on or after 1 July 2010. IFRIC 19 clarifies the accounting principles to be applied when, as a result of the renegotiation of debt terms, a borrower issues equity instruments to a lender in order to extinguish a financial liability owed to the lender. Adoption of this interpretation affected neither the Company's financial position nor its financial performance.
- Amendments to IAS 32 *Financial Instruments: Presentation: Classification of Rights Issues*. The revision clarifies the approach to recognition of pre-emptive rights to financial instruments denominated in a currency other than the issuer's functional currency. Adoption of these amendments affected neither the Company's financial position nor its financial performance.
- Amendments resulting from the annual review of IFRSs (published in May 2010) – some amendments are effective for annual periods beginning on or after 1 July 2010 and some for annual periods beginning on or after 1 January 2011. Adoption of these amendments affected neither the Company's financial position nor its financial performance.
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Limited Exemption from Comparative IFRS 7 Disclosures for First-time*

*Adopters* – effective for annual periods beginning on or after 1 July 2010. Adoption of these amendments affected neither the Company's financial position nor its financial performance.

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

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

- The first phase of IFRS 9 *Financial Instruments: Classification and Measurement* – effective for annual periods beginning on or after 1 January 2015 – not adopted by the EU till the date of approval of these financial statements. In the following phases, the International Accounting Standards Board will deal with hedge accounting and impairment. Application of the first phase of IFRS 9 will affect the classification and measurement of the Company's financial assets. The Company is going to assess the impact of the first phase in conjunction with the consecutive phases when they are published, in order to ensure a coherent picture;
- Amendments to IFRS 7 *Financial Instruments: Disclosures: Transfers of Financial Assets* – effective for annual periods beginning on or after 1 July 2011;
- Amendments to IAS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets* – effective for annual periods beginning on or after 1 January 2012 – not adopted by the EU till the date of approval of these financial statements;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* – effective for annual periods beginning on or after 1 July 2011 – not adopted by the EU till the date of approval of these financial statements;
- IFRS 10 *Consolidated Financial Statements* – effective for annual periods beginning on or after 1 January 2013 – not adopted by the EU till the date of approval of these financial statements;
- IFRS 11 *Joint Arrangements* – effective for annual periods beginning on or after 1 January 2013 – not adopted by the EU till the date of approval of these financial statements;
- IFRS 12 *Disclosure of Interests in Other Entities* – effective for annual periods beginning on or after 1 January 2013 – not adopted by the EU till the date of approval of these financial statements;
- IFRS 13 *Fair Value Measurement* – effective for annual periods beginning on or after 1 January 2013 – not adopted by the EU till the date of approval of these financial statements;
- Amendments to IAS 19 *Employee Benefits* – effective for annual periods beginning on or after 1 January 2013 – not adopted by the EU till the date of approval of these financial statements;
- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Other Comprehensive Income* – effective for annual periods beginning on or after 1 July 2012 – not adopted by the EU till the date of approval of these financial statements;
- IFRS 20 *Stripping Costs in the Production Phase of a Surface Mine* – effective for annual periods beginning on or after 1 January 2013 – not adopted by the EU till the date of approval of these financial statements;
- Amendments to IFRS 7 *Financial Instruments: Disclosures: Offsetting of Financial Assets and Financial Liabilities* – effective for annual periods beginning on or after 1 July 2013 – not adopted by the EU till the date of approval of these financial statements;
- Amendments to IAS 32 *Financial Instruments: Presentation: Offsetting of Financial Assets and Financial Liabilities* – effective for annual periods beginning on or after 1 January 2014 – not adopted by the EU till the date of approval of these financial statements.

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

The Management Board conducts an analysis whether the introduction of the above-mentioned standards and interpretations will have a significant impact on the accounting principles (policy) applied by the Company.

## **8. Major accounting principles:**

### **i. Restatement of items expressed in foreign currencies**

Transactions denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rate published by the National Bank of Poland and in effect on the day preceding the transaction date.

As at the balance sheet date, assets and liabilities denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rates of such currencies as published by the National Bank of Poland and in effect on the last day of the period reported. Foreign currency differences resulting from such restatement are reported respectively as financial income (expenses) or they may be capitalized as assets in case it is provided for in the adopted accounting principles (policy). Non-cash assets and liabilities carried at historical cost expressed in a foreign currency are disclosed the historical exchange rate of the transaction date. Non-cash assets and liabilities carried at fair value expressed in a foreign currency are reported at the exchange rate from the date when fair value measurement was carried out.

The following exchange rates were applied for the purpose of valuation in the balance sheet:

| <b>Currency</b> | <b>As at<br/>31 Dec. 2011</b> | <b>As at<br/>31 Dec. 2010</b> |
|-----------------|-------------------------------|-------------------------------|
| USD             | 3.4174                        | 2.9641                        |
| EUR             | 4.1468                        | 3.9603                        |
| RON             | 1.0226                        | 0.9238                        |
| HRK             | 0.5861                        | 0.5365                        |
| RSD             | 0.0426                        | 0.0378                        |
| BGN             | 2.2583                        | 2.0249                        |
| MKD             | 0.0725                        | 0.0648                        |
| BAM             | 2.2325                        | 2.0596                        |
| TRY             | 1.7835                        | 1.9227                        |

Weighted average exchange rates for the specified reporting periods were as follows:

| <b>Currency</b> | <b>Year ended<br/>31 Dec. 2011</b> | <b>Year ended<br/>31 Dec. 2010</b> |
|-----------------|------------------------------------|------------------------------------|
| USD             | 2.9679                             | 3.0402                             |
| EUR             | 4.1401                             | 4.0044                             |
| RON             | 0.9773                             | 0.9502                             |
| HRK             | 0.5558                             | 0.5491                             |
| RSD             | 0.0406                             | 0.0387                             |
| BGN             | 2.1169                             | 2.0500                             |
| MKD             | 0.0675                             | 0.0651                             |
| BAM             | 2.1093                             | 2.0362                             |
| TRY             | 1.7567                             | 2.0177                             |

## **ii. Property, plant and equipment**

Property, plant and equipment are disclosed at the purchase cost/production cost decreased by accumulated depreciation and any impairment write-downs. The initial value of tangible assets corresponds to their purchase cost increased by expenses related directly to the purchase and adaptation of such assets to their intended use. Such expenses may also include the cost of spare parts to be replaced on machinery or equipment at the time when incurred, when the criteria for such recognition are met. Any costs incurred after a tangible asset is commissioned to use, such as maintenance or repair fees, are expensed in the profit and loss account at the time when 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 constitute a component of assets as well.

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

| <b>Type</b>                               | <b>Period of useful life</b> |
|-------------------------------------------|------------------------------|
| Buildings and structures                  | 40 years                     |
| Leasehold improvements                    | 5 years                      |
| Computers and telecommunication equipment | 1-5 years                    |
| Furniture                                 | 2-8 years                    |
| Office equipment                          | 5-10 years                   |
| Transportation vehicles                   | 4-6 years                    |
| Other tangible assets                     | 2-5 years                    |

The residual values, useful lives as well as the methods of depreciation of tangible assets are verified on an annual basis and, if necessary, corrected with effect as of the beginning of the financial year just ended.

Should there be any events or changes indicating that the book value of property, plant and equipment may not be recovered, such assets will be reviewed for their possible impairment. If there are any indications of a possible impairment and the book value exceeds the expected recoverable value, the value of such assets or cash-generating units shall be reduced to the recoverable amount. The recoverable value of property, plant and equipment is the greater of their fair value (decreased by any related selling expenses) and their value in use. In order to determine the value in use, estimated future cash flows shall be discounted to the present value by applying a pre-tax discount rate that reflects current market assessments of the value of money in time and the risks related to the asset. In case of an asset which does not generate cash independently, the recoverable value shall be determined for the cash-generating unit, to which such asset belongs.

Impairment write-downs are accounted for as operating expenses in the profit and loss account.

A tangible asset may be derecognized from the balance sheet after it is disposed or when no economic benefits are expected from its further use. Gain/loss on disposal of a tangible fixed asset shall be assessed by comparing the proceeds from such disposal against the present book value of such asset, and it shall be accounted for as an operating income/expense. Any gains or losses resulting from derecognition of an asset from the balance sheet (measured as the difference between net proceeds from disposal of such asset and its carrying amount) are recognized in the profit and loss account for the period when such derecognition is made.

Investments in progress relate to tangible assets under construction or during assembly and are recognized at purchase cost or production cost, decreased by any eventual impairment write-downs. Tangible assets under construction are not depreciated until their construction is completed and they are commissioned to use.

### **iii. Intangible assets**

Intangible assets purchased in a separate transaction or produced (if qualifying to be recognized as cost of research and development work) shall be initially recognized at their purchase cost or production cost. The purchase cost of intangible assets acquired under a business combination shall equal their fair value as at the merger date. After the initial recognition, intangible assets are accounted for at their purchase cost or production cost decreased by accumulated amortization and impairment charges. Expenditures for intangible assets produced in-house, except for the costs of development work, shall not be capitalized but expensed in the period when they are incurred.

The Company shall determine whether the period of useful life of an intangible asset is definite or indefinite. Intangible assets with a definite period of useful life are amortized over the expected useful life, and are subject to impairment testing each time there are indications of possible impairment. The periods and methods of amortization of intangible assets with a definite period of useful life are subject to verification at least at the end of each financial year. Any changes in the expected useful life, or the expected consumption of economic benefits derived from an intangible asset, are addressed by changing the relevant period or method of amortization, and are treated as changes in estimates. Amortization charges against intangible assets with a definite period of useful life are expensed in the profit and loss account, in the category which corresponds to the function of each individual intangible asset.

Intangible assets with an indefinite period of useful life, as well as those which are no longer used, are subject to impairment testing on an annual basis, with regard to individual assets or at the level of cash-generating unit.

The useful lives are verified on an annual basis and, if necessary, corrected with effect as of the beginning of the financial year just ended.

### *Research and development work*

R&D costs are expensed in the profit and loss account when they are incurred. However, the costs of development work performed under a given undertaking may be carried forward to future periods provided it is probable they will be recovered in the future. Subsequently to the initial recognition, development work is accounted for in accordance with the historical cost model which requires that assets are recognized at their purchase cost less any accumulated amortization and accumulated impairment charges. All the expenditures carried forward to future periods are subject to amortization over the estimated period in which the related undertaking generates sales revenues.

The costs of development work are reviewed concerning a possible impairment on an annual basis if the related asset has not been commissioned to use, or more frequently if during the reporting period there is an indication of impairment, as a result of which the book value may not be recovered.

Any gains or losses resulting from removal of intangible assets from the balance sheet (calculated as the difference between the net cash obtained from sales and the book value of such item) are recognized in the profit and loss account for the period when such derecognition is made.

### **iv. Borrowing costs**

The costs of external financing are capitalized as a part of the production cost of tangible assets, investment property, or intangible assets, as the case may be. The borrowing costs include any interest computed using the effective interest rate, financial charges under finance lease agreements, or foreign exchange differences that are incurred as a result of external financing up to the amount of interest expense adjustment.

### **v. Impairment of non-financial assets**

At every balance sheet date, the Company carries out a valuation of its assets concerning possible impairment. Should there be any indications of impairment, the Company estimates the recoverable amount. If the book value of a given asset exceeds its recoverable value, impairment charges are made reducing the book value to the level of recoverable value. The recoverable value is the higher of the following two values: fair value of an asset or cash-generating unit less selling expenses, or value in use determined for an asset if such asset generates cash flows significantly independent from cash flows generated by other assets or groups of assets or cash-generating units.

At each balance sheet date, the Company determines whether there are any indications for reversal or reduction of an impairment charge that was recognized on a given asset in the prior periods. If such indications exist, the Company needs to estimate the recoverable value of relevant asset. A formerly recognized impairment charge may be reversed only when, from the date of the last recognition of impairment, there occurred changes in the estimates applied for determination of the recoverable value of relevant asset. If this is the case, the balance sheet value of such asset shall be increased to its recoverable value. The increased amount cannot exceed the given asset's book value (net of depreciation) that would be carried in case no impairment charge was recognized on such asset in the prior years. A reversal of an impairment charge shall be immediately recognized as income in the profit and loss account. Following a reversal of an impairment write-down, the depreciation charges made on the relevant asset during subsequent financial periods shall be adjusted in such a way as to enable systematic depreciation of the asset's verified book value (net of residual value) over the remaining period of its useful life.



**vi. Shares in subsidiaries, associates, and joint ventures**

Subsidiary companies are companies where the Company holds more than a half of votes at the general meeting of shareholders or is able to manage the financial and operating policy of such undertakings in any other way. Assessment whether the Company controls other companies is made considering existence and influence of potential votes, which may be used at the general meeting of shareholders of those undertakings.

Associated companies are entities in which the Company holds between 20% and 50% of votes at the general meeting of shareholders and on which the Company exerts a significant influence, however, without the ability to control them. This means they are neither subsidiary companies nor joint ventures.

Investments in subsidiary, jointly controlled and associated companies are recognized by the Company at purchase cost. At every balance sheet date, the Company verifies its investments in related companies concerning possible indications of impairment. Furthermore, at the end of each financial year the Company estimates the recoverable value of its financial assets by analyzing and measuring the future cash flows to be generated by such assets.

Jointly controlled companies are entities which are neither subsidiary nor associated companies, in which the Company is entitled to exercise no more than 50% of votes at the general meeting, or is otherwise able to direct the financial and operating policy of such entities together with other shareholders.

**vii. Combination of businesses under common control**

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

This refers in particular to transactions such as a transfer of companies or ventures between individual companies within a capital group, or a merger of a parent company with its subsidiary.

The effects of combination of businesses under common control are accounted for by the Company as a uniting of interests.

In particular, as far as the Company's mergers with its subsidiaries are concerned, the applied approach assumes that:

- assets and liabilities of the combining business entities are measured at their carrying values as disclosed in the consolidated financial statements of the parent determined as at the date of obtaining control. This means that goodwill recognized initially in the consolidated financial statements as well as any other intangible assets recognized in the merger accounting process are transferred to the separate financial statements;
- merger-related transaction costs are expensed in the profit and loss account;
- mutual balances of accounts receivable/payable are eliminated;
- any difference between the purchase cost paid and the value of net assets acquired (at their carrying values disclosed in the consolidated financial statements) shall be recognized in equity of the acquirer (such amounts recognized in equity are not included in reserve capital, and therefore they are not distributable);
- the profit and loss account presents the financial results of both combined entities from the date when their merger was effected; whereas, the results for earlier reporting periods are not restated.

In the event of a business combination in which an investment in one subsidiary is contributed to another subsidiary or in which two subsidiaries of Asseco South Eastern Europe S.A. are combined, the carrying value of investment in the acquiree subsidiary is only transferred to the value of investment in the acquirer subsidiary. Hence, a take-over of one subsidiary by another subsidiary has no impact on the Company's financial results whatsoever.

Where under an acquisition of a subsidiary the acquirer recognizes a conditional payment, any changes in the fair value of such conditional consideration occurring after the acquisition date shall be recognized as financial income or expenses.

#### **viii. Financial instruments**

Financial instruments 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, and
- Financial liabilities

All the financial assets are initially recognized at the purchase cost equal to fair value of the effected payment, including the costs related to the purchase of a financial asset, except for financial instruments valued at fair value through profit or loss.

Financial assets held to maturity are investments with payments specified or which may be specified and with a fixed repayment date (maturity), which the Company intends to and may held to maturity. 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.

Financial instruments acquired in order to generate profits by taking advantage of short-term price fluctuations shall be classified as financial instruments carried at fair value through profit or loss. Financial instruments carried at fair value through profit or loss are measured at their market value as at the balance sheet date. Changes in these financial instruments are recognized as financial income or expenses. Financial assets carried at fair value through profit or loss shall be classified as current assets, provided the Management Board intends to dispose them within 12 months from the balance sheet date. This does not apply to currency forward contracts that need to be classified as short-term items irrespectively of their term of maturity.

Loans granted and receivables are carried at amortized cost. 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.

Any other financial assets constitute financial assets available for sale. Financial assets available for sale are carried at fair value, without deducting the transaction-related costs, taking into consideration their market value as at the balance sheet date. Should financial instruments not be quoted on an active market and should it be impossible to determine their fair value reliably with alternative methods, financial assets available for sale shall be valued at the 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, the positive and negative differences between the fair value and the purchase cost of such assets available for sale (after deducting any deferred tax liabilities) shall be disclosed in the asset revaluation reserve. A decrease in the value of assets available for sale, resulting from their impairment, shall be disclosed as a financial expense in the profit and loss account.



Purchases or disposals of financial assets are recognized in the accounting books at the transaction date. At the initial recognition they are valued at purchase cost, this is at fair value plus the transaction-related costs.

Financial liabilities other than financial instruments valued at fair value through profit or loss are measured at amortized cost using the effective interest rate.

A financial instrument shall be derecognized from the balance sheet if the Company no longer controls the rights arising from such instrument; this usually takes place when the instrument is sold or when an independent third party is entitled to all cash flows generated by the instrument.

#### **ix. Derivative financial instruments and hedges**

In order to hedge against the risk of changes in foreign currency exchange rates and in interest rates, the Company utilizes currency forward contracts and interest rate swaps. 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.

Gains and losses on changes in fair value of derivatives, which do not qualify for hedge accounting, are recognized directly in profit or loss for the financial year.

Fair value of currency forward contracts is determined on the basis of the forward exchange rates available currently for contracts with similar maturity. Fair value of interest rate swap contracts is determined by reference to the market value of similar instruments.

Hedge accounting includes the following types of hedges:

- fair value hedges against the exposure to changes in fair value of a recognized asset or liability, or
- cash flow hedges against the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or with a forecast transaction, or
- hedges of net investments in foreign operations.

#### *Cash flow hedges*

Asseco South Eastern Europe S.A. has implemented hedge accounting of future cash flows so that the financial statements fully reflected the economic content of the Group's business activities as well as its acquisitions policy. The hedging instrument is cash deposited at the euro bank accounts which is intended to act as a hedge of the liabilities arising from company acquisitions.

At the inception of the hedge, the Company formally designates and documents the hedging relationship as well as its risk management objective and strategy for undertaking the hedge. That documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk. The effectiveness of the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or with a highly probable forecast transaction, which could affect profit or loss. The portion of gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized directly in equity; whereas, the ineffective portion of gain or loss on the hedging instrument shall be recognized in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized directly in other comprehensive income and accumulated in equity shall be reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the Company removes the associated gains and losses that were recognized directly in equity, and includes them in the purchase cost or other carrying amount of the asset or liability.

Gains and losses on changes in fair value of derivatives, which do not qualify for hedge accounting, are recognized directly in profit or loss for the current financial reporting period.

Hedge accounting is discontinued by the Company if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. In this case, the cumulative gain or loss on the hedging instrument that was recognized in other comprehensive income and accumulated in equity shall remain separately recognized in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognized directly in equity shall be recognized in profit or loss for the current financial period.

#### **x. Impairment of financial assets**

At each balance sheet date, the Company determines if 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 been incurred yet) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of such assets shall be reduced either directly or by establishing an impairment write-down. The amount of the loss shall be recognized in the profit and loss account.

The Company 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 Company 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 assessed for impairment individually, and for which an impairment loss is or continues to be recognized, are not included in the collective assessment of impairment of a group of assets.

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 shall be reversed. Such reversal of the impairment write-down shall be 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 when 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 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, shall be removed from equity and recognized in the profit and loss account. Reversals of impairment losses on equity instruments classified as available for sale cannot be recognized in the profit and loss account. 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 such impairment loss shall be reversed in the profit and loss account.

***xi. Inventories***

Inventories are valued at the lower of the following two values: purchase cost/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. The Company uses the method of precise identification for valuation of outgoing inventories.

The Company is obliged to perform an aging analysis of its inventories at each balance sheet date, separately for the main groups (materials, goods for resale, and finished products). Such analysis provides the rationale for making revaluation write-downs on tangible current assets subject to the following rules:

- 100% write-down on inventories stored longer than 2 years,
- 50% write-down on inventories stored between 1 and 2 years.

## **xii. Deferred expenses**

Deferred expenses comprise expenses incurred before the balance sheet date that relate to future periods.

In particular, deferred expenses may include the following items:

- rents paid in advance,
- insurances,
- subscriptions,
- prepaid third-party services which shall be provided in future periods,
- any other expenses incurred in the current period, but related to future periods.

Deferred income (unearned revenues) relate mainly to prepayments received for provision of maintenance services in future periods. The Company applies deferred expenses or deferred income accounts if such income or expenses relate to future reporting periods.

## **xiii. Trade accounts receivable and other receivables**

Trade accounts receivable, usually with payment terms ranging from 14 and 90 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for uncollectible receivables. For receivables past-due over 180 days a 50% write-down shall be recognized; whereas, receivables past-due over 365 days shall be written down by 100%. An allowance for doubtful accounts shall be determined also when it is no longer probable that the entire amount receivable will be collected, irrespective of the past-due period. Doubtful accounts shall be expensed in the profit and loss account at the time when they are deemed uncollectible.

Where the effect of the value of money in time is material, the amount of accounts receivable shall be measured 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. Should the discounting method be used, any increase in receivables over time shall be booked as financial income.

## **xiv. Cash and cash equivalents, restricted cash**

Cash and cash equivalents presented in the balance sheet consist of cash kept in banks and on hand by the Company, short-term cash deposits with a maturity not exceeding 3 months, and other highly liquid instruments.

The balance of cash and cash equivalents disclosed in the consolidated statement of cash flows consists of the above-defined cash and cash equivalents. For the purposes of the statement of cash flows, the Company decided not to present bank overdraft facilities (used as an element of financing) and restricted cash in the balance of cash and cash equivalents. Restricted cash is presented in a separate position of the balance sheet.

## **xv. Interest-bearing bank loans and borrowings**

All bank loans, borrowings and debt securities are initially recognized at their purchase cost, being the fair value of cash received net of any costs associated with obtaining a credit or loan, or with issuing a debt security.

Subsequently to such initial recognition, bank loans, borrowings and debt securities are measured at amortized purchase cost using the effective interest rate. Determination of the amortized purchase cost shall take 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 shall be disclosed in the profit and loss account during the term of the liability involved. Any gains or losses shall be recognized in the profit and loss account after the liability has been removed from the balance sheet. All expenses relating to bank loans, borrowings or debt securities issued, shall be recognized in the profit and loss account for the period they relate to.

**xvi. Trade accounts payable**

Trade accounts payable 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. Other liabilities to a significant extent also relate to operating activities yet, in contrast to trade accounts payable, they were not invoiced.

Where the effect of the value of money in time is material, the amount of accounts payable shall be measured 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. Where discounting method is used, the increase in liabilities due to the passage of time is recognized as a financial expense.

**xvii. Provisions**

A provision should be recognized when the Company 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 Company 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 provision shall be disclosed in the profit and loss account, net of the amount of any reimbursements.

The Company 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 therefrom.

Where the effect of the value of money in time is material, the amount of a provision shall be 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 discounting method is used, the increase in a provision due to the passage of time is recognized as borrowing costs.

**xviii. Revenues**

Revenues shall be recognized in the amount reflecting probable economic benefits associated with the transaction to be obtained by the Company and when the amount of revenue can be reliably measured. Revenues are recognized at fair value of the received or receivable payment, decreased by the amounts of value added tax, excise tax, or discounts. While recognizing sales revenues the below mentioned criteria are also taken into account.

*Sales of goods for resale, products and services*

Revenues shall be recognized if the significant risks and benefits resulting from ownership of products, goods for resale and services have been transferred to the buyer and when the amount of revenue can be measured reliably. Sales of computer software licenses are recognized systematically during the term of relevant contracts.

### *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.

### *Dividends*

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

## **xix. Taxes**

### *Current income tax*

Liabilities and receivables by virtue of current income tax, for the current and prior periods, are measured at the amounts of expected payments to the tax authorities (or repayments from the tax authorities), applying the tax rates and tax regulations legally or factually in force at the balance sheet date.

### *Deferred income tax*

For the purpose of financial reporting, deferred income tax is calculated applying the balance sheet liability method to all temporary differences that exist, at the balance sheet date, between the tax base of an asset or liability and its carrying amount disclosed in the balance sheet. Deferred income tax provisions are established in relation to all positive temporary differences – except for situations when a deferred tax provision arises from initial recognition of goodwill or initial recognition of an asset or liability on a transaction other than combination of businesses, which at the time of its conclusion has no influence on pre-tax profit, taxable income or tax loss, as well as in relation to positive temporary differences arising from investments in subsidiary or associated companies or from interests in joint ventures – except for situations when the investor is able to control the timing of reversal of such temporary differences and when it is probable that such temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognized in relation to all negative temporary differences, as well as unutilized tax losses carried forward to subsequent years, in such amount that it is probable that future taxable income will be sufficient to allow the above-mentioned temporary differences, assets or losses to be utilized – except for situations when deferred tax assets arise from initial recognition of an asset or liability on a transaction other than combination of businesses, which at the time of its conclusion has no influence on pre-tax profit, taxable income or tax loss; as well as in relation to negative temporary differences arising from investments in subsidiary or associated companies or from interests in joint ventures, in which cases deferred tax assets are recognized in the balance sheet in such amount only that it is probable that the above-mentioned temporary differences will be reversed in the foreseeable future and that sufficient taxable income will be available to offset such negative temporary differences.

The book value of an individual deferred tax asset shall be verified at every balance sheet date and shall be adequately decreased or increased in order to reflect any changes in the estimates of achieving taxable profit sufficient to utilize such deferred tax asset partially or entirely.

Deferred tax assets and deferred tax provisions shall be valued using the future tax rates anticipated to be applicable at the time when a deferred tax asset is realized or a deferred tax provision is reversed, the basis for which shall be the tax rates (and tax regulations) legally or factually in force at the balance sheet date.

#### *Value added tax*

Revenues, expenses and assets shall be disclosed in the amounts excluding value added tax unless:

- value added tax paid at the purchase of merchandise or services is not recoverable from tax authorities; in such event the value added tax paid shall be recognized as a part of the purchase cost of an asset or as an expense, and
- receivables and liabilities are presented including value added tax.

Net amount of value added tax which is recoverable from or payable to tax authorities shall be included in the balance sheet as a part of receivables or liabilities.

#### **xx. Earnings per share**

Basic earnings per share for each reporting period shall be calculated by dividing the net profit for the reporting period by the weighted average number of shares outstanding in the given reporting period. Diluted earnings per share for each reporting period shall be calculated by dividing the net profit for the reporting period by the sum of the weighted average number of shares outstanding in the given reporting period and all potential shares of new issues.

#### **9. Information on operating segments**

The Company decided to take advantage of the exemption by presenting the operating segment information in the consolidated financial statements only.



## **V. NOTES TO THE FINANCIAL STATEMENTS**

### **1. Dividend income**

|                                           | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Dividends received from related companies | <b>21,227</b>                                    | <b>20,200</b>                                    |

### **2. Revenues from sales of services**

|                                 | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|---------------------------------|--------------------------------------------------|--------------------------------------------------|
| Revenues from sales of services | <b>3,391</b>                                     | <b>3,318</b>                                     |

From the financial year 2010, Asseco South Eastern Europe S.A. begins to invoice the consulting services it provides to subsidiary companies of the Asseco South Eastern Europe Group. Bearing in mind the holding nature of the Company's business, revenues from sales of such services are presented under main operating activities.

### **3. Breakdown of operating costs**

|                                            | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|--------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Materials and energy used (-)              | (74)                                             | (70)                                             |
| Third-party work (-)                       | (1,735)                                          | (1,103)                                          |
| Salaries (-)                               | (1,969)                                          | (2,501)                                          |
| Employee benefits (-)                      | (227)                                            | (243)                                            |
| Depreciation and amortization (-)          | (69)                                             | (25)                                             |
| Taxes and charges (-)                      | (77)                                             | (215)                                            |
| Business trips (-)                         | (234)                                            | (267)                                            |
| Other (-)                                  | (33)                                             | (128)                                            |
|                                            | <b>(4,418)</b>                                   | <b>(4,552)</b>                                   |
| <b>Cost of sales:</b>                      | <b>(3,391)</b>                                   | <b>(3,318)</b>                                   |
| <i>production cost (-)</i>                 | (3,391)                                          | (3,318)                                          |
| <b>General administrative expenses (-)</b> | <b>(1,027)</b>                                   | <b>(1,234)</b>                                   |



#### 4. Other operating income and expenses

| <b>Other operating income</b>                            | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|----------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Revenues from sales of third-party software and services | 752                                              | 1,138                                            |
| Other                                                    | 10                                               | 29                                               |
|                                                          | <b>762</b>                                       | <b>1,167</b>                                     |

In 2011, other operating income in the amount of PLN 762 thousand was achieved on sales of third-party software and services in favour of Bank Pekao S.A. (PLN 267 thousand vs. PLN 1,138 thousand in 2010), Asseco Poland S.A. (PLN 367 thousand), royalties for providing assistance in gaining a client (PLN 77 thousand for ITD Sp. z o.o.), training services (PLN 41 thousand), and sale of the corporate warehouse to the Group's companies (PLN 10 thousand). As the Company is primarily engaged in holding operations, the above-mentioned income was disclosed under other operations in these separate financial statements.

| <b>Other operating expenses</b>                           | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|-----------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Cost of purchase of third-party software and services (-) | (679)                                            | (898)                                            |
| Selling expenses of third-party software and services (-) | (81)                                             | -                                                |
| Deferred income tax provision related to IPO expenses (-) | -                                                | (53)                                             |
| Other (-)                                                 | (200)                                            | (33)                                             |
|                                                           | <b>(960)</b>                                     | <b>(984)</b>                                     |

In 2011, other operating expenses of PLN 760 thousand were incurred in order to generate revenues from sales of third-party software and services to Bank Pekao S.A. and Asseco Poland S.A. Whereas, the amount of PLN 200 thousand represents the incurred costs of IT audits.

In 2010, other operating expenses in the amount of PLN 898 thousand were incurred in order to generate revenues from sales of third-party software and services to Bank Pekao S.A.

In connection with the ongoing court proceedings concerning the classification of costs related to the public issuance of shares as tax deductible, there was established a provision covering PLN 53 thousand of such costs incurred in 2010.

#### 5. Financial income and expenses

| <b>Financial income</b>                    | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|--------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Interest on bank deposits                  | 246                                              | 335                                              |
| Gain on foreign exchange differences       | 638                                              | 543                                              |
| Reversal of revaluation write-downs        | -                                                | 352                                              |
| Changes in estimates of liabilities        | 3,890                                            | -                                                |
| Gain on valuation of investment fund units | 171                                              | -                                                |
|                                            | <b>4,945</b>                                     | <b>1,230</b>                                     |

In the 1st quarter of 2011, we signed a memorandum of understanding, amending the terms of the original company acquisition agreement, with the objective to reduce the amount of net profit of EST A.Ş. (Istanbul) for 2011 as applied in the calculation of the acquisition price. In effect the next instalment payable for shares acquired in that company was also reduced. As a result of signing the above-mentioned memorandum of understanding, in 2011 the Group recognized a financial income of PLN 3,385 thousand following a decrease in the estimated remaining payment for the acquisition of shares in EST A.Ş. (Istanbul). Furthermore, the Company recognized a financial income of PLN 505 thousand following a downward revision in the estimated amount of the second instalment payable for shares in Asseco SEE o.o.d. (Sofia).

As at 31 December 2010, the Company reversed a revaluation write-down on receivables in the amount of PLN 352 thousand, which was originally recognized by virtue of tax payable on the dividend from Asseco SEE s.r.l. (Bucharest) knowing the money was transferred in January 2011.

| <b>Financial expenses</b>                                          | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|--------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Interest expense on bank loans, borrowings and debt securities (-) | (459)                                            | (73)                                             |
| Discounting of settlements (-)                                     | (149)                                            | (230)                                            |
| Loss on disposal of investments in subsidiary companies (-)        | (884)                                            | (10)                                             |
| Impairment write-down on investments in subsidiary companies (-)   | (6,033)                                          | -                                                |
| Valuation of forward contracts (-)                                 | (472)                                            | -                                                |
| Loss on exercise of forward contracts                              | (177)                                            | -                                                |
|                                                                    | <b>(8,174)</b>                                   | <b>(313)</b>                                     |

In the 1st half of 2011, the Company recognized an impairment write-down of PLN 6,033 thousand on its investment in subsidiary Asseco SEE Sh.p.k. (Pristina). The disclosed loss on disposal of investments in subsidiaries in the amount of PLN 884 thousand corresponds to the loss recognized on the sale of a 23.1% stake in EST A.Ş., (Istanbul) to ITD A.Ş., (Istanbul) in March 2011.

## **6. Corporate income tax**

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

|                                                                       | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|-----------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Current corporate income tax and prior years adjustments              | -                                                | -                                                |
| Deferred portion of income tax                                        | 294                                              | 136                                              |
| <i>related to origination or reversal of temporary differences</i>    | 294                                              | 136                                              |
| Other charges in the profit and loss account                          | (203)                                            | -                                                |
| <i>Income tax payable on dividends</i>                                | (203)                                            | -                                                |
| <b>Income tax expense as disclosed in the profit and loss account</b> | <b>91</b>                                        | <b>136</b>                                       |

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

|                                                                                                    | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| <b>Pre-tax profit</b>                                                                              | <b>16,773</b>                                    | <b>20,066</b>                                    |
| Statutory corporate income tax rate                                                                | 19%                                              | 19%                                              |
| <b>Corporate income tax computed at the statutory tax rate</b>                                     | <b>(3,187)</b>                                   | <b>(3,813)</b>                                   |
| <b>Non-tax-deductible expenses, of which:</b>                                                      | <b>(1,316)</b>                                   | <b>(97)</b>                                      |
| Not capitalized costs of acquisition of financial fixed assets                                     | (95)                                             | (39)                                             |
| Impairment write-down on investment in Asseco SEE Sh.p.k. Pristina                                 | (1,146)                                          | -                                                |
| Costs of maintenance and support of software and tokens                                            | (5)                                              | (55)                                             |
| Unpaid business trip allowances                                                                    | -                                                | (3)                                              |
| Foreign exchange differences recognized in equity in 2010                                          | (48)                                             | -                                                |
| Other                                                                                              | (22)                                             | -                                                |
| <b>Tax-deductible expenses not recognized in the balance sheet, of which:</b>                      | <b>134</b>                                       | <b>106</b>                                       |
| IPO expenses incurred                                                                              | -                                                | 53                                               |
| Foreign exchange differences eliminated from the profit and loss account, recognized in equity     | -                                                | 48                                               |
| Costs of maintenance and support of software and tokens                                            | -                                                | 5                                                |
| Expenses covered by provisions                                                                     | 132                                              | -                                                |
| Cost of shares sold                                                                                | 2                                                | -                                                |
| <b>Non-taxable income, of which</b>                                                                | <b>908</b>                                       | <b>110</b>                                       |
| Reversal of revaluation write-downs on receivables                                                 | -                                                | 67                                               |
| Income from maintenance and support of software                                                    | 7                                                | 43                                               |
| Dividends receivable, but not received                                                             | -                                                | -                                                |
| Foreign exchange differences on purchases of shares                                                | 150                                              | -                                                |
| Reversal of liabilities                                                                            | 751                                              | -                                                |
| <b>Taxable income not recognized in the balance sheet, of which:</b>                               | <b>-</b>                                         | <b>(84)</b>                                      |
| Prior year dividends received                                                                      | -                                                | (59)                                             |
| Foreign exchange differences on dividends received and settlements of withholding tax on dividends | -                                                | (16)                                             |
| Revenues from sales of tokens accounted for over time                                              | -                                                | (7)                                              |
| Foreign exchange differences eliminated from the profit and loss account, recognized in equity     | -                                                | (2)                                              |
| <b>Tax exempt income, of which:</b>                                                                | <b>2,366</b>                                     | <b>2,646</b>                                     |
| Dividends received                                                                                 | 2,366                                            | 2,646                                            |
| <b>Tax allowance, of which:</b>                                                                    | <b>1,017</b>                                     | <b>1,268</b>                                     |
| Taxes on income of companies paying out dividends                                                  | 1,017                                            | 1,268                                            |
| <b>Utilization of tax-deductible losses</b>                                                        | <b>169</b>                                       | <b>-</b>                                         |
| <b>Corporate income tax at the effective tax rate of 0.5% in 2011 and 0.7% in 2010</b>             | <b>91</b>                                        | <b>136</b>                                       |

|                                                                                        | BALANCE SHEET |              | PROFIT AND LOSS ACCOUNT<br>for the year ended |              |
|----------------------------------------------------------------------------------------|---------------|--------------|-----------------------------------------------|--------------|
|                                                                                        | 31 Dec. 2011  | 31 Dec. 2010 | 31 Dec. 2011                                  | 31 Dec. 2010 |
|                                                                                        | (audited)     | (audited)    | (audited)                                     | (audited)    |
| <b>Deferred income tax provision</b>                                                   |               |              |                                               |              |
| Valuation of short-term investments                                                    | (33)          | -            | (33)                                          | -            |
| Gain on foreign exchange differences                                                   | -             | -            | -                                             | -            |
| <b>Deferred income tax provision, gross</b>                                            | <b>(33)</b>   | <b>-</b>     |                                               |              |
| <b>Deferred income tax assets</b>                                                      |               |              |                                               |              |
| Losses deductible against future taxable income                                        | 432           | 261          | 171                                           | (15)         |
| Provision for IPO expenses                                                             | -             | -            | -                                             | (128)        |
| Provision for the audit of financial statements                                        | 18            | 18           | -                                             | (7)          |
| Provision for salaries and wages                                                       | 146           | 112          | 34                                            | 112          |
| Valuation of financial assets and liabilities at fair value                            | 162           | 44           | 118                                           | 44           |
| Other                                                                                  | 6             | 2            | 4                                             | 2            |
| <b>Deferred income tax assets, gross</b>                                               | <b>764</b>    | <b>437</b>   |                                               | <b>-</b>     |
| Write-down due to impossibility to realize a deferred income tax asset                 | -             | -            | -                                             | 128          |
| <b>Deferred income tax assets, net</b>                                                 | <b>764</b>    | <b>437</b>   |                                               |              |
| Deferred income tax assets (+)/Deferred income tax provision (-), net                  | 731           | 437          |                                               |              |
| <b>Change in deferred income tax in the period reported, of which:</b>                 |               |              | <b>294</b>                                    | <b>136</b>   |
| <i>change in deferred income tax recognized directly in other comprehensive income</i> |               |              | -                                             | -            |
| <i>change in deferred income tax recognized in profit or loss</i>                      |               |              | 294                                           | 136          |

As at 31 December 2011, tax-deductible losses not accounted for in deferred income tax assets amounted to PLN 92,997 thousand. In 2011, the Company obtained an individual interpretation concerning the tax settlement of the changes in the Group's organizational structure which took place in 2010. Obtaining such interpretation enabled the disclosure of tax losses in 2011. The utilization of those tax-deductible losses is possible till the end of 2015. The Parent Company did not recognize the entire balance of deferred income tax assets related to the prior years' losses. Deferred income tax assets were recognized in the amount of PLN 731 thousand, this is to the extent it is probable that future taxable income will enable writing such unutilized losses off.

## 7. Earnings per share

|                                                               | Year ended<br>31 Dec. 2011<br>(audited) | Year ended<br>31 Dec. 2010<br>(audited) |
|---------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Net profit for the period reported per share (in PLN):</b> |                                         |                                         |
| Basic earnings per share                                      | 0.33                                    | 0.40                                    |
| Diluted earnings per share                                    | 0.33                                    | 0.40                                    |

Basic earnings per share are computed by dividing net profit for the reporting period by the weighted average number of ordinary shares outstanding during that reporting period.

Diluted earnings per share are computed by dividing net profit for the reporting period by the adjusted (due to diluting impact of potential shares) weighted average number of ordinary shares outstanding during that reporting 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 and diluted earnings per share:

|                                                                                                                    | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| <b>Net profit for the period reported</b>                                                                          | <b>16,864</b>                                    | <b>20,202</b>                                    |
| Weighted average number of ordinary shares outstanding,<br>used for calculation of basic earnings per share        | 51,454,314                                       | 49,973,547                                       |
| Dilution factors                                                                                                   | -                                                | -                                                |
| <b>Adjusted weighted average number of ordinary shares,<br/>used for calculation of diluted earnings per share</b> | <b>51,454,314</b>                                | <b>49,973,547</b>                                |

Both in the period reported and in the prior year's corresponding period, there occurred no events that would result in a dilution of earnings per share.

## **8. Dividend payments made and proposed**

The Ordinary General Meeting of Shareholders of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 §2 item 2) of the Polish Commercial Companies Code as well as pursuant to §12 sect. 4 item 3) of the Company's Articles of Association, by its resolution of 29 April 2011, decided that the net profit for the year 2010 in the amount of PLN 20,201,917.08 shall be distributed as follows:

- a) PLN 1,616,154 shall be allocated to reserve capital pursuant to art. 396 §1 of the PCCC;
- b) PLN 13,257,954.32 shall be distributed among the Company's shareholders as a dividend of PLN 0.26 per share.

The remaining portion of the net profit for 2010 was allocated to prior years' retained earnings.

The Ordinary General Meeting of Shareholders of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 348 §3 of the PCCC as well as pursuant to §12 sec. 4 item 2) of the Company's Articles of Association, determined 1 July 2011 as the dividend right date and 15 July 2011 as the dividend payment date.

## 9. Property, plant and equipment

| <b>For the year ended 31 December 2011<br/>(audited)</b>                  | <b>Computers<br/>and other<br/>office<br/>equipment</b> | <b>Transportation<br/>vehicles</b> | <b>Other<br/>tangible<br/>assets</b> | <b>Total</b> |
|---------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------|--------------------------------------|--------------|
| <b>As at 1 January 2011, less depreciation and impairment write-downs</b> | <b>15</b>                                               | <b>242</b>                         | <b>7</b>                             | <b>264</b>   |
| Additions, of which:                                                      | <b>27</b>                                               | <b>-</b>                           | <b>-</b>                             | <b>27</b>    |
| Purchases                                                                 | 27                                                      | -                                  | -                                    | 27           |
| Reductions, of which:                                                     | <b>(13)</b>                                             | <b>(52)</b>                        | <b>(2)</b>                           | <b>(67)</b>  |
| Depreciation charge for the period reported (-)                           | (13)                                                    | (52)                               | (2)                                  | (67)         |
| <b>As at 31 December 2011, less depreciation</b>                          | <b>29</b>                                               | <b>190</b>                         | <b>5</b>                             | <b>224</b>   |
| As at 1 January 2011                                                      |                                                         |                                    |                                      |              |
| Gross book value                                                          | 19                                                      | 262                                | 8                                    | <b>289</b>   |
| Depreciation and impairment write-downs (-)                               | (4)                                                     | (20)                               | (1)                                  | <b>(25)</b>  |
| <b>Net book value as at 1 January 2011</b>                                | <b>15</b>                                               | <b>242</b>                         | <b>7</b>                             | <b>264</b>   |
| As at 31 December 2011                                                    |                                                         |                                    |                                      |              |
| Gross book value                                                          | 46                                                      | 262                                | 8                                    | <b>316</b>   |
| Depreciation and impairment write-downs (-)                               | (17)                                                    | (72)                               | (3)                                  | <b>(92)</b>  |
| <b>Net book value as at 31 December 2011</b>                              | <b>29</b>                                               | <b>190</b>                         | <b>5</b>                             | <b>224</b>   |

As at 31 December 2011, property, plant and equipment did not serve as security for any bank loans taken out.

| <b>For the year ended 31 December 2010<br/>(audited)</b>                  | <b>Computers<br/>and other<br/>office<br/>equipment</b> | <b>Transportation<br/>vehicles</b> | <b>Other<br/>tangible<br/>assets</b> | <b>Total</b> |
|---------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------|--------------------------------------|--------------|
| <b>As at 1 January 2010, less depreciation and impairment write-downs</b> | <b>-</b>                                                | <b>-</b>                           | <b>-</b>                             | <b>-</b>     |
| Additions, of which:                                                      | <b>19</b>                                               | <b>262</b>                         | <b>8</b>                             | <b>289</b>   |
| Purchases                                                                 | 19                                                      | 262                                | 8                                    | 289          |
| Reductions, of which:                                                     | <b>(4)</b>                                              | <b>(20)</b>                        | <b>(1)</b>                           | <b>(25)</b>  |
| Depreciation charge for the period reported (-)                           | (4)                                                     | (20)                               | (1)                                  | (25)         |
| <b>As at 31 December 2010, less depreciation</b>                          | <b>15</b>                                               | <b>242</b>                         | <b>7</b>                             | <b>264</b>   |
| As at 1 January 2010                                                      |                                                         |                                    |                                      |              |
| Gross book value                                                          | -                                                       | -                                  | -                                    | -            |
| Depreciation and impairment write-downs (-)                               | -                                                       | -                                  | -                                    | -            |
| <b>Net book value as at 1 January 2010</b>                                | <b>-</b>                                                | <b>-</b>                           | <b>-</b>                             | <b>-</b>     |
| As at 31 December 2010                                                    |                                                         |                                    |                                      |              |
| Gross book value                                                          | 19                                                      | 262                                | 8                                    | <b>289</b>   |
| Depreciation and impairment write-downs (-)                               | (4)                                                     | (20)                               | (1)                                  | <b>(25)</b>  |
| <b>Net book value as at 31 December 2010</b>                              | <b>15</b>                                               | <b>242</b>                         | <b>7</b>                             | <b>264</b>   |

As at 31 December 2010, property, plant and equipment did not serve as security for any bank loans taken out.

## 10. Intangible assets

| <b>For the year ended 31 December 2011<br/>(audited)</b>                      | <b>CRM software</b> | <b>Other<br/>intangible<br/>assets</b> | <b>Total</b> |
|-------------------------------------------------------------------------------|---------------------|----------------------------------------|--------------|
| <b>As at 1 January 2011, less amortization and<br/>impairment write-downs</b> | <b>132</b>          | <b>-</b>                               | <b>132</b>   |
| Additions, of which:                                                          | <b>221</b>          | <b>3</b>                               | <b>224</b>   |
| Purchases                                                                     | 221                 | 3                                      | 224          |
| Reductions, of which:                                                         | <b>-</b>            | <b>(3)</b>                             | <b>(3)</b>   |
| Amortization charge for the period reported (-)                               | -                   | (3)                                    | (3)          |
| <b>As at 31 December 2011, less amortization</b>                              | <b>353</b>          | <b>-</b>                               | <b>353</b>   |
| As at 1 January 2011                                                          |                     |                                        |              |
| Gross book value                                                              | 132                 | -                                      | 132          |
| Amortization and impairment write-downs (-)                                   | -                   | -                                      | -            |
| <b>Net book value as at 1 January 2011</b>                                    | <b>132</b>          | <b>-</b>                               | <b>132</b>   |
| As at 31 December 2011                                                        |                     |                                        |              |
| Gross book value                                                              | 353                 | 3                                      | 356          |
| Amortization and impairment write-downs (-)                                   | -                   | (3)                                    | (3)          |
| <b>Net book value as at 31 December 2011</b>                                  | <b>353</b>          | <b>-</b>                               | <b>353</b>   |

As at 31 December 2011, intangible assets did not serve as security for any bank loans taken out.

Whereas, as at 31 December 2010, intangible assets with the book value of PLN 132 thousand corresponded to CRM software expenditures and they did not serve as security for any bank loans taken out.

During both the financial years 2011 and 2010, the Company did not make any impairment write-downs on its intangible assets.

## 11. Investments in subsidiary companies

|                                                                                   | 31 Dec. 2011   | 31 Dec. 2010   |
|-----------------------------------------------------------------------------------|----------------|----------------|
|                                                                                   | (audited)      | (audited)      |
| Asseco SEE s.r.l., (Bucharest) <sup>1)</sup>                                      | 147,485        | 147,485        |
| Asseco SEE d.o.o., Beograd <sup>2)</sup>                                          | 80,297         | 80,297         |
| Asseco SEE d.o.o., (Zagreb) <sup>3)</sup>                                         | 110,680        | 93,438         |
| Asseco SEE Sh.p.k., (Pristina) <sup>4)</sup>                                      | 38,328         | 44,361         |
| Biro Data Servis d.o.o., (Zagreb) <sup>3)</sup>                                   | -              | 17,242         |
| Asseco SEE d.o.o., (Sarajevo) <sup>5)</sup>                                       | 4,631          | 4,631          |
| Asseco SEE Teknoloji A.Ş., (Istanbul) <sup>6)</sup>                               | 55,810         | 33,965         |
| EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş., (Istanbul) <sup>6)</sup> | -              | 28,267         |
| Asseco SEE o.o.d., Sofia <sup>7)</sup>                                            | 2,499          | 1,951          |
| Altius Bulgaria EOOD, (Sofia)                                                     | 1,766          | -              |
| ITD Poland Sp. z o.o.                                                             | 124,962        | 124,962        |
| Asseco SEE d.o.o., (Grosuplje) <sup>8)</sup>                                      | 1,327          | -              |
|                                                                                   | <b>567,785</b> | <b>576,599</b> |

- 1) On 15 October 2009, the subsidiary Net Consulting s.r.l. changed its corporate name into Asseco South Eastern Europe s.r.l., which was subsequently replaced by Asseco SEE s.r.l. (Bucharest) on 29 December 2009. The merger between the companies of Asseco SEE s.r.l. (Bucharest) (the taking-over company) and Fiba Software s.r.l. (the acquired company) was recognized as at 31 December 2010. On 1 June 2010, there was registered a merger of Asseco SEE s.r.l. (Bucharest) (the taking-over company) with Probass S.A. (the acquired company);
- 2) On 23 November 2009, the subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o., Beograd. On 4 January 2010, there was registered a merger of Asseco SEE d.o.o., Beograd (the taking-over company) with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company);
- 3) On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o. (Zagreb). On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. (Zagreb) (the taking-over company) with Arbor Informatika d.o.o. (the acquired company). On 3 January 2011, there was registered a merger of Asseco SEE d.o.o. (Zagreb) (the taking-over company) with Biro Data Servis d.o.o. (the acquired company);
- 4) On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (Pristina);
- 5) On 15 April 2011, the company of Cardinfo BDS d.o.o. (Sarajevo) was renamed as Asseco SEE d.o.o. (Sarajevo);
- 6) On 6 June 2011, there was registered a merger of ITD A.Ş. (Istanbul) (the taking-over company) with EST A.Ş. (Istanbul) (the acquired company). On 18 July 2011, the company of ITD A.Ş. (Istanbul) was renamed as Asseco SEE Teknoloji A.Ş. (Istanbul);
- 7) On 12 October 2010, the subsidiary Pexim Solutions o.o.d. was renamed as Asseco SEE o.o.d., Sofia;
- 8) On 13 July 2011, there was signed an agreement for the acquisition of a 50% stake in SIMT Cardinfo d.o.o. (Grosuplje). The transaction was finalized on 10 October 2011. On 28 October 2011, the company of Simt Cardinfo d.o.o. (Grosuplje) was renamed as Asseco SEE d.o.o. (Grosuplje).

### Asseco SEE s.r.l., (Bucharest)

On 26 April 2007, Asseco Romania S.A. concluded agreements for the acquisition of 70% of shares in two Romanian IT companies: Fiba Software s.r.l. and Net Consulting s.r.l.

Fiba Software s.r.l. was the largest Romanian provider specialized in IT solutions for the banking sector. The company's technological partners were such world leaders as Oracle, HP, Microsoft, and Fujitsu-Siemens. The company had a broad portfolio of proprietary solutions dedicated to the banking industry, including the transaction and credit management systems, CRM systems, payment card transaction system, and many others. Among the clients of Fiba Software s.r.l. were: the Central Bank of Romania, BRD Societe Generale, Raiffeisen Bank, ABN Amro, Citibank, HVB Bank, just to mention a few.



Net Consulting s.r.l. used to offer integration services and IT solutions for the financial, industrial, and public administration sectors. The company had four main lines of business operations: Infrastructure Microsoft related projects, Business continuity, Business automation, Software development. The clients of Net Consulting s.r.l. included: in the industrial sector – Lafarge; in the banking sector – ING bank, Banc Post, Porsche Group; in the public administration sector – Ministry of Finance, Ministry of Health, Central Statistical Office, and many others.

As a result of acquisition of shares in Asseco Romania S.A. by Asseco South Eastern Europe S.A. in January 2008 and the subsequent merger of those companies executed on 8 May 2008, Asseco South Eastern Europe S.A. obtained control over the companies of Fiba Software s.r.l. and Net Consulting s.r.l.

*Agreements for conversion of non-controlling interests in Fiba Software s.r.l. and Net Consulting s.r.l. into shares of Asseco South Eastern Europe S.A.*

On 12 May 2009, Asseco South Eastern Europe S.A. signed a set of agreements with non-controlling shareholders of companies incorporated within its Capital Group. The agreements provided for conversion of 15% of shares held by non-controlling shareholders in Fiba Software s.r.l. and 26.4% of shares held by non-controlling shareholders in Net Consulting s.r.l.

On 12 May 2009, Asseco Poland S.A. acquired the remaining stakes in Fiba Software s.r.l. and Net Consulting s.r.l. from their non-controlling shareholders. The subject of the acquisition agreements were the following equity interests:

- Fiba Software s.r.l. 15%
- Net Consulting s.r.l. 3.6%

Subsequently, under the share conversion agreement concluded between Asseco Poland S.A. and Asseco South Eastern Europe S.A. on 12 May 2009, Asseco Poland exchanged its shares in the companies of Fiba Software s.r.l. and Net Consulting s.r.l. for shares in Asseco South Eastern Europe S.A.

Following these transactions Asseco South Eastern Europe S.A. has become the owner of 100% of shares in both the Romanian companies.

On 15 October 2009, the subsidiary Net Consulting s.r.l. changed its corporate name into Asseco South Eastern Europe s.r.l., which was subsequently replaced by Asseco SEE s.r.l. (Bucharest) on 29 December 2009.

The merger of subsidiary Asseco SEE s.r.l. (the taking-over company, former Net Consulting s.r.l.) with Fiba Software s.r.l. (the acquired company) was recognized as at 31 December 2010.

On 1 June 2010, there was registered a merger of Asseco SEE s.r.l. (Bucharest) (the taking-over company) with Probass S.A. (the acquired company). On 11 December 2009, Asseco South Eastern Europe S.A. signed an agreement for the acquisition of 100% of shares in Probass S.A.

During the period of 12 months ended 31 December 2011, the value of investment in Asseco SEE s.r.l., (Bucharest) remained unchanged.

#### **Asseco SEE d.o.o., Beograd**

On 18 December 2007, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of a 60% stake in Pexim d.o.o. Asseco South Eastern Europe S.A. started to consolidate Pexim d.o.o. as of 31 December 2007, because already at that time it was able to manage the financial and operational policy of that company in order to obtain economic benefits from its operations. In the period of 12 months ended 31 December 2010, Asseco South Eastern Europe S.A. acquired a 40% non-controlling interest under the conversion of shares held by non-controlling shareholders into shares of Asseco South Eastern Europe S.A. ("swap transactions"). Following that transaction Asseco South Eastern Europe S.A.

has become the owner of 100% of shares in that company. On 23 November 2009, the subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o., Beograd. On 4 January 2010, there was registered a merger of Asseco SEE d.o.o., Beograd (the taking-over company) with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company).

*Division of Asseco SEE d.o.o., Beograd and establishing of IPSA BHM Investments d.o.o.*

On 22 November 2010, IPSA BHM Investments d.o.o. Beograd was established as a result of the separation of a portion of assets of Asseco SEE d.o.o. Beograd, which at the date of separation was a wholly-owned subsidiary of Asseco South Eastern Europe S.A.

The separated assets of Asseco SEE d.o.o. Beograd that were transferred to the newly established IPSA comprised shareholdings in the following companies:

- 100% of shares in Pexim Solutions d.o.o. seated in Banja Luka, Bosnia and Herzegovina;
- 100% of shares in IBIS a.d. seated in Banja Luka, Bosnia and Herzegovina;
- 50% of shares in Cardinfo BDS d.o.o seated in Sarajevo, Bosnia and Herzegovina;
- 100% of shares in Asseco SEE d.o.o. seated in Skopje, Macedonia.

The market value of the separated assets was estimated to equal PLN 124,380 thousand. Following such separation of assets, the value of investment in Asseco SEE d.o.o., Beograd was reduced by the amount corresponding to the estimated market value of assets transferred to IPSA BHM Investments d.o.o., Beograd (this is from PLN 204,677 thousand as at 31 December 2010 to PLN 80,297 thousand as at 31 December 2011).

The company of IPSA BHM Investments d.o.o., Beograd was liquidated on 31 October 2011. Whereas, all of its shareholdings in the above-mentioned companies were transferred to ITD Poland Sp. z o.o.

**Asseco SEE d.o.o., (Zagreb)**

On 20 December 2007, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of a 60% stake in Logos d.o.o. based in Croatia and a 70% stake in Arbor Informatika d.o.o. These companies conducted business activities in the sectors of banking, financial services, insurance, telecommunication, and public administration. The control over Arbor Informatika was obtained on 22 January 2008; whereas, Logos d.o.o. has been controlled as of 8 April 2008.

In the period of 12 months ended 31 December 2010, Asseco South Eastern Europe S.A. acquired 40% of shares in Logos d.o.o. as well as 30% of shares in Arbor Informatika d.o.o., in each case under the conversion of shares held by non-controlling shareholders into shares of Asseco South Eastern Europe S.A. ("swap transactions"). Following these transactions Asseco South Eastern Europe S.A. has become the owner of 100% of shares in both the said companies.

On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o. (Zagreb). On 4 January 2010, there was also registered a merger of Asseco SEE d.o.o. (Zagreb) (the taking-over company) with Arbor Informatika d.o.o. (the acquired company).

In accordance with the merger agreement signed on 1 December 2010, the process of merger of Asseco SEE d.o.o. (Zagreb) (the taking-over company) and Biro Data Servis d.o.o. (Zagreb) (the acquired company) was finalized on 1 January 2011. The merger was registered by the District Court in Zagreb on 3 January 2011. Following the merger, the carrying value of investment in Biro Data Servis d.o.o. (amounting to PLN 17,247 thousand as at 31 December 2010) was contributed to the value of investment in Asseco SEE d.o.o. (Zagreb) (PLN 93,438 thousand as at 31 December 2010). The aggregate value of investment in those combined companies amounted to PLN 110,680 thousand as at 31 December 2011.

### **Asseco SEE Sh.p.k., (Pristina)**

The agreement for the acquisition of 100% of shares in Asseco SEE Sh.p.k (Pristina) was signed on 5 November 2009. The purchase cost of 60% of shares was split into two portions: the first instalment amounted to EUR 5.4 million; whereas, the second instalment depended on the amount of net profit achieved by Asseco SEE Sh.p.k. for 2009. The remaining 40% of shares were acquired under a 'swap transaction', in exchange for 1,078,909 shares in Asseco South Eastern Europe S.A. Asseco South Eastern Europe S.A. gained control over the company of Asseco SEE Sh.p.k. as of 1 July 2009. On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. Asseco SEE Sh.p.k. is engaged in the integration of IT systems as well as in development and implementation of proprietary software for banks and public institutions.

Whereas, in 2010 the value of investment in Asseco SEE Sh.p.k. changed following the final settlement of the company acquisition transaction that was made in 2010. Pursuant to the acquisition agreement that was signed during 2009, a part of the purchase price paid for Asseco SEE Sh.p.k. (the second instalment) corresponded to that company's financial results for the whole year 2009. At the time of accounting for the transaction, Asseco South Eastern Europe S.A. recognized the maximum amount of the second instalment in the value of investment and accordingly the related liability. The transaction was finally settled taking into account the audited consolidated financial statements of Asseco SEE Sh.p.k. for 2009 and, as a result of such settlement, the value of investment was reduced by PLN 388 thousand.

The carrying value of our investment in Asseco SEE Sh.p.k. was lower as at 31 December 2011 than as at 31 December 2010 as a result of establishing an impairment write-down of PLN 6,033 thousand in the 1st half of 2011.

### **Biro Data Servis d.o.o., (Zagreb)**

On 13 September 2010, Asseco South Eastern Europe S.A. concluded an agreement under which it acquired a 100% stake in Biro Data Servis d.o.o. (BDS d.o.o.) seated in Zagreb.

The shares in Biro Data Servis d.o.o., Zagreb were purchased from a natural person. 60% of shares were acquired for EUR 2,880 thousand paid in cash (recognized as an investment value amounting to PLN 11,977 thousand). The remaining 40% of shares were acquired in exchange for 474,353 newly issued shares of Asseco South Eastern Europe S.A. (recognized as cost of investment at the issue value of PLN 5,265 thousand). Hence, the total cost of investment in Biro Data Servis d.o.o., Zagreb amounted to PLN 17,242 thousand.

The cash payment for shares in BDS d.o.o. was financed with own funds of Asseco South Eastern Europe S.A.

In connection with the above-mentioned acquisition of companies Biro Data Servis d.o.o., Zagreb and Cardinfo BDS d.o.o., Sarajevo, Asseco South Eastern Europe S.A. issued in total 592,941 shares of series R.

In accordance with the merger agreement signed on 1 December 2010, the process of merger of two companies being under common control of Asseco South Eastern Europe S.A., namely Asseco SEE d.o.o. (Zagreb) (the taking-over company) and Biro Data Servis d.o.o. (Zagreb) (the acquired company) was finalized on 1 January 2011. The merger was registered by the District Court in Zagreb on 3 January 2011. Following the merger, the carrying value of investment in Biro Data Servis d.o.o. (amounting to PLN 17,247 thousand as at 31 December 2010) was added to the value of investment in Asseco SEE d.o.o. (Zagreb).

### **Asseco SEE d.o.o. (Sarajevo) (former Cardinfo BDS d.o.o. (Sarajevo))**

On 13 September 2010, Asseco South Eastern Europe S.A. concluded an agreement under which it acquired a 50% stake in Cardinfo BDS d.o.o. seated in Sarajevo. 50% of shares in Cardinfo BDS d.o.o. had been already held by ITD Poland Sp. z o.o. and therefore, following the above-mentioned transaction, Asseco South Eastern Europe S.A. obtained control over Cardinfo BDS d.o.o. as it holds, directly and indirectly, 100% of shares in that company.

The shares in Cardinfo BDS d.o.o., Sarajevo were purchased from a natural person. 30% of shares were acquired for EUR 805 thousand paid in cash (recognized as an investment value amounting to PLN 3,315 thousand). The remaining 20% of shares were acquired in exchange for 118,588 newly issued shares of Asseco South Eastern Europe S.A. (recognized as cost of investment at the issue value of PLN 1,316 thousand). Hence, the total cost of investment in Cardinfo BDS d.o.o., Sarajevo amounted to PLN 4,631 thousand.

The cash payment for shares in Cardinfo BDS d.o.o. was financed with own funds of Asseco South Eastern Europe S.A.

In connection with the above-mentioned acquisitions of companies Biro Data Servis d.o.o., Zagreb and Cardinfo BDS d.o.o. (Sarajevo), Asseco South Eastern Europe S.A. issued in total 592,941 shares of series R.

On 15 April 2011, the company of Cardinfo BDS d.o.o. (Sarajevo) was renamed as Asseco SEE d.o.o. (Sarajevo).

### **Asseco SEE Teknoloji A.Ş. (Istanbul) (former ITD A.Ş. (Istanbul)) and EST A.Ş. (Istanbul)**

On 30 July 2010, Asseco South Eastern Europe S.A. concluded agreements under which it acquired 99.6620% shares in ITD A.Ş. as well as 99.9970% shares in EST A.Ş., both seated in Istanbul.

70.6191% of shares in ITD A.Ş. were acquired for the total of EUR 6.1 million paid in cash (recognized as an investment value amounting to PLN 25,138 thousand). The remaining 29.0429% of shares in ITD A.Ş. were acquired in exchange for 837,472 newly issued shares of Asseco South Eastern Europe S.A. (recognized as cost of investment at the issue value of PLN 8,827 thousand).

99.997% of shares in EST A.Ş. were acquired for the total of EUR 2.5 million paid in cash (recognized as an investment value amounting to PLN 9,730 thousand). Furthermore, in the Shares Purchase Agreement, Asseco South Eastern Europe S.A. committed itself to make additional payments to EST A.Ş. shareholders, either in the form of cash and/or issuance of ASEE shares, provided that EST A.Ş. achieves the specified levels of net profit for the years 2010 and 2011 (recognized as cost of investment in the amount of PLN 18,537 thousand). The cash payments for the acquisition of shares ITD A.Ş. and EST A.Ş. were financed with own funds of Asseco South Eastern Europe S.A.

In March 2011, Asseco South Eastern Europe S.A. purchased 165 shares from a shareholder in ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. (Istanbul), increasing this investment by PLN 108 thousand.

In March 2011, Asseco South Eastern Europe S.A. signed an agreement to sell a 23.1% stake in its subsidiary EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. (Istanbul), decreasing this investment by PLN 6,530 thousand.

On 6 June 2011, there was registered a merger of ITD A.Ş. (Istanbul) (the taking-over company) with EST A.Ş. (Istanbul) (the acquired company). On 18 July 2011, the company of ITD A.Ş. (Istanbul) was renamed as Asseco SEE Teknoloji A.Ş. (Istanbul).

### **Asseco SEE o.o.d., Sofia**

On 23 September 2010, Asseco South Eastern Europe S.A. signed an agreement whereby it acquired a 49% stake in Pexim Solutions o.o.d., in which 51% of shares had been already held by Asseco SEE DOOEL, Skopje (a wholly-owned indirect subsidiary of ITD Poland Sp. z o.o.). Following that transaction Asseco South Eastern Europe S.A. has become the owner of 100% of shares (held directly and indirectly) in that Bulgarian company. The total recognized cost of investment equalled PLN 1,951 thousand. This company is engaged in maintenance of ATM networks as well as in the provision of other services within the payment cards segment.

On 12 October 2010, Pexim Solutions o.o.d. was renamed as Asseco SEE o.o.d., Sofia.

On 1 December 2011, Asseco South Eastern Europe S.A. purchased a 51% stake in Asseco SEE o.o.d., Sofia from Asseco SEE DOOEL, Skopje. As a result of this transaction Asseco South Eastern Europe S.A. holds directly 100% of shares in Asseco SEE o.o.d., Sofia.

### **ITD Poland Sp. z o.o.**

On 2 November 2010, the companies of ITD A.Ş. (Istanbul) and Asseco South Eastern Europe S.A. signed an agreement to sell / buy 771 shares in ITD Poland Sp. z o.o. (a subsidiary of ITD A.Ş. (Istanbul)) whose share capital amounts to PLN 1,272,256 and is divided into 772 shares with a par value of PLN 1,648 each. The transaction value amounted to TRY 290 thousand (Turkish liras). Also 2 November 2010 there was signed an agreement to buy 1 additional share in ITD Poland Sp. z o.o. The transaction value amounted to TRY 375.65 (Turkish liras). The selling party was Coşkun Ural, whereas the buyer was Asseco South Eastern Europe S.A. As a result Asseco South Eastern Europe S.A. has become a direct owner of 100% of shares in ITD Poland Sp. z.o.o.

The total cost of investment was TRY 290 thousand, corresponding to PLN 582 thousand.

*Increase of the share capital of ITD Poland Sp. z o.o. and acquisition of the new shares issuance by Asseco South Eastern Europe S.A. in exchange for the non-cash contribution of shares in IPSA BHM Investments d.o.o.*

On 9 December 2010, the District Court for the Capital City of Warsaw issued a decision on registration of a new amount of the share capital of ITD Poland Sp. z o.o. seated in Warsaw that reached PLN 125,651,760.00. The share capital of ITD Poland Sp. z o.o. was increased on 29 November 2010 based on the Resolution on increase of the share capital and amendment of the Articles of Association ("Resolution") that was passed by the Extraordinary General Meeting of ITD Poland Sp. z o.o. or, as a matter of fact, by Asseco South Eastern Europe S.A. being its sole shareholder.

Pursuant to the Resolution, the share capital of ITD Poland Sp. z o.o. was increased by the amount of PLN 124,379,504.00 through the issuance of 75,473 new shares with a par value of PLN 1,648.00 each (the "Shares").

All the Shares were acquired by Asseco South Eastern Europe S.A. following its Statement to acquire Shares dated 29 November 2010 (the "Statement").

All the newly issued Shares were paid by Asseco South Eastern Europe S.A. with a non-cash contribution (the "Contribution") in the form of 1 share representing 100% of the share capital of IPSA BHM Investments d.o.o., a company organized under the laws of Serbia and seated in Belgrade, with a par value of RSD 6,205,310.15 (equivalent to EUR 58,079.59 as translated at the applicable mid exchange rate published by the National Bank of Serbia, effective on 16 November 2010), with a book value of PLN 124,379,504.00.

Because all the newly issued shares were acquired by Asseco South Eastern Europe S.A., this transaction resulted in an increase of the value of investment in ITD Poland Sp. z o.o. by PLN 124,380 thousand, to the total amount of PLN 124,962 thousand.

The company of IPSA BHM Investments d.o.o., Beograd was liquidated on 31 October 2011. Hence, all of its shareholdings in the following subsidiaries: Asseco SEE DOOEL



(Skopje), Asseco SEE d.o.o. (Sarajevo), and Asseco SEE d.o.o. (Banja Luka) were transferred to ITD Poland Sp. z o.o.

#### **Asseco SEE d.o.o. (Grosuplje) (former Simt Cardinfo d.o.o. (Grosuplje))**

On 13 July 2011, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of 50% of shares in the company SIMT Cardinfo d.o.o. seated in Grosuplje, Slovenia, for the price of EUR 300 thousand. The agreement became effective upon the fulfilment of a condition precedent, i.e. approval of the above-mentioned transaction by the competent court of Slovenia. The court's consent became final and binding on 10 October 2011. Following this transaction, Asseco South Eastern Europe S.A. became an indirect owner of 100% of shares in SIMT Cardinfo d.o.o. (Grosuplje) as 50% of shares in that company had been already held by our subsidiary Asseco SEE d.o.o., Beograd.

On 28 October 2011, the company of Simt Cardinfo d.o.o. (Grosuplje) was renamed as Asseco SEE d.o.o. (Grosuplje).

#### **Altius Bulgaria EOOD, (Sofia)**

On 19 October 2011, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of 100% of shares in the company Altius Bulgaria EOOD with the seat in Sofia. The first instalment paid for the acquired shares was EUR 319 thousand; whereas, the amount of the second instalment shall depend upon financial results to be achieved by this newly acquired subsidiary. The total transaction value shall not exceed EUR 524 thousand. The Bulgarian company is engaged in the sale of POS terminals and provision of related services.

#### **Impairment testing of investments**

At each balance sheet date, the Company determines if there are any objective indications of impairment of its investments in subsidiaries. In view of the level of financial results achieved by the following subsidiaries: Asseco SEE d.o.o. (Zagreb), Asseco SEE d.o.o., Beograd and Asseco SEE Teknoloji A.Ş. (Istanbul), the Company considered that there occurred indications to carry out impairment tests on those investments.

The recoverable value of investments in the above-mentioned subsidiaries as at 31 December 2011 was determined on the basis of their value in use, applying the forecasts of free cash flow to firm (FCFF) based on the financial budgets approved by management personnel. The residual value was determined assuming no growth of the achieved margins after the forecast period. The discount rate applied to determine the present value of expected future cash flows was equivalent to the estimated weighted average cost of capital for each of the companies of Asseco SEE d.o.o. (Zagreb), Asseco SEE d.o.o., Beograd and Asseco SEE Teknoloji A.Ş. (Istanbul). Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, expected market yield, the beta coefficient that was leveraged to reflect the market debt-equity structure. The conducted impairment tests did not indicate a necessity to recognize any impairment charges on investments in the companies of Asseco SEE d.o.o. (Zagreb), Asseco SEE d.o.o., Beograd and Asseco SEE Teknoloji A.Ş. (Istanbul).

No indications of impairment were observed in respect of our investments in other subsidiaries.

The Company's Management Board also considered the low market capitalization of the Parent Company. Based on the additional analyses that were carried out, including the above described impairment tests on our investments in Asseco SEE d.o.o. (Zagreb), Asseco SEE d.o.o., Beograd and Asseco SEE Teknoloji A.Ş. (Istanbul), as well as impairment tests on goodwill disclosed in the consolidated financial statements, the low market capitalization of the Parent Company has not been deemed as a factor resulting in an impairment of assets.

## 12. Short-term receivables

|                                                    | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|----------------------------------------------------|---------------------|---------------------|
| <b>Trade accounts receivable</b>                   | <b>(audited)</b>    | <b>(audited)</b>    |
| Trade accounts receivable, of which:               | 255                 | 512                 |
| From related companies                             | 255                 | 512                 |
| from other companies                               | -                   | -                   |
| Revaluation write-down on doubtful receivables (-) | -                   | -                   |
|                                                    | <b>255</b>          | <b>512</b>          |

The amount of receivables from related companies, as presented herein, corresponds to consulting services sold to subsidiaries of the Asseco South Eastern Europe Group.

Trade accounts receivable are not interest-bearing.

Both as at 31 December 2011 and 31 December 2010, no category of receivables served as security for any bank loans and borrowings.

As at 31 December 2011, outstanding receivables under transactions conducted with Asseco Poland S.A. amounted to PLN 14 thousand; whereas, no such receivables were reported as at 31 December 2010.

Below is presented the aging analysis of trade accounts receivable as at 31 December 2011 and 31 December 2010.

|                     | <b>Total</b> | <b>Not due yet</b> | <b>&lt; 30 days</b> | <b>Past-due</b><br><b>30 – 90 days</b> | <b>90 – 180 days</b> | <b>&gt;180 days</b> |
|---------------------|--------------|--------------------|---------------------|----------------------------------------|----------------------|---------------------|
| <b>31 Dec. 2011</b> | 255          | 227                | -                   | 7                                      | 21                   | -                   |

|                     | <b>Total</b> | <b>Not due yet</b> | <b>&lt; 30 days</b> | <b>Past-due</b><br><b>30 – 90 days</b> | <b>90 – 180 days</b> | <b>&gt;180 days</b> |
|---------------------|--------------|--------------------|---------------------|----------------------------------------|----------------------|---------------------|
| <b>31 Dec. 2010</b> | 512          | 381                | 131                 | -                                      | -                    | -                   |

|                                                                                            | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|--------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Receivables on taxes, import tariffs, social security and other regulatory payments</b> | <b>(audited)</b>    | <b>(audited)</b>    |
| Excess of corporate income tax paid                                                        | 48                  | -                   |
| Excess of dividend income tax paid                                                         | 84                  | -                   |
| Value added tax                                                                            | 62                  | 99                  |
|                                                                                            | <b>194</b>          | <b>99</b>           |

| <b>Other receivables</b>                        | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|-------------------------------------------------|---------------------|---------------------|
|                                                 | <b>(audited)</b>    | <b>(audited)</b>    |
| Receivables from disposal of shares in EST A.Ş. | 2,278               | -                   |
| Other receivables                               | 95                  | 352                 |
|                                                 | <b>2,373</b>        | <b>352</b>          |

As at 31 December 2011, other receivables represent the Company's receivables of PLN 2,278 thousand from the disposal of shares in EST A.Ş.; whereas, the long-term portion of receivable consideration, amounting to PLN 578 thousand, is disclosed in non-current assets.

As at 31 December 2010, other receivables correspond to the amount of withholding income tax retained improperly by Asseco SEE s.r.l. (Bucharest) on their dividend payment made in 2009. The above-mentioned receivables were paid to the Company's bank account on 16 March 2011.

### **13. Cash and cash equivalents and restricted cash**

|                          | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|--------------------------|---------------------|---------------------|
|                          | <b>(audited)</b>    | <b>(audited)</b>    |
| Cash at bank and in hand | <b>4,950</b>        | <b>13,647</b>       |
| Restricted cash          | -                   | -                   |

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

### **14. Short-term financial assets**

Short-term financial assets include participation units in open-end investment funds, namely *Copernicus* and *Union Investments*, which have been classified as financial assets carried at fair value through profit or loss. As at 31 December 2011, the said fund participation units were worth PLN 10,171 thousand.



## 15. Share capital

| Share capital              |        |                     | 31 Dec. 2011<br>(audited) |                 | 31 Dec. 2010<br>(audited) |                 |
|----------------------------|--------|---------------------|---------------------------|-----------------|---------------------------|-----------------|
| Shares                     | Series | Par value per share | Number of shares          | Value of shares | Number of shares          | Value of shares |
| Ordinary registered shares | A*     | 0.1                 | 5,000,000                 | 500             | 5,000,000                 | 500             |
| Ordinary registered shares | B*     | 0.1                 | 5,000,000                 | 500             | 5,000,000                 | 500             |
| Ordinary registered shares | C*     | 0.1                 | 2,567,000,900             | 256,700         | 2,567,000,900             | 256,700         |
| Ordinary registered shares | D      | 10                  | 25,770,009                | 257,700         | 25,770,009                | 257,700         |
| Ordinary registered shares | E      | 10                  | 956,447                   | 9,565           | 956,447                   | 9,565           |
| Ordinary registered shares | F      | 10                  | 1,475,509                 | 14,755          | 1,475,509                 | 14,755          |
| Ordinary registered shares | G      | 10                  | 2,708,378                 | 27,084          | 2,708,378                 | 27,084          |
| Ordinary registered shares | H      | 10                  | 1,062,030                 | 10,620          | 1,062,030                 | 10,620          |
| Ordinary registered shares | I      | 10                  | 1,770,609                 | 17,706          | 1,770,609                 | 17,706          |
| Ordinary registered shares | J      | 10                  | 1,714,209                 | 17,142          | 1,714,209                 | 17,142          |
| Ordinary registered shares | K      | 10                  | 4,590,470                 | 45,905          | 4,590,470                 | 45,905          |
| Ordinary registered shares | L      | 10                  | 2,100,000                 | 21,000          | 2,100,000                 | 21,000          |
| Ordinary registered shares | M      | 10                  | 4,810,880                 | 48,109          | 4,810,880                 | 48,109          |
| Ordinary registered shares | N      | 10                  | 1,078,909                 | 10,789          | 1,078,909                 | 10,789          |
| Ordinary registered shares | P      | 10                  | 1,524,269                 | 15,242          | 1,524,269                 | 15,242          |
| Ordinary registered shares | R      | 10                  | 592,941                   | 5,929           | 592,941                   | 5,929           |
| Ordinary registered shares | S      | 10                  | 837,472                   | 8,375           | 837,472                   | 8,375           |
| Ordinary registered shares | T      | 10                  | 902,119                   | 9,021           |                           |                 |
|                            |        |                     | <b>51,894,251</b>         | <b>518,942</b>  | <b>50,992,132</b>         | <b>509,921</b>  |

\* Following a reverse stock split of series D shares

In the period reported, the Company's share capital was raised by the amount of PLN 9,021 thousand through the issuance of 902,119 series T shares that was registered by the District Court in Rzeszów on 28 June 2011.

According to the best knowledge of the Management Board of Asseco South Eastern Europe S.A., the shareholders who as at 31 December 2011, either directly or through their subsidiaries, held at least a 5% voting interest at the General Meeting of Shareholders were as follows:

| <b>Name of shareholder</b> | <b>Number of shares held and votes at GMS</b> | <b>Equity interest and voting interest at GMS</b> |
|----------------------------|-----------------------------------------------|---------------------------------------------------|
| Asseco Poland S.A.         | 26,494,676                                    | 51.06%                                            |
| EBRD                       | 4,810,880                                     | 9.27%                                             |
| Liatris d.o.o.             | 3,838,683                                     | 7.40%                                             |
| Other shareholders         | 16,750,012                                    | 32.27%                                            |
|                            | <b>51,894,251</b>                             | <b>100.00%</b>                                    |

As at 31 December 2011 the share capital of Asseco South Eastern Europe S.A. amounted to PLN 518,942,510 and it was divided into 51,894,251 ordinary shares with a par value of PLN 10.00 each, which entitled to 51,894,251 votes at the Company's General Meeting of Shareholders.

During the period of 12 months ended 31 December 2011, Asseco Poland S.A. decreased its equity interest as well as its voting interest at the General Meeting of Shareholders of Asseco South Eastern Europe S.A. from 51.96% to 51.06%.

According to the best knowledge of the Management Board of Asseco South Eastern Europe S.A., the shareholders who as at 31 December 2010, either directly or through their subsidiaries, held at least a 5% voting interest at the General Meeting of Shareholders were as follows:

| <b>Name of shareholder</b> | <b>Number of shares held and votes at GMS</b> | <b>Equity interest and voting interest at GMS</b> |
|----------------------------|-----------------------------------------------|---------------------------------------------------|
| Asseco Poland S.A.         | 26,494,676                                    | 51.96%                                            |
| EBRD                       | 4,810,880                                     | 9.43%                                             |
| Liatris d.o.o.             | 3,838,683                                     | 7.53%                                             |
| Other shareholders         | 15,847,893                                    | 31.08%                                            |
|                            | <b>50,992,132</b>                             | <b>100.00%</b>                                    |

As at 31 December 2010 the share capital of Asseco South Eastern Europe S.A. amounted to PLN 509,921,320 and it was divided into 50,992,132 ordinary shares with a par value of PLN 10.00 each, which entitled to 50,992,132 votes at the Company's General Meeting of Shareholders.

## **16. Share premium and revaluation capital**

Shareholders' equity includes share premium in the amount of PLN 30,395 thousand arising from the issuances of shares of series L, M and N, which was decreased by the incurred share issuance costs of PLN 3,605 thousand (recognized in 2009) as well as share premium in the amount of PLN 11,759 thousand arising from the issuance of shares of series P, R and S, which was decreased by the incurred share issuance costs of

PLN 84 thousand (recognized in 2010). The share premium was additionally increased by the amount of PLN 396 thousand due to the reversal of a provision for issuance related expenses, and decreased by other costs of PLN 36 thousand.

During the period of 12 months ended 31 December 2011, the Company reversed the valuation of cash held at a bank account denominated in EUR (designated as a hedging instrument) that was previously recognized in revaluation capital in the amount of PLN 241 thousand. Because the amount of cash held at that bank account was insignificant, as at 31 December 2011 this hedge was no longer effective.

During the 12 month period ended 31 December 2010, the Company recognized in other comprehensive income the amount of PLN 828 thousand arising from valuation of a hedging instrument, and transferred the amount of PLN 13 thousand from equity to the value of investment in Asseco SEE o.o.d., Sofia.

### **17. Retained earnings and restrictions on dividend payments**

As at 31 December 2011, prior years' retained earnings and current net profit totalled at PLN 25,196 thousand and comprised: current year's net profit amounting to PLN 16,864 thousand; undistributed portion of net profit for 2010 amounting to PLN 5,328 thousand; allocations from 2009 and 2010 net profits to the Company's reserve capital amounting to PLN 3,046 thousand, made in accordance with resolutions of the General Meeting of Shareholders of Asseco South Eastern Europe S.A.; as well as other components charged against equity in 2009 amounting to PLN 42 thousand.

### **18. Interest-bearing bank loans and borrowings**

Both as at 31 December 2011 and 31 December 2010, the Company had no liabilities by virtue of interest-bearing bank loans and issuance of debt securities.

On 30 December 2009, Asseco South Eastern Europe S.A. signed with the European Bank for Reconstruction and Development an agreement for an investment loan facility in the maximum amount of EUR 7 million. The loan interest rate equals 3M EURIBOR + margin. The repayment deadline specified in the agreement is 31 January 2016. As at 31 December 2011 and 31 December 2010, the Company had no liabilities under this loan.

As the Company did not draw any amounts of this loan facility till 31 December 2011, the loan agreement has been terminated as of 31 December 2011.

### **19. Provisions**

As at 31 December 2011, the Company recognized a provision in the amount of PLN 1,229 thousand for a potential income tax liability in connection with the ongoing court proceedings concerning the classification of costs related to the public issuance of shares as tax deductible.

As at 31 December 2010, this provision amounted also to PLN 1,229 thousand.

## 20. Trade accounts payable, financial liabilities and other liabilities

| <b>Short-term trade accounts payable</b> | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|------------------------------------------|---------------------|---------------------|
|                                          | <b>(audited)</b>    | <b>(audited)</b>    |
| To related companies                     | 415                 | 42                  |
| To other companies                       | 300                 | 410                 |
|                                          | <b>715</b>          | <b>452</b>          |

Trade accounts payable are not interest-bearing and their usual payment term ranges from 14 to 21 days.

As at 31 December 2011, outstanding liabilities under transactions conducted with Asseco Poland S.A. amounted to PLN 7 thousand as compared with PLN 42 thousand reported as at 31 December 2010.

| <b>Financial liabilities</b>                                 | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|--------------------------------------------------------------|---------------------|---------------------|
|                                                              | <b>(audited)</b>    | <b>(audited)</b>    |
| <b>Non-current financial liabilities</b>                     |                     |                     |
| Liabilities due to the acquisition of shares in subsidiaries | -                   | 2,219               |
| <b>Total</b>                                                 | <b>-</b>            | <b>2,219</b>        |
| <b>Current financial liabilities</b>                         |                     |                     |
| Liabilities due to the acquisition of shares in subsidiaries | 1,203               | 17,773              |
| Currency forward contracts                                   | 472                 | -                   |
| Dividends payable                                            | 84                  | -                   |
| <b>Total</b>                                                 | <b>1,759</b>        | <b>17,773</b>       |
| <b>Total non-current and current financial liabilities</b>   | <b>1,759</b>        | <b>19,992</b>       |

As at 31 December 2011, liabilities due to the acquisition of shares in subsidiaries aggregated at PLN 1,203 thousand and corresponded to the payments for shares in EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. in the amount of PLN 85 thousand, Asseco SEE o.o.d. Sofia – PLN 763 thousand, and in Altius Bulgaria EOOD (Sofia) – PLN 355 thousand.

As at 31 December 2010, liabilities due to the acquisition of shares in subsidiaries aggregated at PLN 19,992 thousand and corresponded to the payments for shares in EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. (Istanbul) in the amount of PLN 18,111 thousand, and in Asseco SEE o.o.d. (Sofia) – PLN 1,881 thousand. These liabilities were disclosed in a breakdown to long-term portion of PLN 2,219 thousand and short-term portion of PLN 17,773 thousand.

The liability for shares acquired in EST A.Ş. (Istanbul) was settled by an issuance of shares worth PLN 9,021 thousand, while the remaining amount of PLN 5,756 thousand was extinguished by a cash consideration of PLN 5,635 thousand (due to negative FX differences of PLN 121 thousand). A portion of this liability amounting to PLN 3,385 thousand was reversed and recognized as financial income. Additionally, the Company recognized a financial expense of PLN 136 thousand by virtue of the liability discount. Hence, as at 31 December 2011, the outstanding liability amounted to PLN 85 thousand.

The liability for shares acquired in Asseco SEE o.o.d. (Sofia) amounting to PLN 712 thousand was settled by a cash consideration of PLN 762 thousand (due to negative FX differences of PLN 50 thousand). Whereas, a portion of this liability amounting to PLN 505 thousand was reversed and recognized as financial income. Additionally, the

Company recognized financial expenses of PLN 86 thousand on unrealized foreign exchange differences, and PLN 13 thousand by virtue of a discount. Hence, as at 31 December 2011, the outstanding liability amounted to PLN 763 thousand.

| <b>Liabilities on taxes, import tariffs, social security and other regulatory payments</b> | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|--------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                            | <b>(audited)</b>    | <b>(audited)</b>    |
| Personal income tax (PIT)                                                                  | 23                  | 71                  |
| Social Insurance Institution (ZUS)                                                         | 28                  | 60                  |
|                                                                                            | <b>51</b>           | <b>131</b>          |

The amounts of value added tax liabilities are paid to competent tax authorities on a monthly basis.

## **21. Deferred and accrued expenses and deferred income**

| <b>Deferred expenses by virtue of:</b>                          | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|-----------------------------------------------------------------|---------------------|---------------------|
|                                                                 | <b>(audited)</b>    | <b>(audited)</b>    |
| Prepaid insurance policies                                      | 8                   | 9                   |
| Payments for support and maintenance of software for Pekao S.A. | 28                  | 56                  |
| VAT recoverable in the next year                                | 33                  | 1                   |
| Prepaid interest and commissions on bank loans                  | -                   | 121                 |
| Expenses related to taking out a bank loan                      | -                   | 244                 |
| Costs of IT audits                                              | -                   | 200                 |
| Other                                                           | 4                   | -                   |
|                                                                 | <b>73</b>           | <b>631</b>          |
| - short-term                                                    | 73                  | 311                 |
| - long-term                                                     | -                   | 320                 |

| <b>Accrued expenses by virtue of:</b>           | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|-------------------------------------------------|---------------------|---------------------|
|                                                 | <b>(audited)</b>    | <b>(audited)</b>    |
| Provision for the audit of financial statements | 97                  | 95                  |
| Provision for unused annual leaves              | 139                 | -                   |
| Provision for salaries and wages                | 631                 | 591                 |
| Other provisions                                | -                   | 10                  |
|                                                 | <b>867</b>          | <b>696</b>          |
| - short-term                                    | 867                 | 696                 |
| - long-term                                     | -                   | -                   |

In 2011, accrued expenses comprise mainly provisions for salaries and wages of the current period to be paid out in future periods, which result from the bonus schemes applied by Asseco South Eastern Europe S.A., provision for unused annual leaves, as well as provision for the audit of financial statements.

|                                                                 | <b>31 Dec. 2011</b> | <b>31 Dec. 2010</b> |
|-----------------------------------------------------------------|---------------------|---------------------|
| <b>Deferred income by virtue of:</b>                            | <b>(audited)</b>    | <b>(audited)</b>    |
| Payments for support and maintenance of software for Pekao S.A. | 41                  | 75                  |
|                                                                 | <b>41</b>           | <b>75</b>           |
| - short-term                                                    | 35                  | 36                  |
| - long-term                                                     | 6                   | 39                  |

The balance of deferred income relates to prepayments for services to be provided, such as maintenance and IT services.

## **22. Contingent liabilities**

As at the balance sheet dates of 31 December 2011 and 31 December 2010, the Company had no contingent liabilities.

## **23. Cases in court**

On 2 June 2009, the Company filed an Application to the Director of the Taxation Chamber for issuing an individual interpretation whether the expenses incurred in connection with a public offering of shares (as defined in art. 3 sect. 1 of the Law of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies) may be classified as tax-deductible expenses, and whether an eventual failure of such public offering of shares will affect the Company's ability to recognize the incurred IPO-related expenses as tax-deductible. According to the argumentation presented by the Company in its Application, the Company is entitled to such recognition of expenses, even in the case the IPO does not come to effect.

On 7 September 2009, the Company received two Interpretations in which the Director of the Taxation Chamber deemed the Company's standpoint to be wrong, and justified that IPO-related expenses cannot be recognized as tax-deductible because they are directly related to the funds received in order to increase the Company's share capital which do not constitute a taxable income, irrespective of the fact whether the IPO come to effect or not.

Subsequently, on 25 November 2009, the Company filed Complaints against both the above-mentioned Interpretations to the Provincial Administrative Court in Rzeszów.

On 4 March 2010, the Court in Rzeszów issued the Verdict in which it rejected both the Company's Complaints. Hence, the Company filed a Cassation Appeal against the Verdict of the Provincial Administrative Court in Rzeszów. Until the date of approval of these financial statements, the court proceedings have not been completed.

## **24. Information on related companies**

### **Related party transactions**

The following table discloses the total amounts of transactions concluded with the Company's related entities during the current and prior financial year:

| <b>Related party</b>         |      | <b>Sales to related companies</b> | <b>Purchases from related companies</b> | <b>Receivables from related companies</b> | <b>Liabilities to related companies</b> |
|------------------------------|------|-----------------------------------|-----------------------------------------|-------------------------------------------|-----------------------------------------|
| <b>Parent company:</b>       |      |                                   |                                         |                                           |                                         |
| Asseco Poland S.A.           | 2011 | 367                               | 294                                     | 14                                        | 7                                       |
|                              | 2010 | -                                 | 706                                     | -                                         | 42                                      |
| <b>Subsidiary companies:</b> |      |                                   |                                         |                                           |                                         |
|                              | 2011 | 3,401                             | 1,045                                   | 241                                       | 408                                     |
|                              | 2010 | 3,346                             | 1                                       | 512                                       | -                                       |

### **Transactions conducted with or through the Key Management Personnel (members of the Management and Supervisory Boards) of Asseco South Eastern Europe S.A.**

The values of transactions conducted by Asseco South Eastern Europe S.A. with or through its Key Management Personnel (members of the Management and Supervisory Boards) during the 12-month periods ended 31 December 2011 and 31 December 2010, as well as any receivables and liabilities outstanding under such transactions as at 31 December 2011 and 31 December 2010 are presented in the table below:

| <b>Related party</b>                                                   |      | <b>Sales to related companies</b> | <b>Purchases from related companies</b> | <b>Receivables from related companies</b> | <b>Liabilities to related companies</b> |
|------------------------------------------------------------------------|------|-----------------------------------|-----------------------------------------|-------------------------------------------|-----------------------------------------|
| Key management personnel (members of Management Boards) of the Group:  |      |                                   |                                         |                                           |                                         |
|                                                                        | 2011 | 9                                 | 2,584                                   | 1                                         | 30                                      |
|                                                                        | 2010 | 5                                 | 2,169                                   | -                                         | 29                                      |
| Key management personnel (members of Supervisory Boards) of the Group: |      |                                   |                                         |                                           |                                         |
|                                                                        | 2011 | 54                                | 3,038                                   | 2                                         | 44                                      |
|                                                                        | 2010 | 12                                | 2,842                                   | 1                                         | 6                                       |

Purchases from related companies presented in the table above are primarily related to the rental of space, and purchases or sales of hardware and services.

The figures disclosed in the table above include the following transactions concluded with or through the Key Management Personnel (members of the Management and Supervisory Boards) of the Asseco South Eastern Europe S.A.:

During the 12-month period ended 31 December 2011, Asseco SEE d.o.o. Beograd incurred the space rental costs in the total amount of PLN 4,891 thousand that were paid to its related entities MHM d.o.o., Beograd<sup>1</sup>, DM3 d.o.o., Beograd<sup>2</sup>, and Mini Invest d.o.o., Beograd<sup>2</sup>.

<sup>1</sup> Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe S.A. is a shareholder in Liatriis d.o.o. which as at 31 December 2011 held a 7.40% equity interest in Asseco South Eastern Europe S.A. (as at 31 December 2010: 7.53%). Mihail Petreski and Liatriis d.o.o. hold 40% of shares in MHM d.o.o. as well as 50% of shares in DM3 d.o.o. Furthermore, President of the Management Board of Asseco South Eastern Europe S.A. holds indirectly a 15% stake in MHM d.o.o. through his wholly-owned Kompania Petyhorska d.o.o. Whereas, 20% of shares in MHM d.o.o. are held by I4 Invention d.o.o. which is also a shareholder in Asseco South Eastern Europe S.A. 100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, President of the Management Board Asseco SEE d.o.o., Beograd and Member of the Management Board of Asseco South Eastern Europe S.A.;

<sup>2</sup> Miljan Mališ, Member of the Management Board of Asseco South Eastern Europe S.A. is a shareholder in Mini Invest d.o.o. which in turn is a shareholder in Asseco South Eastern Europe S.A.;

During the 12-month period ended 31 December 2011, Asseco SEE DOOEL, Skopje incurred the space rental costs in the total amount of PLN 721 thousand that were paid to MPS d.o.o., Skopje<sup>3</sup>.

During the 12-month period ended 31 December 2010, Asseco SEE d.o.o. Beograd incurred the space rental costs in the total amount of PLN 6,077 thousand that were paid to its related entities MHM d.o.o., Beograd, DM3 d.o.o., Beograd, and Mini Invest d.o.o., Beograd.

During the 12-month period ended 31 December 2010, Asseco SEE DOOEL, Skopje (an indirect subsidiary of ITD Poland Sp. z o.o.) incurred the space rental costs of PLN 514 thousand that were paid to MPS d.o.o., Skopje.

All the above-mentioned transactions were carried out on an arm's length basis.

In addition, members of the Management Board and companies related through members of the Management Board and Supervisory Board of Asseco South Eastern Europe S.A. received dividends from Asseco South Eastern Europe S.A. in the total amount of PLN 1,556 thousand (as compared with PLN 700 thousand in 2010).

Until the date of approval of these consolidated financial statements, Asseco South Eastern Europe S.A. has not received any information on transactions with related companies conducted during the reporting period which would be, separately or jointly, deemed significant and would be carried out not on an arm's length basis.

## 25. Employment

| Average workforce in the period reported | Year ended<br>31 Dec. 2011<br>(audited) | Year ended<br>31 Dec. 2010<br>(audited) |
|------------------------------------------|-----------------------------------------|-----------------------------------------|
| Management Board                         | 2                                       | 2                                       |
| Administration departments               | 8                                       | 7                                       |
|                                          | <b>10</b>                               | <b>9</b>                                |

## 26. Remuneration of Members of the Management Board and Supervisory Board of Asseco South Eastern Europe S.A.

| Remuneration for the period of                           | Year ended<br>31 Dec. 2011<br>(audited) | Year ended<br>31 Dec. 2010<br>(audited) |
|----------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Management Board</b>                                  |                                         |                                         |
| Piotr Jeleński – President of the Management Board       | 921                                     | 1,068                                   |
| Rafał Kozłowski – Vice President of the Management Board | 351                                     | 361                                     |
| <b>Total</b>                                             | <b>1,272</b>                            | <b>1,429</b>                            |

\* Since 2010 Mr. Piotr Jeleński and Mr. Rafał Kozłowski have served in the Management Board of Asseco South Eastern Europe S.A. on the basis of work contracts. The remaining members of the Company's Management Board and Supervisory Board perform their functions under an assignment and do not receive any remuneration for the performance of their duties.

<sup>3</sup> Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe S.A. is the sole shareholder in MPS d.o.o., Skopje.



## **27. Remuneration of certified auditors or 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 Audit Sp. z o.o., paid or payable for the years ended 31 December 2011 and 31 December 2010:

| <b>Type of service</b>                                                                             | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Obligatory audit of the annual financial statements and review of semi-annual financial statements | <b>215</b>                                       | <b>215</b>                                       |

## **28. Capital management**

The primary objective of the Company's capital management is to maintain a strong credit rating and healthy level of capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in response to changing economic conditions. To maintain or adjust the capital structure, the Company may revise its dividend payment policy, return some capital to shareholders or issue new shares. In the period of 12 months ended 31 December 2011 as well as in the year ended 31 December 2010, the Company did not introduce any changes to its objectives, principles and processes adopted in this area.

## **29. Hedges of cash flows**

Asseco South Eastern Europe S.A. applies hedge accounting of future cash flows so that the financial statements fully reflected the economic content of its business activities as well as the Group's acquisitions policy. The Company's Management Board decided to hedge the future payments for shares acquired in companies against changes of the Euro exchange rate. Foreign currency dividend cash flows expected in the future as well as cash at bank accounts denominated in EUR have been designated as hedging instruments.

During the period of 12 months ended 31 December 2011, the Company reversed the valuation of cash held at a bank account denominated in EUR (designated as a hedging instrument) that was previously recognized in revaluation capital in the amount of PLN 241 thousand. Because the amount of cash held at that bank account was insignificant, as at 31 December 2011 this hedge was no longer effective.

In the period of 12 months ended 31 December 2010, the Company recognized PLN 828 thousand in its revaluation capital.

### 30. Information and explanations to the Statement of Cash Flows

The table below presents items comprising changes in working capital as disclosed in the statement of cash flows:

| <b>Changes in working capital</b>       | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|-----------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Change in inventories                   | -                                                | 700                                              |
| Change in receivables                   | 256                                              | 4,773                                            |
| Change in liabilities                   | (3,410)                                          | (1,447)                                          |
| Change in deferred and accrued expenses | 695                                              | (23)                                             |
| Change in provisions                    | -                                                | 52                                               |
|                                         | <b>(2,249)</b>                                   | <b>4,055</b>                                     |

The following tables present the reconciliation between the balance sheet changes in working capital and the changes that affect operating cash flows as reported in the statement of cash flows:

| <b>Changes in working capital</b>                         | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|-----------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| <b>Changes in liabilities as per the balance sheet</b>    | <b>(17,991)</b>                                  | <b>15,828</b>                                    |
| Change in liabilities arising from company acquisitions   | 15,053                                           | (17,220)                                         |
| Change in liabilities due to purchases of tangible assets | -                                                | (55)                                             |
| Valuation of forward contracts                            | (472)                                            | -                                                |
| <b>Total changes affecting operating cash flows</b>       | <b>(3,410)</b>                                   | <b>(1,447)</b>                                   |

| <b>Changes in working capital</b>                      | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|--------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| <b>Changes in receivables as per the balance sheet</b> | <b>(2,437)</b>                                   | <b>5,101</b>                                     |
| Withholding income tax on dividends                    | (203)                                            | -                                                |
| Corporate income tax paid                              | 48                                               | -                                                |
| Receivables from dividends and prepaid shares          | -                                                | (328)                                            |
| Adjustment of receivables from disposal of EST A.Ş.    | 2,848                                            | -                                                |
| <b>Total changes affecting operating cash flows</b>    | <b>256</b>                                       | <b>4,773</b>                                     |

The table below reveals the costs incurred by Asseco South Eastern Europe S.A. for the acquisition of shares in subsidiary companies:

| <b>Cost of acquisition of shares in subsidiary companies</b>       | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|--------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Asseco SEE s.r.l., (Bucharest)                                     | -                                                | 99                                               |
| Asseco SEE Sh.p.k., (Pristina)                                     | -                                                | 2,427                                            |
| ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. (Istanbul)         | -                                                | 25,138                                           |
| EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. (Istanbul) | 5,743                                            | 9,730                                            |
| Biro Data Servis d.o.o., (Zagreb)                                  | -                                                | 11,976                                           |
| Cardinfo BDS d.o.o., (Sarajevo)                                    | -                                                | 3,314                                            |
| Asseco SEE o.o.d., (Sofia)                                         | 1,310                                            | 62                                               |
| ITD Poland Sp. z o.o., (Warsaw)                                    | -                                                | 602                                              |
| Altius Bulgaria EOOD, (Sofia)                                      | 1,429                                            | -                                                |
| Asseco SEE d.o.o., (Grosuplje)                                     | 1,327                                            | -                                                |
|                                                                    | <b>9,809</b>                                     | <b>53,348</b>                                    |

The table below discloses the amounts of income received by Asseco South Eastern Europe S.A. on dividends from shares in subsidiary companies:

| <b>Dividend income</b>         | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|--------------------------------|--------------------------------------------------|--------------------------------------------------|
| Asseco SEE d.o.o., Beograd     | 3,867                                            | -                                                |
| Asseco SEE d.o.o., (Zagreb)    | 4,280                                            | 6,670                                            |
| Asseco SEE s.r.l., (Bucharest) | 12,835                                           | 13,925                                           |
|                                | <b>20,982</b>                                    | <b>20,595</b>                                    |

| <b>Disposal of shares in subsidiary companies</b> | <b>Year ended<br/>31 Dec. 2011<br/>(audited)</b> | <b>Year ended<br/>31 Dec. 2010<br/>(audited)</b> |
|---------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| EST A.S., (Istanbul)                              | <b>3,212</b>                                     | -                                                |

The proceeds from disposal of shares in the amount of PLN 3,212 thousand were received from the sale of a 23.1% stake in EST A.Ş., (Istanbul) to ITD A.Ş., (Istanbul) in March 2011.

### **31. Objectives and principles of financial risk management**

Asseco South Eastern Europe S.A. is exposed to a number of risks arising either from the macroeconomic situation of the countries where the Company holds its investments as well as from the microeconomic situation in individual companies. The main external factors that may have an adverse impact on the Company's financial performance are: (i) fluctuations in foreign currency exchange rates versus the Polish zloty, and (ii) changes in official 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.

#### **Foreign currency exposure risk**

The currency used for presentation of the Company's results is Polish zloty (PLN). Because our subsidiaries conduct business operations in countries with the functional currencies other than our presentation currency, the Company is exposed to changes in

such foreign currency exchange rates both with respect to the dividends received from our subsidiaries, and the planned acquisitions. The Company implemented hedge accounting of future cash flows in order to reduce the impact of changes in foreign currency exchange rates on our financial results.

### **Interest rate risk**

Changes in the market interest rates may have a negative influence on the Company's financial results. The Company's exposure to the above-mentioned risk may result in changes of the amounts of interest charged on third-party borrowings which are based on variable interest rates. However, as at 31 December 2011 the Company was not exposed to any interest rate risk.

Identification: The interest rate risk arises and is recognized by the Company at the time of concluding a transaction or financial instrument based on a variable interest rate. All such agreements are subject to analysis by the Company's responsible personnel, hence the knowledge of that issue is complete and acquired directly.

Measurement: The Company measures its 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. Additionally, the Company maintains records of debt planned to be incurred during the next 12 months, and in case of long-term instruments – for the period of their maturity.

Objective: The purpose of reducing such risk is to minimize expenses arising from the concluded financial instruments based on a variable interest rate.

Measures: In order to reduce its interest rate risk, the Company may: (i) try to avoid taking out loan facilities based on a variable interest rate or, if not possible, (ii) hedge the interest rate level by concluding forward contracts.

Matching: The Company gathers and analyzes the current market information concerning its present exposure to the interest rate risk. At present the Company does not apply any interest rate hedges.

### **Credit risk**

The Company concludes transactions only with reputable companies which have good credit ratings. All customers who wish to trade on credit terms are subject to the procedures of preliminary verification of their creditworthiness. Furthermore, current monitoring of receivables makes it possible to eliminate the risk of uncollectible receivables almost entirely.

In relation to other financial assets, such as cash and cash equivalents, the Company's credit risk results from the contracting party inability to settle their payments, whereas the maximum exposure to such risk is limited to the carrying value of such financial instruments.

There is no particular concentration of credit risk in any segment of the Company's operations.

### **Financial liquidity risk**

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool takes into account the maturity of both financial investments and financial assets (e.g. accounts receivable) and projected cash flows from operations.

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

The tables below reveal the Company's trade accounts payable as at 31 December 2011 and 31 December 2010, by the maturity period based on the contractual undiscounted payments.

| Aging structure of trade accounts payable | 31 Dec. 2011 |                | 31 Dec. 2010 |                |
|-------------------------------------------|--------------|----------------|--------------|----------------|
|                                           | (audited)    |                | (audited)    |                |
|                                           | amount       | structure      | amount       | structure      |
| Liabilities due already                   | 165          | 23.08%         | 246          | 54.42%         |
| Liabilities falling due within 3 months   | 550          | 76.92%         | 206          | 45.58%         |
|                                           | <b>715</b>   | <b>100.00%</b> | <b>452</b>   | <b>100.00%</b> |

## 32. Financial instruments

### Fair value

The book values of financial assets and liabilities held by the Company both as at 31 December 2011 and 31 December 2010 did not significantly differ from their fair values.

Assets that are carried on the balance sheet at fair value through profit or loss have been assigned to Level 1 in the fair value hierarchy.

During both the years ended 31 December 2011 and 31 December 2010, none of the financial instruments held was reclassified from Level 1 to Level 2, or from Level 2 to Level 3, in the fair value measurement hierarchy.

**Items of income, expenses, gains and losses recognized in the profit and loss account, by category of financial instruments**

| <b>Year ended 31 Dec. 2011<br/>(audited)</b>                  | <b>Category<br/>according<br/>to IAS 39</b> | <b>Interest income<br/>(expense):</b> | <b>Gain (loss) on<br/>foreign<br/>exchange<br/>differences</b> | <b>Reversal<br/>(recognition)<br/>of impairment<br/>write-downs</b> | <b>Gain (loss) on<br/>revaluation</b> | <b>Other</b> | <b>Total</b>   |
|---------------------------------------------------------------|---------------------------------------------|---------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------|--------------|----------------|
| <b>Financial assets</b>                                       |                                             |                                       |                                                                |                                                                     |                                       |              |                |
| Investments in subsidiary companies                           |                                             | -                                     | -                                                              | (6,033)                                                             | -                                     | -            | (6,033)        |
| Trade accounts receivable and other receivables               | L&R                                         | -                                     | (47)                                                           | -                                                                   | -                                     | -            | (47)           |
| Cash and cash equivalents                                     | FVtPL                                       | 246                                   | 1,351                                                          | -                                                                   | -                                     | -            | 1,597          |
| Financial assets carried at fair value through profit or loss | FVtPL                                       |                                       | -                                                              | -                                                                   | 171                                   |              | 171            |
| <b>Financial liabilities</b>                                  |                                             |                                       |                                                                |                                                                     |                                       |              |                |
| Interest-bearing bank loans and borrowings, of which:         | OFLaAC                                      | (459)                                 | (657)                                                          | -                                                                   | -                                     | -            | (1,116)        |
| - long-term based on a variable interest rate                 | OFLaAC                                      | -                                     | -                                                              | -                                                                   | -                                     | -            | -              |
| Liabilities due to the acquisition of shares                  | FVtPL                                       | (149)                                 | -                                                              | -                                                                   | 3,890                                 | -            | 3,741          |
| Trade accounts payable and other liabilities                  | OFLaAC                                      | -                                     | (8)                                                            | -                                                                   | -                                     | -            | (8)            |
| Currency forward contracts                                    | FVtPL                                       | -                                     | (177)                                                          | -                                                                   | (472)                                 | -            | (649)          |
|                                                               |                                             | <b>(362)</b>                          | <b>462</b>                                                     | <b>(6,033)</b>                                                      | <b>3,589</b>                          | <b>-</b>     | <b>(2,344)</b> |
| <hr/>                                                         |                                             |                                       |                                                                |                                                                     |                                       |              |                |
| <b>Year ended 31 Dec. 2010<br/>(audited)</b>                  | <b>Category<br/>according<br/>to IAS 39</b> | <b>Interest income<br/>(expense):</b> | <b>Gain (loss) on<br/>foreign<br/>exchange<br/>differences</b> | <b>Reversal<br/>(recognition)<br/>of impairment<br/>write-downs</b> | <b>Gain (loss) on<br/>revaluation</b> | <b>Other</b> | <b>Total</b>   |
| <b>Financial assets</b>                                       |                                             |                                       |                                                                |                                                                     |                                       |              |                |
| Investments in subsidiary companies                           |                                             | -                                     | -                                                              | -                                                                   | -                                     | (10)         | (10)           |
| Trade accounts receivable and other receivables               | L&R                                         | -                                     | (50)                                                           | 352                                                                 | -                                     | -            | 302            |
| Receivables from dividends                                    |                                             | -                                     | 66                                                             | -                                                                   | -                                     | -            | 66             |
| Cash and cash equivalents                                     | FVtPL                                       | 335                                   | (185)                                                          | -                                                                   | -                                     | -            | 150            |
| <b>Financial liabilities</b>                                  |                                             |                                       |                                                                |                                                                     |                                       |              |                |
| Interest-bearing bank loans and borrowings, of which:         | OFLaAC                                      |                                       |                                                                |                                                                     |                                       |              |                |
| - long-term based on a variable interest rate                 | OFLaAC                                      | (73)                                  | 11                                                             | -                                                                   | -                                     | -            | (62)           |
| Liabilities due to the acquisition of shares                  | FVtPL                                       | -                                     | 57                                                             | -                                                                   | -                                     | -            | 57             |
| Trade accounts payable and other liabilities                  | OFLaAC                                      | -                                     | 644                                                            | -                                                                   | (230)                                 | -            | 414            |
|                                                               |                                             | <b>262</b>                            | <b>543</b>                                                     | <b>352</b>                                                          | <b>(230)</b>                          | <b>(10)</b>  | <b>917</b>     |

### **33. Capital expenditures**

In the period of 12 months ended 31 December 2011, the Company spent PLN 9,809 thousand for the acquisition of shares in subsidiary companies, while its expenditures for non-financial fixed assets amounted to PLN 251 thousand.

Whereas, in the period of 12 months ended 31 December 2010, the Company spent PLN 53,348 thousand for the acquisition of shares in subsidiary companies, while its expenditures for non-financial fixed assets amounted to PLN 367 thousand.

### **34. Significant events after the balance sheet date**

#### ***□ Merger of the companies of Asseco SEE o.o.d. (Sofia) and Altius Bulgaria EOOD (Sofia)***

On 10 February 2012, there was registered a merger between our two subsidiary companies seated in Bulgaria, namely Asseco SEE o.o.d. (Sofia) and Altius Bulgaria EOOD (Sofia). The Merger was executed by transferring all the assets of Altius Bulgaria EOOD (Sofia) to Asseco SEE o.o.d. (Sofia). As a consequence of the merger, on 10 February 2012 Altius Bulgaria EOOD (Sofia) was deleted from the commercial register and all of its rights and obligations were taken over by Asseco SEE o.o.d. (Sofia).

In the period from 31 December 2011 till the date of approval of these financial statements, this is until 23 February 2012, there did not occur any other significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of Asseco South Eastern Europe S.A.

### **35. Significant events related to prior years**

Until the date of preparing these financial statements for the year ended 31 December 2011, this is until 23 February 2012, there occurred no significant events related to prior years, which have not but should have been included in the accounting books.