

Asseco South Eastern Europe SA

**REPORT FROM THE AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2010**

TRANSLATION FROM POLISH

I. GENERAL INFORMATION SECTION

1. General information

Asseco South Eastern Europe SA (the "Company") was established by a notary deed dated 10 April 2007. The Company's registered office is located at 14 Olchowa St., Rzeszów, Poland.

On 11 July 2007, the Company was entered in the register of entrepreneurs of the National Court Register under the number KRS 0000284571.

The Company's tax identification number (NIP) is 8133513607 (assigned on 12 September 2007); whereas, its statistical identification number (REGON) is 180248803 (assigned on 25 February 2008).

The Company is the parent company of the Asseco South Eastern Europe Group. Information on related party transactions as well as the list of companies in which the Company holds at least a 20% equity interest or voting interest are presented in notes 11 and 23 under the additional information and explanations ("supplementary information") to the audited financial statements for the year ended 31 December 2010.

The Company's business profile 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.

As at 31 December 2010, the Company's share capital amounted to PLN 509,921 thousand; whereas, its shareholders' equity totalled PLN 570,095 thousand.

According to information provided by the Company, the ownership structure of the Company's share capital as at 16 March 2011 was as follows:

	Number of shares	Number of votes	Par value of shares	Equity interest
Asseco Poland SA	26,494,676	26,494,676	264,946,760	51.96%
EBRD	4,810,880	4,810,880	48,108,800	9.43%
Liatris d.o.o.	3,842,683	3,842,683	38,426,830	7.54%
Other	15,843,893	15,843,893	158,438,930	31.07%
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Total	50,992,132	50,992,132	509,921,320	100%
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According to information provided by the Company, during the financial year reported and from the balance sheet date till the publication of our opinion, the Company's ownership structure changed as follows:

- Asseco Poland SA reduced its equity interest from 55.15% to 51.96%;
- EBRD and Liatris d.o.o. reduced their equity interests to 9.43% and 7.75%, respectively.

During the financial year reported, the Company's share capital changed as follows:

	Number of shares	Par value of shares
Balance at the beginning of period	48,037,450	480,375
Issuance of series P shares	1,524,269	15,242
Issuance of series R shares	592,941	5,929
Issuance of series S shares	837,472	8,375
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Balance at the end of period	50,992,132	509,921
	=====	=====

As at 16 March 2011, the Company's Management Board was composed of the following persons:

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

During the financial year reported, the composition of the Company's Management Board changed only once – on 7 September 2010 the Supervisory Board appointed Mrs. Hatice Ayas as Member of the Management Board.

2. Financial statements

On 28 August 2008, the General Meeting of Shareholders decided that the Company's financial statements should be prepared in compliance with the International Financial Reporting Standards as adopted by the European Union.

2.1 Certified auditor's opinion and audit of the financial statements

Ernst & Young Audit Sp. z o.o. seated at Rondo ONZ 1, Warsaw, Poland is an entity authorized to audit financial statements, licensed under the number 130.

On 17 May 2010, the Supervisory Board selected Ernst & Young Audit Sp. z o.o. to carry out an audit of the Company's financial statements.

Ernst & Young Audit Sp. z o.o. and the key certified auditor satisfy the conditions for issuing an impartial and independent opinion on the financial statements, in line with art. 56 sect. 3 and 4 of the Law of 7 May 2009 on certified auditors, their self-government, entities authorized to audit financial statements and on public supervision (Journal of Laws of 2009 No. 77, item 649).

We have audited the financial statements for the year ended on 31 December 2010 pursuant to the agreement concluded with the Company's Management Board on 2 August 2010.

Our assignment was to express an opinion on those financial statements on the basis of the carried out audit. The procedures performed during our audit of the financial statements were designed in such a way as to enable issuance of an opinion on the financial statements treated as a whole. Our procedures did not cover the supplementary information, which have no impact of the financial statements treated as a whole.

Based on the conducted audit, on 16 March 2011 we issued the following certified auditor's opinion without any reservations:

"For the Supervisory Board of Asseco South Eastern Europe SA

1. We have audited the accompanying financial statements for the year ended 31 December 2010 of Asseco South Eastern Europe SA (the "Company") with registered seat at 14 Olchowa St., Rzeszów, Poland, including the balance sheet made as at 31 December 2010, and the profit and loss account, statement of comprehensive income, statement of changes in equity, statement of cash flows for the period from 1 January 2010 to 31 December 2010 as well as supplementary information and explanations (collectively the "accompanying financial statements").
2. The Management Board of the Company is responsible for reliability and fairness of the accompanying financial statements, for their preparation in compliance with the applicable accounting principles (policy) as well as for accuracy of the accounting books. Furthermore, the Company's Management Board and members of the Supervisory Board are obliged to ensure that the accompanying financial statements and the report on the Company's business operations both satisfy the requirements under the Accounting Act of 29 September 1994 (Journal of Laws of 2009 No. 152, item 1223, as amended – the "Accounting Act"). Our assignment was to audit the accompanying financial statements and, on the basis of such audit, express an opinion whether they comply in all material respects with the applicable accounting principles (policy) and whether they in all material respects present a true and fair view of the Company's assets, financial position and financial results, and furthermore whether the accounting books providing the basis for

preparation of these financial statements are in all material respects appropriately maintained.

3. We have audited the accompanying financial statements in accordance with the provisions of:
 - chapter 7 of the Accounting Act,
 - the national financial auditing standards set forth by the National Council of Statutory Auditors in Poland,

and in such a way as to obtain reasonable confidence that the financial statements are free from any material faults. In particular, the audit included examination, mostly at random, of the accounting records underlying the financial figures and disclosures presented in the accompanying financial statements. The audit also comprised an assessment of correctness of the accounting principles adopted and applied by the Company, verification of significant estimates made by the Company's Management Board as well as an overall evaluation of presentation of the accompanying financial statements. We believe that our audit provided a reasonable basis to issue an opinion on the accompanying financial statements treated as a whole.

4. In our opinion the accompanying financial statements, in all material respects:
 - present true and fair information which is essential for assessing the Company's financial results on business operations in the period from 1 January 2010 to 31 December 2010, as well as the Company's assets and financial position as at 31 December 2010;
 - were prepared in compliance with the International Financial Reporting Standards adopted by the European Union and on the basis of appropriately maintained accounting books;
 - comply, in their form and content, with the applicable regulations pertaining to the preparation of financial statements, and with the provisions of the Company's Articles of Association.
5. We have reviewed the Management's report on the Company's business operations conducted in the period from 1 January 2010 to 31 December 2010 and on the principles for preparation of the annual financial statements (the "Report on business operations"), and deemed it consistent with the disclosures made in the accompanying financial statements. Information provided in the Report on business operations complies with the applicable provisions of the Regulation of the Minister of Finance of 19 February 2009 regarding current and periodic information to be submitted by issuers of securities and conditions for recognizing as equivalent information required by laws of a non-member state (Journal of Laws of No. 33, item 259 – the "Regulation on current and periodic information")."

We conducted the audit of the Company's financial statements in the period from 21 February 2011 to 16 March 2011.

2.2 Declarations received and availability of data

The Management Board of the Parent Company acknowledged its responsibility for reliability and fairness of the financial statements as well as for their preparation in compliance with the applicable accounting principles (policy). The Management Board declared that it provided us with all financial data, accounting books and other required documents and, furthermore, it provided us with all necessary explanations. We have also received a written statement made by the Company's Management Board on 16 March 2010 confirming that:

- the accounting books contain complete information,
- any contingent liabilities have been disclosed in the financial statements, and that
- any significant events that took place after the balance sheet date and before submitting the statement have been disclosed in the financial statements.

The statement also confirmed that the information provided to us was accurate and true according to the best knowledge and belief of the Management Board of the Company and that it comprised all the events which might affect the financial statements.

2.3 Information of the Company's prior year financial statements

The Company's financial statements for the year ended 31 December 2009 were audited by Sebastian Łyczba, key certified auditor holding the licence no. 9946, who acted on behalf of Ernst & Young Audit Sp. z o.o. registered under the number 130. Acting on behalf of the authorized entity, the key certified auditor issued an opinion "without any reservations" on those financial statements for the year ended 31 December 2009. The Company's financial statements for the year ended 31 December 2009 were approved by the General Meeting of Shareholders on 27 April 2010, where the Company's shareholders also adopted a resolution on distribution of the net profit for the year 2009 in the following way:

dividend for shareholders	5,452
reserve capital	1,430
coverage of losses for the years 2008 and 2009	9,727

	16,609
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Subsequently, on 17 May 2010, the Company's financial statements for the year ended 31 December 2009 along with the certified auditor's opinion, copy of the resolution on approval of those financial statements, copy of the resolution on profit distribution, and report on the Company's business operations were submitted to the National Court Register.

The balance sheet made as at 31 December 2009, and the profit and loss account, statement of comprehensive income, statement of changes in equity, statement of cash flows for the period from 1 January 2009 to 31 December 2009, along with the certified auditor's opinion, copy of the resolution on approval of those financial statements, and copy of the resolution on profit distribution were all announced in *Monitor Polski* B no. 1121 on 12 July 2010.

The approved closing balance values as at 31 December 2009 were appropriately entered into the accounting books as the opening balance values as of 1 January 2010.

3. Financial position

3.1 Key financial data and ratios

Below are presented selected financial ratios characterising the Company's financial position in the years from 2008 to 2010, which were computed on the basis of financial data disclosed in the financial statements for the years ended 31 December 2009 and 31 December 2010.

	2010	2009	2008
balance sheet total	592,673	545,868	252,175
shareholders' equity	570,095	538,874	247,972
net profit	20,202	16,609	(9,001)
 return on assets (%)	 3.4%	 3.0%	 (3.6%)
 <hr/> $\frac{\text{net profit} \times 100}{\text{total assets}}$			
 return on equity (%)	 3.7%	 6.7%	 -
 <hr/> $\frac{\text{net profit} \times 100}{\text{equity the beginning of the period}}$			
 net profit margin (%)	 85.9%	 82.3%	 -
 <hr/> $\frac{\text{net profit} \times 100}{\text{dividend income and sales of services}}$			
 liquidity ratio I	 0.7	 7.9	 1.8
 <hr/> $\frac{\text{total current assets}}{\text{current liabilities}}$			
 liquidity ratio III	 0.67	 6.89	 0.61
 <hr/> $\frac{\text{cash and cash equivalents}}{\text{current liabilities}}$			
 receivables collection period	 8 days	 20 days	 -
 <hr/> $\frac{\text{trade accounts receivable} \times 365 \text{ days}}{\text{dividend income and sales of services}}$			
 liabilities payment period	 7 days	 36 days	 -
 <hr/> $\frac{\text{trade accounts payable} \times 365 \text{ days}}{\text{dividend income and sales of services}}$			
 durability of financing structure (%)	 96.8%	 98.9%	 98.3%

$\frac{(\text{equity} + \text{provisions} + \text{long-term liabilities}) \times 100}{\text{total equity and liabilities}}$	debt ratio (%)	3.8%	1.3%	1.7%
$\frac{(\text{total equity and liabilities} - \text{equity}) \times 100}{\text{total assets}}$				
inflation rate				
annual average December to December	2.60% 3.10%	3.50% 3.50%	4.20% 3.30%	

3.2 Commentary

The above presented ratios demonstrated the following tendencies:

- Return on assets for 2010 increased in comparison to ROA for 2008 and 2009,
- Return on equity for 2010 was lower than in 2009,
- Net profit margin for 2010 was higher than in 2009,
- Liquidity ratio I for 2010 declined in comparison with the 2008-2009 data,
- Liquidity ratio III for 2010 decreased in comparison with 2009, but increased in comparison with 2008,
- Average receivables collection period in 2010 was shorter than in 2009,
- Average liabilities payment period in 2010 was shorter than in 2009,
- Metric of durability of financing structure in 2010 was lower than in the years 2008 and 2009,
- Debt ratio for 2010 increased in comparison with that for 2008 and 2009.

3.3 Going concern

During our audit we have observed no indications that would pose a threat to the Company's ability to continue as a going concern for at least 12 months after 31 December 2010 as a result of any deliberate or compulsory discontinuation or significant reduction of its existing business operations.

In note IV.1 under the additional information and explanations to the Company's audited financial statements for the year ended 31 December 2010, the Management Board informed that those financial statements were prepared on a going-concern basis, assuming the Company would continue its business operations for at least 12 months after 31 December 2010 and that there were no indications threatening the Company's ability to continue as a going concern.

II. DETAILED INFORMATION SECTION

1. Accuracy of the accounting system applied

The Company's accounting ledgers are maintained using WF-Fakir computer system by the Financial Office of Lucyna Pieniążek. The Company keeps updated documentation, as referred to in art. 10 of the Accounting Act of 29 September 1994 (Journal of Laws of 2009 No. 152, item 1223, as amended – the "Accounting Act"), inclusive of the Company's chart of accounts approved by its Management Board.

During our audit we have detected no material misstatements in the accounting books which might have significant impact on the audited financial statements and would not be removed, in particular with respect to:

- appropriateness and consistency of the applied accounting principles (policy),
- reliability and accuracy of the accounting ledgers and correspondence of individual accounting entries within the general ledger,
- documentation of business transactions,
- correct opening of the accounting ledgers on the basis of closing balances from the approved balance sheet for the prior period,
- association of individual accounting entries with the underlying evidence and financial statements,
- compliance with the applicable requirements for safeguarding of accounting documentation and storage of accounting books and financial statements.

2. Assets, liabilities and equity and other items affecting the Company's financial results

The structure of the Company's assets, liabilities and equity as well as other items affecting the Company's financial results have been all presented in the audited financial statements for the year ended 31 December 2010.

3. Additional information and explanations ("Supplementary information")

The additional information and explanations provided in the financial statements for the year ended 31 December 2010 have been, in all material respects, prepared in compliance with the International Financial Reporting Standards as adopted by the European Union.

4. Report on the Company's business operations

We have reviewed the Management's report on the Company's business operations conducted in the period from 1 January 2010 to 31 December 2010 and on the principles for preparation of the annual financial statements (the "Report on business operations"), and deemed it consistent with the disclosures made in the accompanying financial statements. Information provided in the Report on business operations complies with the applicable provisions of the Regulation of the Minister of Finance of 19 February 2009 regarding current and periodic information to be submitted by issuers of securities and conditions for recognizing as

equivalent information required by laws of a non-member state (Journal of Laws of No. 33, item 259).

5. Legal compliance

We have received a written confirmation issued by the Company's Management Board that during the financial year reported there were no cases of violation of any legal regulations or provisions of the Company's articles of association that would affect the financial statements.

Warsaw, 16 March 2011

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