



**ANNUAL REPORT  
OF THE ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**Rzeszów, 23 February 2012**



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

**Rzeszów, 23 February 2012**

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INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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

These consolidated 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 Peħar	Member of the Management Board

## **FINANCIAL HIGHLIGHTS OF THE ASSECO SOUTH EASTERN EUROPE GROUP**

	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2011</b>	<b>Year ended 31 Dec. 2010</b>
	<b>PLN '000</b>	<b>PLN '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
I. Sales revenues	461,867	450,336	111,559	112,460
II. Operating profit	54,902	51,068	13,261	12,753
III. Pre-tax profit	62,099	51,796	14,999	12,935
IV. Net profit for the period reported	54,653	43,600	13,201	10,888
V. Net profit attributable to Shareholders of the Parent Company	<b>54,764</b>	<b>43,647</b>	<b>13,228</b>	<b>10,900</b>
VI. Net cash provided by (used in) operating activities	43,829	62,955	10,586	15,721
VII. Net cash provided by (used in) investing activities	(30,785)	(46,282)	(7,436)	(11,558)
VIII. Net cash provided by (used in) financing activities	(19,274)	(17,127)	(4,655)	(4,277)
IX. Cash and cash equivalents at the end of period	103,222	100,976	23,370	25,497
X. Basic earnings per ordinary share for the period reported attributable to Shareholders of the Parent Company (in PLN/EUR)	1.06	0.87	0.26	0.22
XI. Diluted earnings per ordinary share for the period reported attributable to Shareholders of the Parent Company (in PLN/EUR)	1.06	0.87	0.26	0.22

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

- items of the consolidated profit and loss account and consolidated 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
- the Group's 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

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
THE ASSECO SOUTH EASTERN EUROPE GROUP**

	Note	Year ended 31 Dec. 2011 (audited)	Year ended 31 Dec. 2010 (restated)
<b>Sales revenues</b>	<u>1</u>	<b>461,867</b>	<b>450,336</b>
<b>Cost of sales (-)</b>	<u>2</u>	<b>(340,207)</b>	<b>(343,089)</b>
<b>Gross profit on sales</b>		<b>121,660</b>	<b>107,247</b>
Selling expenses (-)	<u>2</u>	(32,783)	(24,284)
General administrative expenses (-)	<u>2</u>	(33,496)	(32,432)
<b>Net profit on sales</b>		<b>55,381</b>	<b>50,531</b>
Other operating income	<u>3</u>	894	2,104
Other operating expenses (-)	<u>3</u>	(1,373)	(1,567)
<b>Operating profit</b>		<b>54,902</b>	<b>51,068</b>
Financial income	<u>4</u>	9,477	3,726
Financial expenses (-)	<u>4</u>	(2,280)	(2,998)
<b>Pre-tax profit</b>		<b>62,099</b>	<b>51,796</b>
Corporate income tax (current and deferred portions)	<u>5</u>	(7,446)	(8,196)
<b>Net profit for the period reported</b>		<b>54,653</b>	<b>43,600</b>
Attributable to:			
<b>Shareholders of the Parent Company</b>		<b>54,764</b>	<b>43,647</b>
<b>Non-controlling shareholders</b>		<b>(111)</b>	<b>(47)</b>
<b>Consolidated earnings per share for the period reported attributable to Shareholders of Asseco South Eastern Europe S.A. (in PLN):</b>			
Basic consolidated earnings per share from continuing operations for the period reported	<u>6</u>	1.06	0.87
Diluted consolidated earnings per share from continuing operations for the period reported	<u>6</u>	1.06	0.87

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**THE ASSECO SOUTH EASTERN EUROPE GROUP**

	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
<b>Net profit for the period reported</b>	<b>54,653</b>	<b>43,600</b>
<b>Other comprehensive income:</b>		
Hedges of cash flows	241	828
Foreign currency translation differences on subsidiary companies	57,864	(42,028)
Other	-	(71)
<b>Total other comprehensive income</b>	<b>58,105</b>	<b>(41,271)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>112,758</b>	<b>2,329</b>
<b>Attributable to:</b>		
<i>Shareholders of the Parent Company</i>	112,869	2,366
<i>Non-controlling shareholders</i>	(111)	(37)



**CONSOLIDATED BALANCE SHEET**  
**THE ASSECO SOUTH EASTERN EUROPE GROUP**

<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>560,893</b>	<b>505,424</b>
Property, plant and equipment	8	20,326	16,670
Investment property		894	843
Intangible assets	9	12,129	9,364
Goodwill arising from consolidation	10	523,149	476,399
Investments in subsidiary companies		12	13
Financial assets available for sale		43	44
Long-term loans		462	28
Long-term receivables		420	149
Deferred income tax assets	5	2,147	1,592
Long-term deferred expenses	14	1,311	322
<b>Current assets</b>		<b>260,123</b>	<b>223,210</b>
Inventories	11	13,079	13,851
Deferred expenses	14	5,887	4,070
Trade accounts receivable	12	85,742	71,203
Corporate income tax recoverable	12	1,451	1,327
Receivables from the State budget	12	796	662
Receivables arising from valuation of IT contracts	25	27,546	22,270
Other receivables	12	7,495	8,028
Financial assets available for sale		28	24
Financial assets held to maturity	15	4,586	241
Financial assets carried at fair value through profit or loss	16	10,263	95
Short-term loans		28	463
Cash and cash equivalents	13	103,222	100,976
<b>TOTAL ASSETS</b>		<b>821,016</b>	<b>728,634</b>

**CONSOLIDATED BALANCE SHEET**  
**THE ASSECO SOUTH EASTERN EUROPE GROUP**

<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 (attributable to Shareholders of the Parent Company)</b>		<b>705,811</b>	<b>597,264</b>
Share capital	<u>17</u>	518,942	509,921
Share premium	18	38,825	38,825
Revaluation capital		-	(241)
Foreign currency translation differences on subsidiary companies		8,579	(49,285)
Prior years' retained earnings (deficit) and current net profit		139,465	98,044
<b>Non-controlling interests</b>	<b>19</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>		<b>705,811</b>	<b>597,264</b>
<b>Non-current liabilities</b>		<b>6,011</b>	<b>6,968</b>
Interest-bearing bank loans, borrowings and debt securities	<u>22</u>	46	520
Deferred income tax provisions	5	3,052	1,736
Long-term provisions	<u>20</u>	646	316
Long-term financial liabilities	<u>21</u>	1,694	3,762
Long-term deferred income		534	375
Other long-term liabilities		39	259
<b>Current liabilities</b>		<b>109,194</b>	<b>124,402</b>
Interest-bearing bank loans, borrowings and debt securities	<u>22</u>	590	2,176
Trade accounts payable	<u>23</u>	37,765	36,896
Corporate income tax payable	<u>23</u>	736	1,358
Liabilities to the State budget	<u>23</u>	12,474	12,473
Financial liabilities	<u>21</u>	2,120	20,981
Liabilities arising from valuation of IT contracts	<u>25</u>	1,049	368
Other liabilities	<u>23</u>	26,687	26,158
Short-term provisions	<u>20</u>	6,248	5,074
Deferred income	<u>24</u>	9,360	8,377
Accrued expenses	<u>24</u>	12,165	10,541
<b>TOTAL LIABILITIES</b>		<b>115,205</b>	<b>131,370</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>821,016</b>	<b>728,634</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
THE ASSECO SOUTH EASTERN EUROPE GROUP**

For the year ended 31 December 2011

	Note	Share capital	Share premium	Subscribed unregistered share capital	Revaluation capital	Foreign currency translation differences on subsidiary companies	Prior years' retained earnings (deficit) and current net profit	Shareholders' equity attributable to Shareholders of the Parent Company	Non-controlling interests	Total shareholders' equity
<b>As at 1 January 2011</b>		<b>509,921</b>	<b>38,825</b>	-	<b>(241)</b>	<b>(49,285)</b>	<b>98,044</b>	<b>597,264</b>	-	<b>597,264</b>
Net profit for the period reported		-	-	-	-	-	54,764	<b>54,764</b>	(111)	<b>54,653</b>
Other comprehensive income		-	-	-	241	57,864	-	<b>58,105</b>	-	<b>58,105</b>
<b>Total comprehensive income for the period reported</b>		-	-	-	<b>241</b>	<b>57,864</b>	<b>54,764</b>	<b>112,869</b>	<b>(111)</b>	<b>112,758</b>
<b>Changes in the Group structure, of which:</b>		-	-	-	-	-	<b>(85)</b>	<b>(85)</b>	-	<b>(85)</b>
<i>Acquisition of non-controlling interests</i>		-	-	-	-	-	(85)	<b>(85)</b>	-	<b>(85)</b>
Recognition of profit attributable to non-controlling interests		-	-	-	-	-	-	-	111	<b>111</b>
Issuance of series T shares		9,021	-	-	-	-	-	<b>9,021</b>	-	<b>9,021</b>
Dividend		-	-	-	-	-	(13,258)	<b>(13,258)</b>	-	<b>(13,258)</b>
<b>As at 31 December 2011 (audited)</b>	<b>17</b>	<b>518,942</b>	<b>38,825</b>	-	-	<b>8,579</b>	<b>139,465</b>	<b>705,811</b>	-	<b>705,811</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY THE ASSECO SOUTH EASTERN EUROPE GROUP (continued)

For the year ended 31 December 2010

	Note	Share capital	Share premium	Subscribed unregistered share capital	Revaluation capital	Foreign currency translation differences on subsidiary companies	Prior years' retained earnings (deficit) and current net profit	Shareholders' equity attributable to Shareholders of the Parent Company	Non-controlling interests	Total shareholders' equity
<b>As at 1 January 2010</b>		<b>480,375</b>	<b>26,790</b>	<b>25,897</b>	<b>(1,069)</b>	<b>(7,247)</b>	<b>53,763</b>	<b>578,509</b>	<b>102</b>	<b>578,611</b>
Net profit for the period reported		-	-	-	-	-	43,647	<b>43,647</b>	(47)	<b>43,600</b>
Other comprehensive income		-	-	-	828	(42,038)	(71)	<b>(41,281)</b>	10	<b>(41,271)</b>
<b>Total comprehensive income for the period reported</b>		-	-	-	<b>828</b>	<b>(42,038)</b>	<b>43,576</b>	<b>2,366</b>	<b>(37)</b>	<b>2,329</b>
<b>Changes in the Group structure, of which:</b>		-	-	-	-	-	<b>(1,812)</b>	<b>(1,812)</b>	<b>(205)</b>	<b>(2,017)</b>
<i>Acquisition of non-controlling interests</i>		-	-	-	-	-	(1,812)	<b>(1,812)</b>	(205)	<b>(2,017)</b>
Recognition of profit attributable to non-controlling interests		-	-	-	-	-	8,011	<b>8,011</b>	140	<b>8,151</b>
Issuance of series P shares		15,242	10,655	(25,897)	-	-	-	-	-	-
Issuance of series R shares		5,929	652	-	-	-	-	<b>6,581</b>	-	<b>6,581</b>
Issuance of series S shares		8,375	452	-	-	-	-	<b>8,827</b>	-	<b>8,827</b>
Cost of issuances of shares		-	312	-	-	-	-	<b>312</b>	-	<b>312</b>
Dividend		-	-	-	-	-	(5,452)	<b>(5,452)</b>	-	<b>(5,452)</b>
Other		-	(36)	-	-	-	(42)	<b>(78)</b>	-	<b>(78)</b>
<b>As at 31 December 2010 (audited)</b>	<b><u>17</u></b>	<b>509,921</b>	<b>38,825</b>	-	<b>(241)</b>	<b>(49,285)</b>	<b>98,044</b>	<b>597,264</b>	-	<b>597,264</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**THE ASSECO SOUTH EASTERN EUROPE GROUP**

	Note	Year ended 31 Dec. 2011 (audited)	Year ended 31 Dec. 2010 (audited)
<b>Cash flows - operating activities</b>			
Pre-tax profit		62,099	51,796
<b>Total adjustments:</b>		<b>(10,800)</b>	<b>17,157</b>
Depreciation and amortization		8,744	6,495
Change in inventories		3,409	11,730
Change in receivables		(11,948)	(24,035)
Change in liabilities		(7,823)	27,341
Change in deferred and accrued expenses		(1,632)	(3,693)
Change in provisions		788	2,824
Interest income and expense		(2,114)	(1,633)
Gain on foreign exchange differences		149	631
Gain (loss) on investing activities		(315)	(535)
Other		(58)	(1,968)
<b>Net cash generated from operating activities</b>		<b>51,299</b>	<b>68,953</b>
Corporate income tax paid		(7,470)	(5,998)
<b>Net cash provided by (used in) operating activities</b>		<b>43,829</b>	<b>62,955</b>
<b>Cash flows - investing activities</b>			
Disposal of property, plant and equipment and intangible assets		495	2,628
Acquisition of property, plant and equipment and intangible assets		(9,210)	(9,641)
Expenditures for development projects		(2,821)	-
Disposal of shares in subsidiary and associated companies		-	1,493
Acquisition of subsidiary and associated companies	<u>34</u>	(8,391)	(53,134)
Cash and cash equivalents of acquired subsidiary companies		696	10,088
Disposal of financial assets held to maturity		-	712
Acquisition of financial assets held to maturity		(4,005)	(374)
Acquisition of financial assets carried at fair value through profit or loss		(10,000)	-
Loans paid back and granted		52	(123)
Interest received		2,467	2,257
Other		(68)	(188)
<b>Net cash provided by (used in) investing activities</b>		<b>(30,785)</b>	<b>(46,282)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
THE ASSECO SOUTH EASTERN EUROPE GROUP (continued)**

	Note	Year ended 31 Dec. 2011 (audited)	Year ended 31 Dec. 2010 (audited)
<b>Cash flows - financing activities</b>			
Proceeds from loans and borrowings taken out		423	1,732
Repayment of loans and borrowings		(2,531)	(5,337)
Finance lease commitments paid		(490)	(767)
Dividends paid out to shareholders of the Parent Company		(13,258)	(5,452)
Dividends paid out to former shareholders of subsidiaries		(2,130)	(6,320)
Acquisition of non-controlling interests	<u>34</u>	(870)	(62)
Interest paid		(360)	(661)
Other		(58)	(260)
<b>Net cash provided by (used in) financing activities</b>		<b>(19,274)</b>	<b>(17,127)</b>
Net increase (decrease) in cash and cash equivalents		(6,230)	(454)
Net foreign exchange differences		8,476	(3,121)
Cash and cash equivalents as at 1 January		100,976	104,551
<b>Cash and cash equivalents as at 31 December</b>	<u>13</u>	<b>103,222</b>	<b>100,976</b>

## **SUPPLEMENTARY INFORMATION AND EXPLANATIONS**

### **I. GENERAL INFORMATION**

The Asseco South Eastern Europe Group ("Group") is comprised of Asseco South Eastern Europe S.A. ("Parent Company", "Company", "Issuer") and its subsidiaries.

The parent Asseco South Eastern Europe S.A. seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007 as a joint stock company called 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.

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

The time of duration of both the Parent Company and the entities incorporated in the Group is indefinite.

According to the Articles of Association, the Parent 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.

The scope of the Asseco South Eastern Europe Group's core business broken down by relevant segments is described in Section V of these consolidated financial statements.

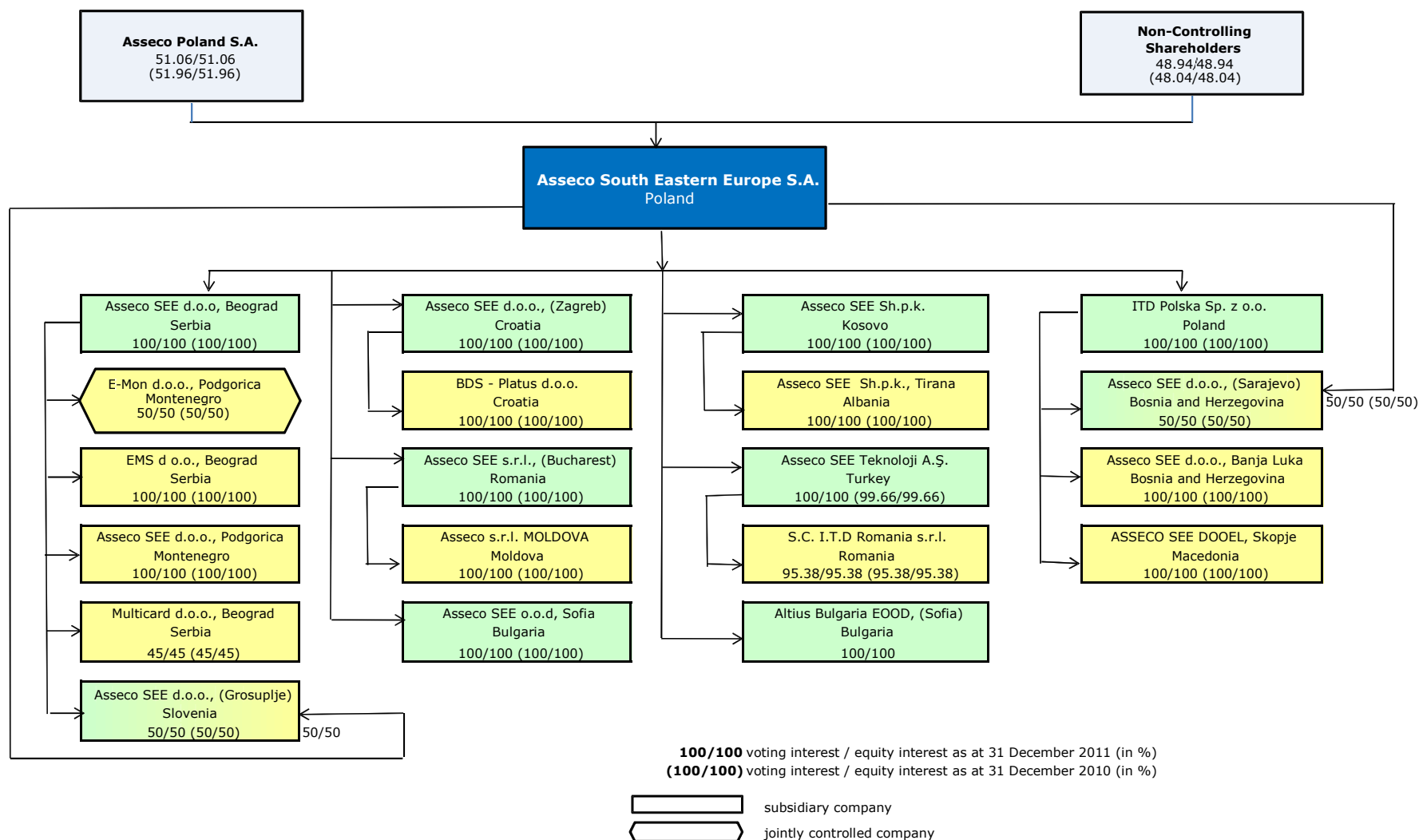
The Parent Company shall operate within the territory of the Republic of Poland as well as abroad.

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.

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

The Group 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.

## II. COMPOSITION OF THE ASSECO SOUTH EASTERN EUROPE GROUP





### **III. 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 consolidated financial statements, the compositions of the Parent 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.

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

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

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

These consolidated financial statements were prepared on a going-concern basis, assuming the Group, Parent Company as well as its subsidiary companies will continue their business activities in the foreseeable future.

Till the date of approving these financial statements, there were observed no indications of a threat to the Company and the Group companies' ability to continue as going concerns in the period of at least 12 months following the balance sheet date.

### **2. Compliance statement**

These consolidated 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 Group's operations, within the scope of accounting principles applied by the Group 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").

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

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

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

Separate and consolidated financial statements of the Group companies are drawn up in the currency of their primary business environment (in their functional currencies). The functional currencies of direct subsidiaries of Asseco South Eastern Europe S.A. include the Romanian leu (RON), Croatian kuna (HRK), Serbian dinar (RDS), euro (EUR), Turkish lira (TRY), Bulgarian lev (BGN), Bosnia and Herzegovina mark (BAM), and Polish zloty (PLN).

### **4. Changes in estimates and presentation methods**

Because the amounts of remunerations due to members of the Management Boards of the Group's companies have been disclosed in selling expenses in 2011 while in 2010 such remunerations were presented in general administrative costs, the data for 2010 have been restated for the sake of comparability. The restatement involved a decrease in general administrative costs for 2010 by the amount of PLN 3,876 thousand and an equivalent increase in selling expenses for 2010. Such change in the allocation of selling expenses is intended to better reflect the nature of activities performed by the Management Boards of our companies.

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**

Preparing consolidated 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 Group's management best knowledge on 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 Group's future results.

### ***i. Operating cash flows assumed for valuation of IT contracts as well as measurement of their completion***

The Group executes a number of contracts for construction and implementation of information technology systems. The contractual cash flows are denominated in foreign currencies. Valuation of IT contracts requires that future operating cash flows are determined in order to arrive at the fair value of income and expenses and to provide the fair value of the embedded currency derivatives, as well as it requires measurement of the progress of contract execution. The progress of contract execution shall be measured as a relation of costs already incurred (provided such costs contribute to the progress of work) to the total costs planned, or as a portion of man-days worked out of the total work-effort required. As at 31 December 2011, receivables arising from valuation of IT contracts amounted to PLN 27,546 thousand, while liabilities due to such valuation equalled PLN 1,049 thousand.

### ***ii. 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 Group verifies the adopted periods of useful life on an annual basis, taking into account the current estimates.

### ***iii. Goodwill – impairment test***

As at 31 December 2011, the Management Board of the Parent Company performed an impairment test on goodwill arising from the acquisition of subsidiary companies. This task required making estimates of the recoverable value of goodwill allocated to individual operating segments. The recoverable value is estimated by determination of the future cash flows expected to be achieved from the cash-generating unit and determination of a discount rate to be subsequently used in order to calculate the net present value of those cash flows. As at 31 December 2011, goodwill arising from the acquisition of subsidiary companies amounted to PLN 523,149 thousand as compared with PLN 476,399 thousand reported as at 31 December 2010.

### ***iv. Liabilities to pay for the remaining stakes of shares in subsidiary companies***

Both as at 31 December 2011 and 31 December 2010, the Group recognized liabilities by virtue of future payments to non-controlling shareholders in the company Multicard d.o.o., Beograd. As at 31 December 2011, such liabilities equalled PLN 1,266 thousand, while as at 31 December 2010 they were PLN 1,052 thousand. Additionally, as at 31 December 2011, the Group recognized liabilities by virtue of future payments for the acquired shares in EST A.Ş., Istanbul in the amount of PLN 85 thousand, Asseco SEE o.o.d., Sofia in the amount of PLN 763 thousand, and Altius Bulgaria EOOD (Sofia) in the amount of PLN 355 thousand. Determination of the amounts payable under such liabilities required making estimates of the companies' financial results.

**v. Deferred income tax assets (net of deferred income tax provision)**

In the period of 12 months ended 31 December 2011, the Group recognized a deferred income tax asset (net of deferred income tax provision). The Parent Company did not recognize the entire balance of deferred income tax assets related to the prior years' losses. Such deferred income tax assets were recognized to the extent it is probable that future taxable income will enable writing such unutilized losses off. As at 31 December 2011, the Parent Company's tax-deductible losses not accounted for in deferred income tax assets amounted to PLN 92,997 thousand.

Based on the current financial budget and applicable tax regulations, the Group's management believes that future utilization of deferred tax assets recognized on the consolidated financial statements in the amount of PLN 2,147 thousand is very likely.

**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 consolidated 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 Group's financial position or its financial performance, nor the scope of information presented in Group'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 Group'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 Group'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 Group'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 Group'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 Group'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 Group's financial assets. The Group 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 Group did not decide on early adoption of any other standard, interpretation or amendment which has been published but has not yet become effective.

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

### ***i. Consolidation rules***

These consolidated financial statements comprise the financial statements of the Parent Company – Asseco South Eastern Europe S.A. as well as the financial data of its subsidiaries in each case prepared for the period from 1 January 2011 to 31 December 2011. The financial data of subsidiary companies have been prepared using consistent accounting principles and based on uniform accounting principles applied to transactions and business events of similar nature.

Subsidiary companies are entities in which the Group holds more than half of the votes at the general meeting of shareholders or is able to direct the financial and operating policy of such entities in any other way. Assessment whether the Group controls other entities is made considering the existence and influence of potential votes, which may be exercised at the general meeting of shareholders of such entities.

All balances of settlements and transactions between the Group companies, including unrealized profits resulting from transactions within the Group, are fully eliminated during the consolidation. Losses are eliminated to the extent in which they do not indicate impairment.

Subsidiary companies are subject to consolidation in the period from the date the Group obtains control over such entities until such control ceases. The parent company maintains control over an entity when it holds, either directly or indirectly through its subsidiaries, more than half of the votes in such entity unless it can be proved that such ownership does not result in the exercise of control. Control is maintained also when the Company is able to direct the financial and operating policy of a given entity.

Any changes in the parent company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as capital transactions. In such events, in order to reflect changes in the ownership of a respective subsidiary, the Group shall adjust the balance sheet value of controlling interests and non-controlling interests. Any differences between the change in non-controlling interests and the fair value of consideration paid or received are recognized directly in equity and attributed to the owners of the parent company.

The Group's interests in jointly controlled entities are accounted for under the proportionate consolidation method. All the assets, liabilities, income and expenses of a jointly controlled entity attributable to the Group are combined line by line with similar items in the Group's consolidated financial statements. The consolidated financial statements of the Group must be subject to appropriate consolidation adjustments in order to eliminate the Group's share in mutual balances, income, expenses and unrealized profits resulting from transactions between the Group subsidiaries and a jointly controlled entity.



A jointly controlled entity is recognized under the proportionate method until the time the joint control over such entity ceases. From the date on which an entity ceases to be jointly controlled and it does not become a subsidiary or an associate of the Group, the Group shall account for its interest in such entity at fair value. Any differences between the carrying value of a former joint venture and the fair value of the present investment and also any proceeds from disposal shall be recognized in the profit and loss account. In the event the remaining portion of investment is significant, it shall be accounted for as an investment in an associate.

**ii. 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 Group as a uniting of interests.

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 financial results of the Company or the Group.

**iii. Goodwill**

Goodwill arising from the acquisition of an entity is initially recognized at purchase cost constituting the excess of:

- the aggregate of:
  - (i) the consideration transferred,
  - (ii) the amount of any non-controlling interest in the acquired entity; and
  - (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquired entity.
- over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is reported at the purchase cost less any accumulated impairment charges. Goodwill is tested for impairment on an annual basis, or more frequently if there are indications to do so. Goodwill is not subject to amortization.

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

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

An impairment write-down is determined by estimating the recoverable value of a cash-generating unit to which goodwill has been allocated. In the event the recoverable value of a cash-generating unit is lower than its carrying value, an impairment charge shall be recognized. In the event a cash-generating unit contains goodwill and a part of business of this cash-generating unit is sold, goodwill related to the disposed business shall be included in its balance sheet value for the purpose of determining a gain or loss on disposal of that business. In such circumstances the value of goodwill sold shall be measured as a proportion of the value of business disposed to the value of the cash-generating unit retained.

**iv. Restatement of items expressed in foreign currencies**

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

Separate and consolidated financial statements of the Group companies are drawn up in the currency of their primary business environment (in their functional currencies). The functional currencies of direct subsidiaries of Asseco South Eastern Europe S.A. include the Romanian leu (RON), Croatian kuna (HRK), Serbian dinar (RDS), euro (EUR), Turkish lira (TRY), Bulgarian lev (BGN), Bosnia and Herzegovina mark (BAM), and Polish zloty (PLN).

Transactions denominated in foreign currencies are first recognized at the functional currency exchange rate of the transaction date. Assets and liabilities expressed in foreign currencies are restated at the functional currency exchange rate of the balance sheet date. Foreign currency non-cash items valued at historical cost are restated at the exchange rate as at the initial transaction date. Foreign currency non-cash items valued at fair value are restated using the exchange rate as of the date when such fair value is determined.

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 translation are reported respectively as financial income (expenses) or in shareholders' equity.

As at the balance sheet date, assets and liabilities of those foreign subsidiary companies have been restated in the reporting currency of the Asseco South Eastern Europe Group using the exchange rate effective on the balance sheet date, and their profit and loss accounts have been restated at the average weighted exchange rate for the reporting period. Foreign currency differences resulting from such restatement are reported directly under own equity, as a separate component thereof. On the date of disposal of a foreign company, the accumulated deferred exchange rate differences carried under own equity and relating to that foreign company, shall be recognized in the profit and loss account.

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

<b>Currency</b>	<b>As at 31 Dec. 2011</b>	<b>As at 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:

Currency	Year ended	Year ended
	31 Dec. 2011	31 Dec. 2010
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

**v. Put options for non-controlling shareholders**

During a year non-controlling interests are recognized in equity along with any changes in their value resulting from allocation of a portion of net profit attributable to minority shareholders, from their share in changes of other equity items as well as from any dividends declared until the balance sheet date. At each balance sheet date, minority interests are temporarily reversed, as if such minority interests being subject to put options were redeemed on that date.

The resulting financial liabilities are recognized at fair value at each balance sheet date; whereas, the difference between the values of a reversed minority interest and the corresponding financial liability is disclosed in equity as at each balance sheet date.

Any exercise of put option rights is accounted for as described above; whereas, the financial liability is extinguished through an actual payment of the option exercise price.

If an option expires unexercised, any adjustments to equity made in the past at each balance sheet date shall be reversed, and the minority interest shall be recognized in the amount at which it would be carried if the option was not accounted for by the Company.

The above described policy addresses the accounting treatment of currently held put option.

**vi. 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:

Type	Period of useful life
Buildings and structures	40 years
Leasehold improvements	5 years
Computers and telecommunication equipment	1-5 years
Furniture	2-8 years
Air conditioners	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.

#### **vii. Investment property**

Investment property is initially recognized at the purchase cost or production cost.

Subsequently to such initial recognition, an investment property is accounted for in accordance with the requirements applicable to tangible fixed assets, this is at purchase cost or production cost decreased by accumulated depreciation and accumulated impairment write-downs, except for the investment property that meets the criteria to be qualified as held for sale or is disclosed in the group of assets classified as held for sale.

An investment property shall be removed from the balance sheet after it is disposed or definitely withdrawn from use, when no future economic benefits are expected from its sale. Any gain or loss resulting from removal of an investment property from the balance sheet shall be disclosed in the profit and loss account for the period in which such derecognition is made.

Such assets are depreciated using the straight-line method over their expected useful lives.

**viii. Intangible assets**

*Purchased separately or as a result of merger of companies*

Intangible assets purchased in a separate transaction shall be capitalized at purchase cost. Intangible assets acquired as a result of a company take-over shall be capitalized at fair value as at the take-over date.

The period of useful life of an intangible asset shall be assessed and classified as definite or indefinite. Intangible assets with a definite period of useful life are amortized using the straight-line method over the expected useful life, and amortization charges are expensed adequately in the profit and loss account. The periods of useful life, being the basis for determination of amortization rates, are subject to annual verification and, if needed, they are adjusted starting from the next financial year.

Except for development work, intangible assets produced by the company on its own shall not be capitalized, but the expenditure on their production shall be expensed in the profit and loss account for the period in which they were incurred.

Impairment tests shall be performed every year for intangible assets with an indefinite period of useful life and those which are no longer used. The remaining intangible assets shall be tested for impairment if there are indications of a possible impairment in value. Should the book value exceed the estimated recoverable value (the higher one of the two following values – net sales price or value in use), the value of these assets shall be reduced to the recoverable value.

*Research and development work*

An intangible asset generated as a result of development work (or completion of the development phase of an internal project) should be recognized if, and only if, the Group is able to demonstrate:

- the technical ability to finish the construction of such intangible asset so that it would be suitable for use or sale;
- the intention of finishing the construction of such intangible asset and the intention to use or sell the item;
- the ability to use or sell such intangible asset;
- how such intangible asset is going to generate probable future economic benefits. First of all the company should demonstrate there is a market for products made with the use of the given intangible asset, or that such intangible asset may itself be sold, or that such intangible asset is useful if it is to be used by the company;
- the availability of relevant technical, financial and other resources required to finish the development work and to make the intangible asset ready for use or sale;
- its ability to measure reliably the expenditure for the development work attributable to such intangible asset.

Costs of development work which do not satisfy the above criteria shall be expensed in the profit and loss account.

Costs of development work satisfying the above-mentioned criteria are recognized at purchase cost less accumulated amortization and accumulated impairment write-downs. 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 shall be amortized over the period of economic use of an intangible asset, but not longer than for 5 years.

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.

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

Type	Period of useful life
Cost of development work	2–5 years
Computer software	2–5 years
Patents and licenses	2–5 years
Customer relations	19 years
Other	3–10 years

Any gains or losses resulting from derecognition of an intangible asset from the balance sheet (measured as the difference between net proceeds from disposal of such asset and its carrying amount) are recognized as other income or other expenses in the profit and loss account at the time when such derecognition is made.

#### **ix. Leases**

Finance lease agreements, under which substantially all the risks and benefits incidental to ownership of the leased asset are transferred to the Company, are recognized in the balance sheet at the commencement of the lease term, at fair value of the leased tangible asset or at present value of the minimum lease payments, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability so as to obtain a constant periodic rate of interest on the remaining balance of the liability. Financial expenses charged directly as expenses in the profit and loss account.

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

Lease agreements, whereby the Company retains substantially all the risks and rewards incidental to ownership of the leased asset, are considered as operating leases. The initial direct costs incurred during the negotiation of operating lease agreements are added to the balance sheet value of the leased asset and are subsequently recognized over the lease term, on the same basis as revenues from rental. The conditional leasing fees are recognized as income for the period when they become receivable.

**x. 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.

**xi. Impairment of non-financial assets**

At every balance sheet date, the Group carries out a valuation of its assets concerning possible impairment. Should there be any indications of impairment, the Group estimates the recoverable value. 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 Group 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 Group 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.

**xii. 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 identified or identifiable payments and with a fixed maturity date, which the Group intends and is able to hold till 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. If financial instruments are not be quoted on an active market and it is impossible to determine their fair value reliably with alternative methods, such financial assets available for sale shall be measured at 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 carried at fair value through profit or loss, are measured at amortized cost using the effective interest rate.

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

### ***xiii. Embedded financial derivatives***

Embedded financial derivatives shall be separated from host contracts and presented separately in the accounting books as financial derivatives valued at fair value through profit or loss, if the following conditions are jointly met:

- the economic characteristics and risks of the embedded instrument are not closely related to economic characteristics and risks of the host contract,
- on a standalone basis, the embedded instrument meets the definition of a derivative financial instrument,
- a hybrid (combined) contract containing the embedded financial derivative is not measured at fair value through profit or loss for the reporting period.

Embedded financial derivatives shall be recognized in the accounting books similarly to other financial derivatives which are not classified as hedging instruments.

For some types of transactions, embedded derivatives, which are not closely related to their host contracts, are accounted for just as other derivative instruments. Gains/losses on changes in fair value of those derivatives are recognized in the profit and loss account for the period in which they actually occurred.

For some types of transactions, especially when a transaction is carried out in the currency deemed as applied customarily in such type of transactions in the given economic environment, embedded derivatives are not detached from their host contracts and are not accounted for separately. The contracts of such type include, among others, real estate lease agreements and also IT services contracts because settlements in euro become more and more common.

In case of an agreement denominated in a foreign currency deemed to be the functional currency of one of the transacting parties, embedded financial derivatives are not disclosed separately. Revenues and expenses relating to such contracts are determined on the basis of spot exchange rates.

The Group makes the assessment as to whether an embedded derivative should be accounted for separately when the financial asset is initially recognized. In case of embedded derivatives taken over as a result of a combination of businesses, the Group makes assessment of such embedded instruments as at the merger date which corresponds to the date of their initial recognition by the Group.

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

In order to hedge against the risk of changes in foreign currency exchange rates and in interest rates, the Group 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***

The Parent Company of the Asseco South Eastern Europe Group 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.

#### **xv. Impairment of financial assets**

At each balance sheet date, the Group 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 Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are 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.

**xvi. 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 Group measures the cost of consumed inventories by following the first-in first-out principle or using the specific identification method.

The Group companies are obliged to perform an aging analysis of their 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 inventories 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.

**xvii. 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 Group applies deferred expenses or deferred income accounts if such income or expenses relate to future reporting periods.

**xviii. Trade accounts receivable**

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.

**xix. 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 Group decided not to present bank overdraft facilities (used as an element of financing) and long-term restricted cash in the balance of cash and cash equivalents.

**xx. 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.

**xxi. 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.

**xxii. Provisions**

A provision should be recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects that the expenditure required to settle a provision is to be reimbursed, e.g. under an insurance contract, this reimbursement should be recognized as a separate asset when, and only when, it is virtually certain that such reimbursement will be received. The expense relating to such provision shall be disclosed in the profit and loss account, net of the amount of any reimbursements.

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

Where the effect of the value of money in time is material, the amount of a provision 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.

*Retirement benefits, other post-employment benefits and provision for unused annual leaves*

The Group establishes a provision for the present value of liabilities relating to future payments of retirement benefits. Furthermore, the Group recognizes a provision for unused annual leaves, which relate to periods prior to the balance sheet date and which will be used in future periods. Here the amount of related payment depends on the average monthly remuneration and the number of due but untaken leave days as at the balance sheet date. Costs of both termination benefits and untaken leaves are based on estimates and recognized in accordance with the accrual accounting.

**xxiii. Revenues**

Revenues and expenses related to completion of implementation contracts

Sales of services executed under a contract, which as at the balance sheet date are not completed but provided to a considerable extent, shall be recognized at the balance sheet date proportionally to the percentage of completion of such services, on condition the amount of revenue can be determined in a reliable way. The progress of contract execution shall be measured as a percentage of the total estimated contract execution costs incurred from the date of contract conclusion till the day when the related revenues are being determined, or as a portion of work completed out of the total work effort required. When determining the contract execution costs incurred till the balance sheet date, any expenses for future activities related to the contract shall not be taken into account.

Should it be impossible to estimate reliably the result of the contract, the revenues shall only be recognized in the amount of costs incurred which the Group expects to recover.

Should it be impossible to reliably estimate the progress of a service execution as at the balance sheet date, sales revenues shall be recognized in the amount of costs incurred in the reporting period, which should however be limited to the amount of costs that are likely to be paid by the ordering party in the future.

In case it is probable that the total contract execution costs exceed the total contract revenues, the anticipated loss shall be recognized as cost in the reporting period in which it has been detected.

Production costs of unfinished services shall comprise the costs incurred since the effective date of relevant agreement till the balance sheet date. Production costs that have been incurred prior to concluding the agreement and are related to the subject matter thereof shall be capitalized, provided they are likely to be covered with future revenues received from the ordering party.

Should the percentage progress of incurred costs, decreased by expected losses and increased by profits included in the profit and loss account, exceed the percentage progress of invoiced sales, the amount of non-invoiced sales resulting from such difference shall be disclosed as other receivables in the balance sheet.

On the other hand, if the progress of invoiced sales exceeds the proportion of costs incurred, decreased by expected losses and increased by profits included in the profit and loss account, then future-related (unearned) revenues resulting from such difference shall be disclosed as other liabilities.

*Revenues*

Accounting principles relating to the recognition of sales revenues from execution of IT contracts have been already described above in this supplementary information. Revenues shall be recognized in the amount reflecting probable economic benefits associated with the transaction to be obtained by the Group and when the amount of revenue can be measured reliably.

The Group presents its revenues from sales of products, merchandise and services. Such presentation appropriately reflects the business profile of the Group that is engaged in the

provision of comprehensive information technology solutions based on proprietary products. Those revenues are generated from the execution of information technology projects, which include development of IT systems and maintenance services.

While recognizing sales revenues the following criteria are also taken into account:

#### *Sales revenues*

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. Whereas, revenues from sales of implementation services are recognized based on the percentage of their completion. Revenues relating to licensing fees shall be recognized when invoiced.

#### *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.

### **xxiv. 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.

## **V. INFORMATION ON OPERATING SEGMENTS**

The Asseco South Eastern Europe Group has identified the following reportable segments reflecting the structure of its business operations:

- Banking Solutions [*BAN - CORE + MASS*],
- Card Business [*BAN - CARD + PG*],
- Systems Integration [*SI*].

These reportable segments correspond to the Group's operating segments.

### *Banking Solutions [BAN - CORE + MASS]<sup>1</sup>*

The Banking Solutions segment deals with integrated banking systems based on the Oracle and Microsoft platforms (offered under the brand name of ASEBA), including primarily core banking systems.

In addition, the integrated systems include solutions dedicated to support various bank access channels, payment systems, reporting systems for regulatory compliance and managerial information, as well as risk management systems.

This segment also provides IT systems enabling secure authentication of bank clients and system users, as well as e-banking solutions available on mobile phones. These solutions are marketed as an integral part of the core and multi-channel banking systems offered by the Group companies, or separately for the purpose of being integrated with legacy IT solutions or third-party software already utilized by banks. Our offering features the authentication technologies that make use of mobile tokens, SMS, PKI (Public Key Infrastructure) / chip cards (*smartcards*) acting as electronic signature devices. The ASEBA *JiMBA* mobile banking system and a variety of e-commerce solutions are state-of-the-art products providing access to banking services over the Internet from mobile phones.

### *Card Business [BAN - CARD + PG] 1*

This segment is engaged in the sale and maintenance of ATMs and POS terminals as well as in the provision of related support services. Furthermore, the segment provides 'top-up' services, i.e. distribution of services offered by third-party vendors based on proprietary IT solutions, using the network of ATMs and POS terminals (e.g. phone card recharging, bill payments). This operating segment also provides systems for settlement of internet payments made with credit cards as well as for fast and direct internet money transfers. The Asseco South Eastern Europe Group offers systems based on its proprietary IT solutions, both in the form of outsourcing or implementation of software within the client's infrastructure.

### *Systems Integration [SI]*

This segment is engaged in the provision of services of development of customized IT systems, especially for the needs of integration of third-party software and elements of infrastructure, as well as in the sale and installation of hardware.

### *Mobile Banking & Authentication [BAN - MASS]*

The Group decided not to identify a separate segment of Mobile Banking and Authentication as it does not satisfy the quantitative criteria for identification of reportable segments set forth in IFRS 8 "Operating Segments": the segment's revenue should be minimum 10% of the combined revenues of all operating segments; or the segment's profit or loss should be minimum 10% of the combined profit of all operating segments that did not report a loss, or of the combined loss of all operating segments that reported a loss; or the segment's assets should be minimum 10% of the combined assets of all operating segments. Cash flows related to Mobile Banking & Authentication have been disclosed in the Banking Solutions segment.

<sup>1</sup> The segments of Banking Solutions and Card Business constitute the Group's total banking business.



<b>For the year ended 31 December 2011 in PLN thousands (audited)</b>	<b>Banking Solutions (I)</b>	<b>Card Business (II)</b>	<b>Total Banking Business (I-II)</b>	<b>Systems Integration (III)</b>	<b>Unallocated</b>	<b>Eliminations / Reconciliations</b>	<b>Total</b>
<b>Sales revenues:</b>	<b>133,451</b>	<b>109,772</b>	<b>243,223</b>	<b>238,740</b>	<b>3,512</b>	<b>(23,608)</b>	<b>461,867</b>
Sales to external customers	119,309	108,229	227,538	234,329	-	-	461,867
Inter/intra segment sales	14,142	1,543	15,685	4,411	3,512	(23,608)	-
<b>Gross profit on sales</b>	<b>43,003</b>	<b>32,426</b>	<b>75,429</b>	<b>46,231</b>	<b>-</b>	<b>-</b>	<b>121,660</b>
Selling expenses	(6,994)	(6,631)	(13,625)	(19,158)	-	-	(32,783)
General administrative expenses	(13,058)	(9,073)	(22,131)	(11,365)	-	-	(33,496)
<b>Net profit on sales</b>	<b>22,951</b>	<b>16,722</b>	<b>39,673</b>	<b>15,708</b>	<b>-</b>	<b>-</b>	<b>55,381</b>
Segment assets, of which:	266,439	154,344	420,783	260,611	139,622	-	821,016
<i>goodwill arising from consolidation</i>	209,686	118,141	327,827	195,322	-	-	523,149
<i>property, plant and equipment</i>	5,138	9,105	14,243	5,859	224	-	20,326
<i>intangible assets</i>	7,483	3,464	10,947	829	353	-	12,129
<i>trade accounts receivable</i>	20,313	15,979	36,292	49,450	-	-	85,742
<i>receivables arising from valuation of IT contracts</i>	23,370	1,433	24,803	2,743	-	-	27,546
<i>Inventories</i>	449	6,222	6,671	6,408	-	-	13,079
<i>Other</i>	-	-	-	-	139,045	-	139,045
<b>Segment expenditures for tangible and intangible assets</b>	<b>(2,720)</b>	<b>(4,400)</b>	<b>(7,120)</b>	<b>(2,603)</b>	<b>(251)</b>	<b>-</b>	<b>(9,974)</b>

Assets that were not allocated to any operating segment as at 31 December 2011 included the following items: cash (PLN 103,222 thousand), receivables from the State budget (PLN 2,247 thousand) and other receivables (PLN 7,495 thousand), deferred income tax assets (PLN 2,147 thousand), and other assets (PLN 23,934 thousand). Segment data do not include revenues from management services provided by the Parent Company to its subsidiaries (which are subsequently eliminated in the consolidation process) nor any of the other operating expenses and income, financial expenses and income, or income taxes.

<b>For the year ended 31 December 2011 in EUR thousands</b>	<b>Banking Solutions (I)</b>	<b>Card Business (II)</b>	<b>Total Banking Business (I-II)</b>	<b>Systems Integration (III)</b>	<b>Unallocated</b>	<b>Eliminations / Reconciliations</b>	<b>Total</b>
<b>Sales revenues:</b>	<b>32,234</b>	<b>26,515</b>	<b>58,749</b>	<b>57,664</b>	<b>848</b>	<b>(5,702)</b>	<b>111,559</b>
Sales to external customers	28,818	26,142	54,960	56,599	-	-	111,559
Inter/intra segment sales	3,416	373	3,789	1,065	848	(5,702)	-
<b>Gross profit on sales</b>	<b>10,387</b>	<b>7,832</b>	<b>18,219</b>	<b>11,167</b>	<b>-</b>	<b>-</b>	<b>29,386</b>
Selling expenses	(1,690)	(1,602)	(3,292)	(4,626)	-	-	(7,918)
General administrative expenses	(3,154)	(2,191)	(5,345)	(2,746)	-	-	(8,091)
<b>Net profit on sales</b>	<b>5,543</b>	<b>4,039</b>	<b>9,582</b>	<b>3,795</b>	<b>-</b>	<b>-</b>	<b>13,377</b>



<b>For the year ended 31 December 2010 in PLN thousands (restated)</b>	<b>Banking Solutions (I)</b>	<b>Card Business (II)</b>	<b>Total Banking Business (I-II)</b>	<b>Systems Integration (III)</b>	<b>Unallocated</b>	<b>Eliminations / Reconciliations</b>	<b>Total</b>
<b>Sales revenues:</b>	<b>121,078</b>	<b>75,473</b>	<b>196,551</b>	<b>269,223</b>	<b>3,318</b>	<b>(18,756)</b>	<b>450,336</b>
Sales to external customers	113,981	74,124	188,105	262,231	-	-	450,336
Inter/intra segment sales	7,097	1,349	8,446	6,992	3,318	(18,756)	-
<b>Gross profit on sales</b>	<b>41,826</b>	<b>21,953</b>	<b>63,779</b>	<b>43,468</b>	<b>-</b>	<b>-</b>	<b>107,247</b>
Selling expenses	(6,862)	(4,256)	(11,118)	(13,166)	-	-	(24,284)
General administrative expenses	(15,037)	(4,997)	(20,034)	(12,398)	-	-	(32,432)
<b>Net profit on sales</b>	<b>19,927</b>	<b>12,700</b>	<b>32,627</b>	<b>17,904</b>	<b>-</b>	<b>-</b>	<b>50,531</b>
Segment assets, of which:	230,759	134,979	365,738	243,623	119,273	-	728,634
<i>goodwill arising from consolidation</i>	188,761	107,363	296,124	180,275	-	-	476,399
<i>property, plant and equipment, and</i>	3,465	7,885	11,350	5,056	264	-	16,670
<i>intangible assets</i>	5,577	2,996	8,573	659	132	-	9,364
<i>trade accounts receivable</i>	13,441	10,552	23,993	47,210	-	-	71,203
<i>receivables arising from valuation of IT</i>	19,257	0	19,257	3,013	-	-	22,270
<i>contracts</i>	258	6,183	6,441	7,410	-	-	13,851
<i>Inventories</i>	-	-	-	-	118,877	-	118,877
<i>Other</i>	-	-	-	-	-	-	-
<b>Segment expenditures for tangible and intangible assets</b>	<b>(2,283)</b>	<b>(4,787)</b>	<b>(7,070)</b>	<b>(2,299)</b>	<b>(421)</b>	<b>-</b>	<b>(9,790)</b>

Assets that were not allocated to any operating segment as at 31 December 2010 included the following items: cash (PLN 100,976 thousand), receivables from the State budget (PLN 1,989 thousand) and other receivables (PLN 8,028 thousand), deferred income tax assets (PLN 1,592 thousand), and other assets (PLN 6,292 thousand). Segment data do not include revenues from management services provided by the Parent Company to its subsidiaries (which are subsequently eliminated in the consolidation process) nor any of the other operating expenses and income, financial expenses and income, or income taxes.

<b>For the year ended 31 December 2010 in EUR thousands</b>	<b>Banking Solutions (I)</b>	<b>Card Business (II)</b>	<b>Total Banking Business (I-II)</b>	<b>Systems Integration (III)</b>	<b>Unallocated</b>	<b>Eliminations / Reconciliations</b>	<b>Total</b>
<b>Sales revenues:</b>	<b>30,237</b>	<b>18,847</b>	<b>49,084</b>	<b>67,231</b>	<b>829</b>	<b>(4,684)</b>	<b>112,460</b>
Sales to external customers	28,464	18,510	46,974	65,486	-	-	112,460
Inter/intra segment sales	1,773	337	2,110	1,745	829	(4,684)	-
<b>Gross profit on sales</b>	<b>10,445</b>	<b>5,482</b>	<b>15,927</b>	<b>10,855</b>	<b>-</b>	<b>-</b>	<b>26,782</b>
Selling expenses	(1,714)	(1,062)	(2,776)	(3,288)	-	-	(6,064)
General administrative expenses	(3,755)	(1,248)	(5,003)	(3,096)	-	-	(8,099)
<b>Net profit on sales</b>	<b>4,976</b>	<b>3,172</b>	<b>8,148</b>	<b>4,471</b>	<b>-</b>	<b>-</b>	<b>12,619</b>

## **VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Breakdown of sales revenues**

<b>Sales revenues by type of products</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Proprietary software and services	209,548	160,178
Third-party software and services	88,442	125,617
Hardware and infrastructure	163,877	164,541
	<b>461,867</b>	<b>450,336</b>

<b>Sales revenues by sectors</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Banking and finance	293,944	261,709
Enterprises	120,622	134,520
Public institutions	47,301	54,107
	<b>461,867</b>	<b>450,336</b>

### **2. Breakdown of operating costs**

	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (restated)</b>
Materials and energy used (-)	(4,577)	(5,946)
Third-party work (-)	(47,556)	(36,697)
Salaries (-)	(111,391)	(88,030)
Employee benefits (-)	(15,673)	(13,494)
Depreciation and amortization (-)	(8,744)	(6,495)
Taxes and charges (-)	(1,810)	(1,223)
Business trips (-)	(4,820)	(4,407)
Other (-)	(79)	(4,031)
	<b>(194,650)</b>	<b>(160,323)</b>
<b>Cost of sales:</b>	<b>(340,207)</b>	<b>(343,089)</b>
<i>production cost (-)</i>	(128,371)	(103,607)
<i>value of merchandise, materials and third-party work sold (COGS) (-)</i>	(211,836)	(239,482)
<b>Selling expenses (-)</b>	<b>(32,783)</b>	<b>(24,284)</b>
<b>General administrative expenses (-)</b>	<b>(33,496)</b>	<b>(32,432)</b>

### 3. Other operating income and expenses

<b>Other operating income</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Gain on disposal of tangible fixed assets	218	513
Reversal of other provisions	8	26
Compensations received	41	88
Inventory count surplus	4	9
Reimbursement of withholding tax paid	-	597
Other	623	871
	<b>894</b>	<b>2,104</b>

<b>Other operating expenses</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Loss on disposal of tangible fixed assets (-)	(111)	(107)
Other provisions established (-)	(49)	(472)
Liquidation costs of tangible fixed assets, intangible assets, and inventories (-)	-	(58)
Charitable contributions to unrelated parties (-)	(481)	(262)
Costs of post-accident repairs (-)	(142)	(100)
Inventory count deficit (-)	(100)	(85)
Contractual penalties (-)	(144)	(48)
Other (-)	(346)	(435)
	<b>(1,373)</b>	<b>(1,567)</b>

### 4. Financial income and expenses

<b>Financial income</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Interest income on loans granted, debt securities and bank deposits	2,871	2,351
Gain on foreign exchange differences	1,446	1,244
Discounting of settlements	-	130
Changes in estimates of liabilities	4,591	-
Valuation of non-controlling interests in Asseco SEE d.o.o. (Grosuplje)	397	-
Gain on valuation of financial assets carried at fair value through profit or loss	171	-
Other financial income	1	1
<b>Total financial income</b>	<b>9,477</b>	<b>3,726</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 Group 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), and a financial income of PLN 701 thousand on a downward revision in the estimated liabilities to pay out dividends from undistributed profits for the years 2009 and 2010 that were recognized by the Group pursuant to the agreement for acquisition of BDS d.o.o.

The gain on valuation of non-controlling interests in Asseco SEE d.o.o. (Grosuplje) in the amount of PLN 397 thousand was recognized as a result of a fair-value measurement of the previously held 50% stake in that company, which was performed as part of accounting for the obtaining of control over that company.

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

<b>Financial expenses</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Interest expense on bank loans, borrowings and debt securities (-)	(121)	(175)
Other interest expenses (-)	(456)	(112)
Bank fees and commissions (-)	(152)	(165)
Loss on foreign exchange differences (-)	(581)	(1,940)
Company acquisition related expenses (-)	(90)	(164)
Discounting of settlements (-)	(149)	(206)
Interest expenses under finance leases (-)	(64)	(92)
Loss on disposal of investments in subsidiary companies (-)	-	(36)
Loss on exercise of derivative instruments (-)	(177)	-
Loss on change in fair value of currency derivatives (-)	(472)	-
Other financial expenses (-)	(18)	(108)
<b>Total financial expenses</b>	<b>(2,280)</b>	<b>(2,998)</b>

## **5. Corporate income tax**

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

	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Current corporate income tax and prior years adjustments	(6,863)	(5,307)
Deferred corporate income tax, of which:	(583)	(2,889)
<i>related to origination or reversal of temporary differences</i>	(583)	(2,889)
<b>Income tax expense as disclosed in the profit and loss account, of which:</b>	<b>(7,446)</b>	<b>(8,196)</b>
<i>Corporate income tax attributable to continuing operations</i>	(7,446)	(8,196)

Regulations applicable to the value added tax, corporate income tax, personal income tax or social security contributions are subject to frequent amendments, thereby often depriving the taxpayers of a possibility to refer to well established regulations or legal precedents. The current regulations in force include ambiguities which may give rise to different opinions and legal interpretations on the taxation regulations either between companies and public administration, or between the public administration bodies

themselves. Taxation and other settlements (for instance customs duty or currency payments) may be controlled by administration bodies that are entitled to impose considerable fines, and the amounts of so determined liabilities must be paid with high interest. In effect the amounts disclosed in the financial statements may be later changed, after the taxes payable are finally determined by the taxation authorities.

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

	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
<b>Pre-tax profit</b>	<b>62,099</b>	<b>51,796</b>
Statutory corporate income tax rate	19%	19%
<b>Corporate income tax computed at the statutory tax rate</b>	<b>(11,799)</b>	<b>(9,841)</b>
<b>[A] Non-taxable income recognized in the balance sheet</b>	<b>2,376</b>	<b>376</b>
-non-taxable income achieved in a technological zone	1,267	211
-changes in estimates of liabilities	884	-
-foreign exchange differences on payments for shares acquired	150	-
-other	75	165
<b>[B] Taxable income not recognized in the balance sheet</b>	<b>(1,687)</b>	<b>(1,308)</b>
-dividends eliminated by consolidation adjustments	(1,590)	(799)
-other	(97)	(509)
<b>[C] Tax-deductible expenses not recognized in the balance sheet</b>	<b>206</b>	<b>84</b>
-loss on disposal of shares in EST A.Ş., eliminated by consolidation adjustments	168	-
-discounts on liabilities, eliminated by consolidation adjustments	15	-
-other	23	84
<b>[D] Non-tax-deductible expenses recognized in the balance sheet</b>	<b>(1,849)</b>	<b>(1,276)</b>
-non-tax-deductible expenses incurred in a technological zone	(726)	(352)
-representation expenses	(257)	(39)
-foreign exchange differences on non-taxable income	(120)	-
-expenses for company cars	(3)	(43)
-other	(743)	(842)
<b>[E] Utilization of tax-deductible losses and credits</b>	<b>1,980</b>	<b>650</b>
<b>[F] Difference due to different rates of corporate income tax paid abroad</b>	<b>3,166</b>	<b>3,119</b>
<b>[G] Correction of error in the calculation of deferred tax in previous reporting periods (+) / (-)</b>	<b>161</b>	<b>-</b>
<b>Corporate income tax at the effective tax rate: 11.99% in 2011 and 15.82% in 2010</b>	<b>(7,446)</b>	<b>(8,196)</b>

As at 31 December 2011, the Parent Company's tax-deductible losses not accounted for in deferred income tax assets amounted to PLN 92,997 thousand. In 2011, the Parent 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 Parent Company did not recognize the entire balance of deferred income tax assets related to the prior years' losses. The utilization of those tax-deductible losses is possible till the end of 2015.

31 December 2011

	Deferred income tax provision, gross				Deferred income tax assets, gross			Comprehensive income		
	31 Dec. 2011	FX differen ces (+/- )	31 Dec. 2010		31 Dec. 2011	Obtainin g of contr ol	FX differen ces (+/- )	31 Dec. 2010	2011	2010
Difference between tax depreciation and accounting depreciation	263	12	116		-	-	2	10	(147)	(98)
Revaluation of tangible fixed assets	-	-	15		-	-	-	-	15	(15)
Receivables / liabilities arising from book valuation of IT contracts	46	-	-		35	-	2		(13)	(27)
Provision for income tax payable to a subsidiary upon the dividend payment	3,101	295	1,942		-	-	-	-	(864)	(1,320)
Losses deductible against future taxable income	-	-	-		432	-	-	261	171	(15)
Valuation of financial assets and/or financial liabilities at fair value	32	-	-		245		7	120	86	42
Accrued expenses, provisions and other liabilities	25	1			409	24	(9)	454	(84)	183
Revaluation write-downs on trade accounts receivable	14	1	-		202		3	98	88	(34)
Revaluation write-downs on other receivables	-	-	-		-	-	(2)	77	(75)	6
Revaluation write-downs on inventories	-	-	-		688	-	26	384	278	(171)
Tax credit for withholding tax paid abroad	-	-	-		-	-	-	-	-	(553)
Tax credit for capital expenditures made	-	-	-		364	-	63	516	(215)	(939)
Other temporary differences	25	-	-		226	-	15	9	177	(76)
Deferred income tax provision, gross	3,506	309	2,073							
Deferred income tax assets, gross					2,601	24	107	1,929		
Write-down due to impossibility to realize a deferred income tax asset									-	128
Deferred income tax assets, net					2,601	24	107	1,929		
Deferred income tax provision (-), net of deferred income tax assets	3,052		1,736							
Deferred income tax assets (+), net of deferred income tax provision					2,147			1,592		
Change in deferred income tax in the period reported, of which									(583)	(2,889)
change in deferred income tax recognized directly in other comprehensive income									-	-
change in deferred income tax recognized in profit or loss									(583)	(2,889)

## 6. Earnings per share

<b>PLN</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
<b>Consolidated earnings per share for the period reported attributable to Shareholders of Asseco South Eastern Europe S.A. (in PLN):</b>		
Basic consolidated earnings per share from continuing operations for the period reported	1.06	0.87
Diluted consolidated earnings per share from continuing operations for the period reported	1.06	0.87

<b>EUR</b>	<b>Year ended 31 Dec. 2011</b>	<b>Year ended 31 Dec. 2010</b>
<b>Consolidated earnings per share for the period reported attributable to Shareholders of Asseco South Eastern Europe S.A. (in PLN):</b>		
Basic consolidated earnings per share from continuing operations for the period reported	0.26	0.22
Diluted consolidated earnings per share from continuing operations for the period reported	0.26	0.22

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

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

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

	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
<b>Consolidated net profit for the period reported attributable to Shareholders of Asseco South Eastern Europe S.A.</b>	<b>54,764</b>	<b>43,647</b>
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,453,105	49,973,547
Dilution factors	-	-
<b>Adjusted weighted average number of ordinary shares, used for calculation of diluted earnings per share</b>	<b>51,453,105</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.

## 7. 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.



## 8. Property, plant and equipment

For the year ended 31 December 2011 (audited)	Land and buildings	Computers and other office equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
<b>As at 1 January 2011, less depreciation and impairment write-downs</b>	<b>487</b>	<b>9,638</b>	<b>4,467</b>	<b>1,189</b>	<b>889</b>	<b>16,670</b>
Additions, of which:	45	6,639	1,574	1,083	46	9,387
Purchases	-	6,219	1,215	307	46	7,787
Finance leases	-	-	277	-	-	277
Obtaining control over subsidiaries	-	209	33	10	-	252
Transfer from tangible assets under construction	-	141	-	754	-	895
Reclassification – change in presentation	45	-	49	-	-	94
Other changes	-	70	-	12	-	82
Reductions, of which:	(42)	(4,050)	(1,823)	(579)	(940)	(7,434)
Depreciation charge for the period reported (-)	(40)	(3,960)	(1,550)	(565)	-	(6,115)
Disposal and liquidation (-)	-	(54)	(217)	(1)	-	(272)
Transfer from tangible assets under construction (-)	-	-	-	-	(895)	(895)
Reclassification – change in presentation (-)	-	(36)	-	(13)	(45)	(94)
Other changes (-)	(2)	-	(56)	-	-	(58)
Foreign currency differences on translation of foreign subsidiaries (+/-)	57	1,158	349	86	53	1,703
<b>As at 31 December 2011, less depreciation</b>	<b>547</b>	<b>13,385</b>	<b>4,567</b>	<b>1,779</b>	<b>48</b>	<b>20,326</b>
As at 1 January 2011						
Gross book value	576	24,021	11,236	4,427	909	41,169
Depreciation and impairment write-downs (-)	(89)	(14,383)	(6,769)	(3,238)	(20)	(24,499)
<b>Net book value as at 1 January 2011</b>	<b>487</b>	<b>9,638</b>	<b>4,467</b>	<b>1,189</b>	<b>889</b>	<b>16,670</b>
As at 31 December 2011						
Gross book value	713	31,172	12,351	5,560	48	49,844
Depreciation and impairment write-downs (-)	(166)	(17,787)	(7,784)	(3,781)	-	(29,518)
<b>Net book value as at 31 December 2011</b>	<b>547</b>	<b>13,385</b>	<b>4,567</b>	<b>1,779</b>	<b>48</b>	<b>20,326</b>

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

## 8. Property, plant and equipment (continued)

For the year ended 31 December 2010 (audited)	Land and buildings	Computers and other office equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
<b>As at 1 January 2010, less depreciation and impairment write-downs</b>	<b>516</b>	<b>5,026</b>	<b>3,673</b>	<b>842</b>	<b>1,335</b>	<b>11,392</b>
Additions, of which:	-	7,732	2,894	1,199	956	12,781
Purchases	-	5,203	1,877	257	872	8,209
Obtaining control over subsidiaries	-	1,364	891	439	34	2,728
Transfer from tangible assets under construction	-	640	57	503	-	1,200
Reclassification – change in presentation	-	139	69	-	50	258
Other changes	-	386	-	-	-	386
Reductions, of which:	(14)	(2,643)	(1,823)	(794)	(1,254)	(6,528)
Depreciation charge for the period reported (-)	(14)	(2,497)	(1,376)	(350)	(20)	(4,257)
Disposal and liquidation (-)	-	(146)	(355)	(1)	(34)	(536)
Transfer from tangible assets under construction (-)	-	-	-	-	(1,200)	(1,200)
Reclassification – change in presentation (-)	-	-	-	(258)	-	(258)
Other changes (-)	-	-	(92)	(185)	-	(277)
Foreign currency differences on translation of foreign subsidiaries (+/-)	(15)	(477)	(277)	(58)	(148)	(975)
<b>As at 31 December 2010, less depreciation</b>	<b>487</b>	<b>9,638</b>	<b>4,467</b>	<b>1,189</b>	<b>889</b>	<b>16,670</b>
As at 1 January 2010						
Gross book value	541	12,780	8,905	2,443	1,356	26,025
Depreciation and impairment write-downs (-)	(25)	(7,754)	(5,232)	(1,601)	(21)	(14,633)
<b>Net book value as at 1 January 2010</b>	<b>516</b>	<b>5,026</b>	<b>3,673</b>	<b>842</b>	<b>1,335</b>	<b>11,392</b>
As at 31 December 2010						
Gross book value	576	24,021	11,236	4,427	909	41,169
Depreciation and impairment write-downs (-)	(89)	(14,383)	(6,769)	(3,238)	(20)	(24,499)
<b>Net book value as at 31 December 2010</b>	<b>487</b>	<b>9,638</b>	<b>4,467</b>	<b>1,189</b>	<b>889</b>	<b>16,670</b>

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

## 9. Intangible assets

<b>For the year ended 31 December 2011 (audited)</b>	<b>Own software and licenses</b>	<b>Costs of development projects in progress</b>	<b>Software, patents and licenses purchased</b>	<b>Total</b>
<b>As at 1 January 2011, less amortization and impairment write-downs</b>	<b>6,707</b>	<b>-</b>	<b>2,657</b>	<b>9,364</b>
Additions, of which:	-	2,821	2,283	5,104
Purchases	-	-	2,187	2,187
Capitalization of the costs of research and development projects	-	2,821	-	2,821
Obtaining control over subsidiaries	-	-	36	36
Reclassification – change in presentation	-	-	60	60
Reductions, of which:	(1,715)	-	(1,365)	(3,080)
Amortization charge for the period reported (-)	(1,655)	-	(940)	(2,595)
Disposal and liquidation (-)	-	-	(425)	(425)
Reclassification – change in presentation (-)	(60)	-	-	(60)
Foreign currency differences on translation of foreign subsidiaries (+/-)	403	152	186	741
<b>As at 31 December 2011, less amortization</b>	<b>5,395</b>	<b>2,973</b>	<b>3,761</b>	<b>12,129</b>
As at 1 January 2011				
Gross book value	8,092	-	6,965	15,057
Amortization and impairment write-downs (-)	(1,385)	-	(4,308)	(5,693)
<b>Net book value as at 1 January 2011</b>	<b>6,707</b>	<b>-</b>	<b>2,657</b>	<b>9,364</b>
As at 31 December 2011				
Gross book value	8,624	2,973	8,983	20,580
Amortization and impairment write-downs (-)	(3,229)	-	(5,222)	(8,451)
<b>Net book value as at 31 December 2011</b>	<b>5,395</b>	<b>2,973</b>	<b>3,761</b>	<b>12,129</b>

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

## 9. Intangible assets (continued)

<b>For the year ended 31 December 2010 (audited)</b>	<b>Own software and licenses</b>	<b>Costs of development projects in progress</b>	<b>Software, patents and licenses purchased</b>	<b>Total</b>
<b>As at 1 January 2010, less amortization and impairment write-downs</b>	-	<b>6,762</b>	<b>1,937</b>	<b>8,699</b>
Additions, of which:	8,953	-	1,889	10,842
Purchases	313	-	1,268	1,581
Transfer of the costs of completed development projects	6,762	-	-	6,762
Obtaining control over subsidiaries	1,851	-	544	2,395
Reclassification – change in presentation	27	-	66	93
Other changes	-	-	11	11
Reductions, of which:	(1,388)	(6,762)	(967)	(9,117)
Amortization charge for the period reported (-)	(1,388)	-	(820)	(2,208)
Transfer of the costs of completed development projects (-)	-	(6,762)	-	(6,762)
Disposal and liquidation (-)	-	-	(54)	(54)
Reclassification – change in presentation (-)	-	-	(93)	(93)
Foreign currency differences on translation of foreign subsidiaries (+/-)	(858)	-	(202)	(1,060)
<b>As at 31 December 2010, less amortization</b>	<b>6,707</b>	-	<b>2,657</b>	<b>9,364</b>
<b>As at 1 January 2010</b>				
Gross book value	-	6,762	4,299	11,061
Amortization and impairment write-downs (-)	-	-	(2,362)	(2,362)
<b>Net book value as at 1 January 2010</b>	-	<b>6,762</b>	<b>1,937</b>	<b>8,699</b>
<b>As at 31 December 2010</b>				
Gross book value	8,092	-	6,965	15,057
Amortization and impairment write-downs (-)	(1,385)	-	(4,308)	(5,693)
<b>Net book value as at 31 December 2010</b>	<b>6,707</b>	-	<b>2,657</b>	<b>9,364</b>

As at 31 December 2010, intangible assets did not serve as security for any bank loans or borrowings taken out.

The capitalized costs of development work are primarily related to the new line of products: Experience Platform, Experience Branch and Experience Customer Insight – state-of-the-art banking software offered in the areas of distribution channels, core banking systems, and Business Intelligence solutions. The new generation products are developed with an eye to gain competitive advantage in new markets where the Group is still not represented. The new solutions also serve as a platform for the strategic unification of our current banking software lines, which is intended to enable cost savings, bring higher efficiency, and foster the exchange of know-how and resources among our teams. Introduction of a new product line that could be implemented internationally is one of the key priorities in the Group's long-term business strategy.

Another major product, whose development costs have been capitalized, is InAct – an innovative "all-in-one" solution intended for internal auditors and security departments. This software supports the following functionalities: monitoring and protection against transaction frauds and internal abuse, monitoring and protection against money laundering practices. The last of the most important products developed during the year is ASEBA live – a software system dedicated to support the operations of a Contact Center.

In line with the requirements of IAS 36 *Impairment of Assets*, the Group performed a measurement of the recoverable amount of the costs of development projects in progress as at 31 December 2011. Components of intangible assets that are not yet available for use shall be valued on an annual basis, regardless of whether there are indications of possible impairment. During both the financial years 2011 and 2010, the Group did not make any impairment write-downs on its intangible assets.

## **10. Goodwill arising from consolidation**

	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
Banking Solutions	209,686	188,761
Card Business	118,141	107,363
Systems Integration	195,322	180,275
	<b>523,149</b>	<b>476,399</b>

### **Impairment tests of consolidation goodwill**

Consolidation goodwill is subject to impairment testing on an annual basis.

Goodwill resulting from acquisition of subsidiaries was tested for impairment of value as at 31 December 2011. The value of cash-generating units (to which goodwill was allocated) was determined on the basis of their recoverable value, by applying the model of discounted free cash flow to firm (FCFF).

The calculations were based on the following uniform assumptions:

- the so-called business units were analyzed which, when put together, comprise the budget and forecasts of the whole Group;
- detailed forecasts covered the period of 5 years, for which increasing cash flows were assumed, while for further time of each subsidiary operations the residual value was computed assuming no growth in cash flows;
- the assumed increases in cash flows depend upon the strategy of the entire Group, tactical plans of individual companies, they take due account of conditions prevailing in particular markets by geography and sector, and at the same time they reflect the present and potential order portfolios. The potential orders portfolio presumes gaining new clients whilst keeping the present ones. The assumed rates of growth are not materially different from average growth observed in relevant markets,

- forecasts for foreign subsidiaries assume growth in EUR;
- the discount rate applied was equivalent to the weighted average cost of capital in the market of South Eastern Europe.

Additionally, the Parent Company carried out a sensitivity analysis of the impairment tests conducted on goodwill arising from acquisition of shares in its subsidiary companies. In the sensitivity analysis different discount rates were used in order to determine their impact on the recoverable value of the cash-generating unit. As the terminal break-even points were higher than weighted average cost of capital observed in relevant segments, no impairment write-downs on goodwill arising from acquisition of shares in those companies were made in the period of 12 months ended 31 December 2011. The results of such sensitivity analysis as at 31 December 2011 and 31 December 2010 have been summarized in the following table:

<b>31 Dec. 2011</b>	Discount rate		Sales revenue growth rate	
	rate applied in the model	terminal rate	applied in the model	terminal rate
Banking Solutions	11.90%	15.50%	9.10%	4.10%
Card Business	12.00%	19.20%	7.60%	-3.60%
Systems Integration	11.30%	13.10%	5.40%	4.30%

<b>31 Dec. 2010</b>	Discount rate		Sales revenue growth rate	
	rate applied in the model	terminal rate	applied in the model	terminal rate
Banking Solutions	11.50%	29.50%	14.60%	-2.10%
Card Business	12.70%	13.50%	10.60%	12.60%
Systems Integration	11.05%	17.80%	6.20%	-5.90%

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 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) for the purposes of the separate financial statements of Asseco South Eastern Europe S.A., 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.

During the period reported and corresponding period, the goodwill from consolidation changed as follows:

	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
<b>Consolidation goodwill at the beginning of the period</b>	<b>476,399</b>	<b>443,867</b>
Banking Solutions	188,761	208,608
Card Business	107,363	75,075
Systems Integration	180,275	160,184
<b>Change in consolidation goodwill due to the acquisition of shares (+/-)</b>	<b>2,455</b>	<b>68,899</b>
Banking Solutions	-	-
Card Business	2,455	42,632
Systems Integration	-	26,267
<b>Foreign currency differences on translation of goodwill arising from foreign subsidiaries (+/-)</b>	<b>44,295</b>	<b>(36,367)</b>
Banking Solutions	20,925	(19,847)
Card Business	8,323	(10,344)
Systems Integration	15,047	(6,176)
<b>Total book value at the end of period</b>	<b>523,149</b>	<b>476,399</b>

**Acquisition of a 50% stake in Asseco SEE d.o.o. (Grosuplje) (former SIMT Cardinfo d.o.o.) seated in Slovenia and a 100% stake in Altius Bulgaria EOOD (Sofia) seated in Bulgaria**

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 (until the time of obtaining control, this company was recognized under the proportionate method).

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.

Goodwill arising from the acquisition of both the above-mentioned companies was included in goodwill of the Card Business segment.

As at 31 December 2011, the Group has not yet completed the process of allocation of the purchase cost. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over this company. The provisional values of identifiable assets and liabilities of SIMT Cardinfo d.o.o. (Grosuplje) and Altius Bulgaria EOOD (Sofia) as at the acquisition date were as follows:

	<b>Provisional value as at the acquisition date Altius Bulgaria EOOD (Sofia) PLN '000</b>	<b>Provisional value as at the acquisition date Asseco SEE d.o.o. (Grosuplje) PLN '000</b>
<b>Non-current assets</b>	<b>131</b>	<b>350</b>
Other fixed assets	131	350
<b>Current assets</b>	<b>894</b>	<b>2,804</b>
Receivables	231	1,865
Inventories	136	571
Cash and cash deposits	512	368
Other current assets	15	-
<b>TOTAL ASSETS</b>	<b>1,025</b>	<b>3,154</b>
<b>Shareholders' equity</b>	<b>163</b>	<b>1,800</b>
<b>Liabilities and provisions</b>	<b>862</b>	<b>1,354</b>
Liabilities	862	1,354
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,025</b>	<b>3,154</b>
<b>Net assets value</b>	<b>163</b>	<b>1,800</b>
Percentage of net assets acquired	100%	100%
Value of net assets acquired	163	1,800
<b>Purchase cost</b>	<b>1,764</b>	<b>1,327</b>
<b>Fair value of non-controlling interests</b>		<b>1,327</b>
<b>Goodwill as at the acquisition date</b>	<b>PLN 1,601 thousand</b>	<b>PLN 854 thousand</b>
<b>Goodwill as at the acquisition date (functional currency)</b>	<b>BGN 720 thousand</b>	<b>EUR 195 thousand</b>

The values of net assets acquired have been converted from relevant functional currencies to PLN at the following mid exchange rates published by the National Bank of Poland: for net assets of Altius Bulgaria EOOD (Sofia) – the exchange rate of BGN (Bulgarian lev) effective on 18 October 2011 was PLN 2.2241, and for net assets of Asseco SEE d.o.o. (Grosuplje) – the exchange rate of EUR effective on 8 October 2011 equalled PLN 4.3779.

Goodwill arising from these acquisitions corresponds to the value represented to the Group by employees and customer base growth potential of the newly acquired subsidiaries. We are also expecting to benefit from synergy effects resulting from the integration of new subsidiaries into the existing business structures. So far the Group's operations in the Bulgarian market were limited to ATMs. The acquisition of Altius Bulgaria EOOD (Sofia) expanded our local market portfolio with the sales of POS terminals, leveraging our potential within the card business segment. Some synergy effects will be also achieved on the take-over of full control over the Slovenian Asseco SEE d.o.o. (Grosuplje).



## 11. Inventories

	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
Materials and components used in implementation of IT systems (at purchase cost)	1,351	1,852
Computer hardware and software licenses for resale	6,905	8,153
Goods for resale in transit	1,182	998
Spare parts	3,529	2,495
Other	112	353
	<b>13,079</b>	<b>13,851</b>

In the period of 12 months ended 31 December 2011 the Group made revaluation write-downs on inventories in the total amount of PLN 640 thousand, while it reversed revaluation write-downs of PLN 589 thousand. In the period of 12 months ended 31 December 2010 the Group made revaluation write-downs on inventories in the total amount of PLN 1,314 thousand, while it reversed revaluation write-downs of PLN 1,528 thousand.

As at 31 December 2011, inventories did not serve as security for any bank loans taken out by the Group nor were they used to back up any bank guarantee facilities.

As at 31 December 2010, inventories did not serve as security for any bank loans taken out by the Group; nevertheless, they were used to back up bank guarantee facilities in the amount of PLN 3,303 thousand. As at 31 December 2010, off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with inventories and receivables amounted to PLN 3,610 thousand.

## 12. Short-term receivables

<b>Short-term receivables</b>	<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:	88,540	74,355
From related companies	119	-
from other companies	88,421	74,355
Revaluation write-down on doubtful receivables (-)	(2,798)	(3,152)
	<b>85,742</b>	<b>71,203</b>

Trade accounts receivable are not interest-bearing.

The Group has a relevant policy based on selling its products to reliable clients only. Owing to that, in the management's opinion, the credited sales risk would not exceed the level covered by allowances for doubtful accounts.

As at 31 December 2011, current receivables and future receivables in the amount of PLN 522 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2011, there were no liabilities under bank loans secured with such assets; however, the Group recognized off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with receivables and inventories in the amount of PLN 3,029 thousand.

As at 31 December 2010, current receivables and future receivables in the amount of PLN 2,508 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2010, there were no liabilities under bank loans secured with such assets;

however, the Group recognized off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with receivables and inventories in the amount of PLN 3,610 thousand.

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>30 – 90 days</b>	<b>90 – 180 days</b>	<b>&gt;180 days</b>
<b>31 Dec. 2011</b>	85,742	68,742	11,106	3,863	1,347	684

	<b>Total</b>	<b>Not due yet</b>	<b>&lt; 30 days</b>	<b>30 – 90 days</b>	<b>90 – 180 days</b>	<b>&gt;180 days</b>
<b>31 Dec. 2010</b>	71,203	57,146	9,768	1,121	2,686	482

Revaluation write-downs on trade accounts receivable and other receivables were as follows:

	<b>2011</b> <b>(audited)</b>	<b>2010</b> <b>(audited)</b>
<b>Revaluation write-downs as at 1 January</b>	3,152	2,740
Increases due to mergers and company take-overs	-	1,147
Established	979	2,615
Reversed (-)	(1,703)	(2,050)
Utilized (-)	(218)	(1,154)
Foreign currency differences on translation of foreign subsidiaries (+/-)	588	(146)
<b>Revaluation write-downs as at 31 December</b>	<b>2,798</b>	<b>3,152</b>

	<b>31 Dec. 2011</b> <b>(audited)</b>	<b>31 Dec. 2010</b> <b>(audited)</b>
<b>Receivables on taxes, import tariffs, social security and other regulatory payments</b>		
Value added tax	62	460
Corporate income tax (CIT)	1,451	1,327
Other	734	202
	<b>2,247</b>	<b>1,989</b>

<b>Other receivables</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
Receivables from non-invoiced deliveries	4,643	4,124
Advance payments to other suppliers	1,440	1,264
Receivables from employees	115	84
Receivables from subsidies	663	898
Other receivables	579	1,091
Restricted cash	225	567
Revaluation write-downs on other receivables (-)	(170)	-
	<b>7,495</b>	<b>8,028</b>

Receivables relating to non-invoiced deliveries result from the sale of third-party licenses and maintenance services, for which invoices have not yet been issued for the whole period of licensing or provision of maintenance services. As at 31 December 2011, other receivables included, among others, the amounts of subsidies receivable that were granted to Asseco SEE Teknoloji A.Ş. (Istanbul) by *Türkiye Bilimsel ve Teknolojik Araştırma Kurumu* ("TÜBİTAK") over the agency of *Teknoloji İzleme ve Değerlendirme Başkanlığı* ("TİDEB"). TÜBİTAK is a leading institution engaged in the management, financing and organization of research and development work in Turkey.

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

	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Cash at bank and in hand	68,391	60,071
Short-term bank deposits	34,743	40,852
Cash equivalents	67	49
Cash being transferred	21	4
	<b>103,222</b>	<b>100,976</b>
Restricted cash (disclosed in long-term receivables)	194	-
Restricted cash (disclosed in short-term receivables)	225	567

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

Short-term deposits did not serve as security for any bank guarantees (of due performance of contracts or tender deposits) neither at 31 December 2011 nor at 31 December 2010.

As at 31 December 2011, restricted cash in the amount of PLN 419 thousand served as security for bank guarantees (of due performance of contracts or tender deposits).

As at 31 December 2010, restricted cash in the amount of PLN 567 thousand served as security for bank guarantees (of due performance of contracts or tender deposits).

#### 14. Deferred expenses

<b>Long-term</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
Maintenance services	1,310	29
Other	1	293
	<b>1,311</b>	<b>322</b>

Long-term deferred expenses increased basically as a result of contracts concluded by ITD Poland Sp. z o.o., relating to prepaid maintenance services. In accordance with the contractual terms, sales revenues commensurate with these expenses will be obtained after a 12-month period, and therefore as at 31 December 2011 the prepaid amounts have been recognized as long-term deferred expenses.

<b>Short-term</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
Maintenance services	4,972	2,737
Prepaid insurance policies	235	170
Prepaid subscriptions	25	55
Prepaid rents	323	52
Prepaid consulting services	8	67
Other prepaid services	49	302
Other	288	699
Revaluation charges on deferred expenses	(13)	(12)
	<b>5,887</b>	<b>4,070</b>

Both as at 31 December 2011 and 31 December 2010, deferred expenses included primarily the costs of maintenance services amounting to PLN 4,972 thousand and PLN 2,737 thousand, respectively, that will be successively expensed in future periods.

#### 15. Financial assets held to maturity

Financial assets held to maturity as at 31 December 2011 include treasury bonds (amounting to PLN 4,317 thousand) as well as 3- to 12-month cash deposits (amounting to PLN 269 thousand) both held by Asseco SEE DOOEL (Skopje).

#### 16. Financial assets carried at fair value through profit or loss

Short-term financial assets as at 31 December 2011 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. Additionally, this line of financial assets includes shares traded on a regulated market with a value of PLN 92 thousand.

## 17. Share capital

Share capital			31 Dec. 2011 (audited)		31 Dec. 2010 (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 ended 31 December 2011, 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%
Liatrix 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%.

The Shareholders who as at 31 December 2010, either directly or through their subsidiary companies, held at least a 5% voting interest at the Company's 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%
Liatrix 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.

During the period of 12 months ended 31 December 2010, 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 55.15% to 51.96%.

## **18. 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.

## **19. Non-controlling interests**

	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
<b>At the beginning of the period</b>	-	<b>102</b>
Share in profits of subsidiary companies	(111)	(47)
Recognition of profit attributable to non-controlling interests	111	140
Foreign currency differences on translation of foreign subsidiaries	-	10
Changes in the Group structure	-	(205)
<b>At the end of the period</b>	-	-

On 23 September 2010, Asseco South Eastern Europe S.A. signed an agreement whereby it acquired a 49% non-controlling interest in Asseco SEE o.o.d., Sofia, in which 51% of shares had been already held by Asseco SEE DOOEL, Skopje. 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 acquisition price of that non-controlling interest amounted to PLN 1,951 thousand. As a result of this transaction, shareholders' equity of the Asseco South Eastern Europe Group was reduced by PLN 1,812 thousand.

## 20. Provisions

	Provision for warranty repairs and returns	Provision for post- employment benefits	Other provisions	Total
<b>As at 1 January 2011 (audited)</b>	<b>3,778</b>	<b>116</b>	<b>1,496</b>	<b>5,390</b>
Provisions established during the year	2,973	295	79	<b>3,347</b>
Obtaining control over subsidiaries	333	-	-	<b>333</b>
Provisions utilized (-)	(98)	(3)	(14)	<b>(115)</b>
Provisions reversed (-)	(2,403)	-	-	<b>(2,403)</b>
Foreign currency differences on translation of foreign subsidiaries (+/-)	346	167	(171)	<b>342</b>
Changes in presentation methods (+/-)	(56)	(6)	62	-
<b>As at 31 December 2011 (audited)</b>	<b>4,873</b>	<b>569</b>	<b>1,452</b>	<b>6,894</b>
Short-term	4,873	47	1,328	<b>6,248</b>
Long-term	-	522	124	<b>646</b>
<b>As at 31 December 2010 (audited)</b>	<b>3,778</b>	<b>116</b>	<b>1,496</b>	<b>5,390</b>
Short-term	3,778	91	1,205	<b>5,074</b>
Long-term	-	25	291	<b>316</b>

### Provision for warranty repairs

The provision for the costs of warranty repairs was established in connection with the obligations to provide contractually guaranteed repair services on software and hardware products supplied to our clients.

### Provision for post-employment benefits

The provision for benefits after the employment period relates entirely to pension benefits which are to be paid to the Group's employees when they go into retirement.

### Other provisions

As at 31 December 2011, other provisions include primarily a provision in the amount of PLN 1,229 thousand that Asseco South Eastern Europe S.A. established 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.

## 21. Long-term and short-term financial liabilities

Long-term	31 Dec. 2011	31 Dec. 2010
	(audited)	(audited)
Liabilities due to the acquisition of non-controlling interests in subsidiaries (put options)	1,266	1,052
Liabilities due to the acquisition of shares	-	2,219
Finance lease commitments	428	491
	<b>1,694</b>	<b>3,762</b>

Both as at 31 December 2011 and 31 December 2010, the Group carried a long-term liability under the put options held by non-controlling shareholders in Multicard d.o.o.,



Beograd. Such liability corresponds to the estimated present value of future payment for the remaining stake of shares in the above-mentioned company. Determination of fair value of the liability resulting from the possible exercise of stock put options was based on the following several assumptions. The Group assumes the stock put options will be exercised by all the minority shareholders, and as a consequence the Group will acquire a 100% share in profits. The concluded stock option agreement stipulates that the future payment shall be equal to the amount of audited net profit for the calendar year preceding the option exercise year, multiplied by a contractually predefined fixed rate. Net profit assumed for measurement of the aforesaid liability has been based on the most up-to-date financial forecasts for the current year and future periods. This foreign-currency liability has been restated in Polish zlotys at the exchange rates published by the National Bank of Poland on 31 December 2011 and 31 December 2010, and it amounted to PLN 1,266 thousand and PLN 1,052 thousand, respectively.

<i><b>Name of company</b></i>	<i><b>Earliest stock option exercise date as per the agreement</b></i>	<i><b>Assumptions concerning net earnings</b></i>
Multicard d.o.o., Beograd	2013-01-01	Audited net profit for the calendar year preceding the option exercise year

Long-term liabilities due to the acquisition of shares, as at 31 December 2010 recognized in the amount of PLN 2,219 thousand, represented the long-term portion payable for the purchase of shares in EST A.Ş. (Istanbul).

<b>Short-term</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
Liabilities due to dividend payments	84	2,769
Finance lease commitments	361	439
Liabilities due to the acquisition of shares	1,203	17,773
Currency forward contracts	472	-
	<b>2,120</b>	<b>20,981</b>

**Liabilities due to dividend payments** disclosed as at 31 December 2011 in the amount of PLN 84 thousand correspond to income tax payable on dividends paid out to shareholders of Asseco South Eastern Europe S.A.

Whereas, as at 31 December 2010, liabilities due to dividend payments totalled PLN 2,769 thousand and they included liabilities assumed when obtaining control over the companies of BDS d.o.o. and Asseco SEE d.o.o. (Sarajevo) (former Cardinfo BDS d.o.o.), as well as liabilities to pay out dividends from undistributed profits for the years 2009 and 2010 that were recognized by the Group, where such payments to former shareholders were provided for in the relevant company acquisition agreement.

**Liabilities due to the acquisition of shares** disclosed as at 31 December 2011 include the remaining portion of payment for the acquisition of shares in EST A.Ş. (Istanbul) in the amount of PLN 85 thousand. Furthermore, as at 31 December 2011, the Group disclosed a liability to pay PLN 763 thousand for the purchase of a 49% stake in Asseco SEE o.o.d. (Sofia) in 2010, as well as a liability to pay PLN 355 thousand as the second instalment for shares acquired in Altius Bulgaria EOOD (Sofia).

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 positive 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 negative 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.

As at 31 December 2010, the Group disclosed a liability due to the acquisition of shares in EST A.Ş. (Istanbul) in the amount of PLN 18,111 thousand (long-term portion: PLN 2,219 thousand, short-term portion: PLN 15,892 thousand), which resulted from the company acquisition agreement and corresponded to additional payments to former shareholders of EST A.Ş. (Istanbul) to be made either in the form of cash (in the amount of PLN 7,019 thousand) and/or issuance of Asseco South Eastern Europe shares (with a value of PLN 11,092 thousand), provided that EST A.Ş. (Istanbul) achieves the specified target levels of net profit for the years 2010 and 2011. Furthermore, liabilities due to the acquisition of shares presented as at 31 December 2010 comprised PLN 1,881 thousand payable for the acquisition of a 49% stake in Asseco SEE o.o.d. (Sofia) by Asseco South Eastern Europe S.A.

**22. Interest-bearing bank loans and debt securities issued**

Short-term bank loans	Name of entity	Maximum debt in PLN thousands as at		Effective interest rate %	Currency	Repayment date	Utilization as at	
		31 Dec. 2011	31 Dec. 2010				31 Dec. 2011 (audited)	31 Dec. 2010 (audited)
Bank account overdraft facility	NLB Prishtina sh.a.	1,767	-	0	EUR	2012-12-28	-	-
Bank account overdraft facility	NLB Tutunska Banka AD Skopje	73	65	14%	MKD	2011-12-31	13	32
Bank account overdraft facility	NLB Tutunska Banka AD Skopje	15	13	15%	MKD	2011-12-31	-	1
Bank account overdraft facility	Unicredit Tiriak Bank	4,417	n/a	EURIBOR 3M+margin; LIBOR 3M+margin; BUBOR 3M+margin	multi- currency	2012-06-15	-	n/a
Bank account overdraft facility	Alpha Bank Unirii Branch	3,596	4,312	EURIBOR 3M+margin; LIBOR 3M+margin; BUBOR 3M+margin	multi- currency	2012-05-31	-	-
		<b>9,868</b>	<b>4,390</b>				<b>13</b>	<b>33</b>

Other short-term loans	Name of entity	Maximum debt in PLN thousands as at		Effective interest rate %	Currency	Repayment date	Utilization as at	
		31 Dec. 2011	31 Dec. 2010				31 Dec. 2011 (audited)	31 Dec. 2010 (audited)
Operating loan facility	Komercijalna Banka Beograd	-	1,575	8.9%	RSD	2011-10-13	-	1,575
Operating loan facility	Garanti Bank Levent/Istanbul Branch	-	98	0%	TRY	2011-07-01	-	98
Auto financing loan	Yapi Kredi Bankasi A.Ş.	36	35	8.1%	TRY	2014-02-28	36	35
Loan	Non-controlling shareholders	44	-	0%	RSD	2012-04-11	44	-
Loan	Türkiye Teknoloji Geliştirme Vakfi	278	435	0%	USD	2012-07-01	278	435
Loan	Türkiye Teknoloji Geliştirme Vakfi	219	-	0%	USD	2012-07-01	219	-
		<b>577</b>	<b>2,143</b>				<b>577</b>	<b>2,143</b>

Long-term loan facilities	Name of entity	Maximum debt in PLN thousands as at		Effective interest rate %	Currency	Repayment date	Utilization as at	
		31 Dec. 2011	31 Dec. 2010				31 Dec. 2011 (audited)	31 Dec. 2010 (audited)
Investment loan facility	European Bank for Reconstruction and Development	-	27,722	3M EURIBOR + margin	EUR	2016-01-31	-	-
Loan	Türkiye Teknoloji Geliştirme Vakfi	-	240	0%	USD	2012-07-01	-	240
Loan	Türkiye Teknoloji Geliştirme Vakfi	-	192	0%	USD	2012-07-01	-	192
Auto financing loan	Yapi Kredi Bankasi A.Ş.	46	88	8.1%	TRY	2014-02-28	46	88
		<b>46</b>	<b>28,242</b>				<b>46</b>	<b>520</b>

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 equalled 3M EURIBOR + margin. The repayment deadline specified in the agreement was 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.

As at 31 December 2011, total liabilities of the Asseco South Eastern Europe Group under all bank loans and borrowings taken out and debt securities issued aggregated at PLN 636 thousand. As at 31 December 2010, total liabilities under all bank loans and borrowings taken out and debt securities issued aggregated at PLN 2,696 thousand.

As at 31 December 2011, total funds available to the Asseco South Eastern Europe Group under bank account overdraft facilities, operating and investment loan facilities, and borrowings reached approx. PLN 10,491 thousand, as compared with PLN 34,775 available as at the end of 2010.

As at the end of the period reported, the Group has drawn PLN 13 thousand from bank account overdraft facilities vs. PLN 33 thousand utilized as at the prior year's end.

The Group's liabilities under other bank loans and borrowings amounted to PLN 623 thousand as at 31 December 2011, and to PLN 2,663 thousand as at 31 December 2010.

Both as at 31 December 2011 and 31 December 2010, tangible fixed assets and intangible assets did not serve as security for any bank loans contracted by the Group.

As at 31 December 2011, inventories did not serve as security for any bank loans taken out by the Group nor were they used to back up any bank guarantee facilities.

As at 31 December 2010, inventories did not serve as security for any bank loans taken out by the Group; nevertheless, they were used to back up bank guarantee facilities in the amount of PLN 3,303 thousand. As at 31 December 2010, off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with inventories and receivables amounted to PLN 3,610 thousand.

As at 31 December 2011, current receivables and future receivables in the amount of PLN 522 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2011, there were no liabilities under bank loans secured with such assets; however, the Group recognized off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with receivables and inventories in the amount of PLN 3,029 thousand.

As at 31 December 2010, current receivables and future receivables in the amount of PLN 2,508 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2010, there were no liabilities under bank loans secured with such assets; however, the Group recognized off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with receivables and inventories in the amount of PLN 3,610 thousand.

## 23. Short-term trade accounts payable 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	1,938	61
To other companies	35,827	36,835
	<b>37,765</b>	<b>36,896</b>

Trade accounts payable are not interest-bearing. At the Asseco South Eastern Europe Group liabilities payment term ranges from 30 to 40 days on average.

<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>
Value added tax	8,648	10,084
Corporate income tax (CIT)	736	1,358
Personal income tax (PIT)	1,405	698
Social Insurance Institution (ZUS)	2,083	1,358
Other	338	333
	<b>13,210</b>	<b>13,831</b>

<b>Other current liabilities</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
Liabilities to employees relating to salaries and wages	4,635	1,353
Liabilities due to non-invoiced deliveries	3,435	1,593
Trade prepayments received	16,815	22,266
Other liabilities	1,802	946
	<b>26,687</b>	<b>26,158</b>

## 24. Accrued expenses and deferred income

<b>Short-term accrued expenses</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
Provision for unused annual leaves	802	605
Provision for the employee bonuses	9,765	8,033
Provision for non-invoiced costs	1,181	1,456
Provision for the audit of financial statements	417	447
	<b>12,165</b>	<b>10,541</b>

Accrued expenses comprise mainly provisions for unused annual leaves, provisions for salaries and wages of the current period to be paid out in future periods which result from the bonus schemes applied by the Asseco South Eastern Europe Group, as well as

provisions for the current operating expenses which have been incurred but not yet invoiced.

	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
<b>Short-term deferred income</b>	<b>(audited)</b>	<b>(audited)</b>
Maintenance services	6,896	5,402
Other prepaid services	2,464	2,975
	<b>9,360</b>	<b>8,377</b>

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

## **25. Implementation contracts**

In the years 2011 and 2010, the Asseco South Eastern Europe Group executed a number of the so-called IT implementation contracts. In line with IAS 11, sales generated from such contracts are recognized according to the percentage of completion of relevant contracts. In 2011 and 2010 the Group measured the percentage of completion of IT implementation contracts using the "cost" method (this is by determining the relation of costs incurred to the overall project costs) or according to the "work-effort" method.

The following table includes basic data about the ongoing IT implementation contracts. It presents the aggregate data for contracts being in progress as at 31 December 2011, accumulated since their commencement.

	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
Costs incurred due to execution of IT contracts (-)	(38,195)	(13,385)
Profit (loss) on execution of IT contracts	<b>27,336</b>	<b>22,845</b>
Invoiced sales revenues from execution of IT contracts	40,490	13,815
Receivables arising from valuation of IT contracts	27,546	22,270
Liabilities arising from valuation of IT contracts (-)	(1,049)	(368)
Foreign currency differences on translation of foreign subsidiaries	(1,456)	513

## 26. Finance lease commitments

Companies of the Asseco South Eastern Europe Group are parties to a number of agreements for finance lease of cars and IT hardware. The aggregate future cash flows and liabilities under such finance lease of cars and equipment are as follows:

<b>Leasing of cars and equipment</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
	<b>(audited)</b>	<b>(audited)</b>
<b>Minimum lease payments</b>		
in the period shorter than 1 year	390	485
in the period from 1 to 5 years	502	547
in the period longer than 5 years	-	-
<b>Future minimum lease payments</b>	<b>892</b>	<b>1,032</b>
Future interest expense	(103)	(99)
<b>Present value of finance lease commitment</b>	<b>789</b>	<b>933</b>
in the period shorter than 1 year	361	431
in the period from 1 to 5 years	428	502
in the period longer than 5 years	-	-

## 27. Contingent liabilities

During the 12 months ended 31 December 2011, neither the Issuer nor any of its subsidiaries granted any sureties to secure loans and borrowings or any payment guarantees to any single entity or its subsidiary, where the aggregate value of all the existing sureties or guarantees extended in favour of such entity would equal at least 10% of the Issuer's equity.

Within its commercial activities the Asseco South Eastern Europe Group uses bank guarantees, letters of credit, contract performance guarantees as well as tender deposits as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. As at 31 December 2011, the related contingent liabilities equalled PLN 12,758 thousand, while as at 31 December 2010 they amounted to PLN 11,997 thousand.

As at 31 December 2011, current and future receivables with a book value of PLN 522 thousand served as security for bank guarantee facilities. As at 31 December 2011, the related contingent liabilities amounted to PLN 3,029 thousand.

As at 31 December 2010, inventories with a book value of PLN 3,303 thousand as well as current and future receivables with a book value of PLN 2,508 thousand served as security for bank guarantee facilities. As at 31 December 2010, the related contingent liabilities amounted to PLN 3,610 thousand.

As at 31 December 2011, restricted cash up to the amount of PLN 419 thousand served as security for bank guarantees (of due performance of contracts or tender deposits).

As at 31 December 2010, restricted cash up to the amount of PLN 567 thousand served as security for bank guarantees (of due performance of contracts or tender deposits).

As at 31 December 2011, Asseco SEE d.o.o., Beograd had a liability to purchase equipment and intangible assets for the amount of PLN 2,682 thousand, while as at 31 December 2010 this liability amounted to PLN 877 thousand.

As the Group companies rent office space, both as at 31 December 2011 and 31 December 2010, the Group was a party to a number of rental, leasing and other contracts of similar nature, resulting in the following future payments:



	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
<b>Liabilities under lease of space</b>	<b>(audited)</b>	<b>(audited)</b>
In the period up to 1 year	13,560	11,527
In the period from 1 to 5 years	36,358	33,929
	<b>49,918</b>	<b>45,456</b>

	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
<b>Liabilities under operating lease of property, plant and equipment</b>	<b>(audited)</b>	<b>(audited)</b>
In the period up to 1 year	793	524
In the period from 1 to 5 years	530	734
	<b>1,323</b>	<b>1,258</b>

## 28. Information on related companies

The table below presents the Asseco South Eastern Europe Group structure along with equity interests and voting interests at the general meetings of shareholders/partners as at 31 December 2011:

	Country of registration	Voting interest		Equity interest	
		31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010
<b>Asseco South Eastern Europe S.A.</b>	Poland				
<b>Asseco SEE s.r.l., (Bucharest)</b>	Romania	100.00%	100.00%	100.00%	100.00%
Asseco s.r.l., MOLDOVA	Moldova	100.00%	100.00%	100.00%	100.00%
<b>Asseco SEE d.o.o., Beograd</b>	Serbia	100.00%	100.00%	100.00%	100.00%
E-Mon d.o.o., Podgorica	Montenegro	50.00%	50.00%	50.00%	50.00%
eMS d.o.o., Beograd	Serbia	100.00%	100.00%	100.00%	100.00%
Asseco SEE d.o.o., Podgorica	Montenegro	100.00%	100.00%	100.00%	100.00%
Asseco SEE d.o.o., (Grosuplje) <sup>1)</sup>	Slovenia	50.00%	50.00%	50.00%	50.00%
Multicard d.o.o., Beograd	Serbia	45.00%	45.00%	45.00%	45.00%
<b>Asseco SEE d.o.o., (Zagreb) <sup>2)</sup></b>	Croatia	100.00%	100.00%	100.00%	100.00%
BDS-Platus d.o.o.	Croatia	100.00%	100.00%	100.00%	100.00%
<b>Asseco SEE Sh.p.k., (Pristina)</b>	Kosovo	100.00%	100.00%	100.00%	100.00%
Asseco SEE Sh.p.k., Tirana	Albania	100.00%	100.00%	100.00%	100.00%
<b>Asseco SEE d.o.o., (Sarajevo) <sup>3)</sup></b>	Bosnia & Herzegovina	50.00%	50.00%	50.00%	50.00%
<b>Asseco SEE Teknoloji A.Ş., (Istanbul) <sup>4)</sup></b>	Turkey	100.00%	99.66%	100.00%	99.66%
SC I.T.D Romania s.r.l.	Romania	95.38%	95.38%	95.38%	95.38%
<b>EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş., (Istanbul) <sup>4)</sup></b>	Turkey	n/a	100.00%	n/a	100.00%
<b>Asseco SEE o.o.d., Sofia <sup>5)</sup></b>	Bulgaria	100.00%	49.00%	100.00%	49.00%
<b>Asseco SEE d.o.o., (Grosuplje) <sup>6)</sup></b>	Slovenia	50.00%	n/a	50.00%	n/a
<b>Altius Bulgaria EOOD, (Sofia) <sup>7)</sup></b>	Bulgaria	100.00%	n/a	100.00%	n/a
<b>ITD Poland Sp. z o.o., (Warsaw)</b>	Poland	100.00%	100.00%	100.00%	100.00%
IPSA BHM INVESTMENTS d.o.o., Beograd <sup>8)</sup>	Serbia	n/a	100.00%	n/a	100.00%
Asseco SEE DOOEL, Skopje	Macedonia	100.00%	100.00%	100.00%	100.00%
Asseco SEE o.o.d., Sofia <sup>5)</sup>	Bulgaria	n/a	51.00%	n/a	51.00%
Asseco SEE d.o.o., (Sarajevo) <sup>3)</sup>	Bosnia & Herzegovina	50.00%	50.00%	50.00%	50.00%
Ibis a.d., Banja Luka <sup>9)</sup>	Bosnia & Herzegovina	n/a	100.00%	n/a	100.00%
Asseco SEE d.o.o., Banja Luka <sup>9)</sup>	Bosnia & Herzegovina	100.00%	100.00%	100.00%	100.00%

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

2) 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).

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

4) 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).

5) 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.

6) On 23 September 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).

7) 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, Sofia.

- 8) IPSA BHM Investments d.o.o., Beograd was established on 22 November 2010 as a result of separation of a portion of assets of Asseco SEE d.o.o. Beograd. On 9 December 2010 the shareholding in this company was transferred as a non-cash contribution to ITD Poland Sp. z o.o. The company of IPSA BHM Investments d.o.o., Beograd was liquidated on 31 October 2011. Hence, its shareholdings in subsidiary companies: Asseco SEE DOEL (Skopje), Asseco SEE d.o.o. (Sarajevo), and Asseco SEE d.o.o. (Banja Luka) were all transferred to ITD Poland Sp. z o.o.
- 9) On 7 July 2011, there was registered a merger of Pexim Solutions d.o.o., Banja Luka (the taking-over company) with Ibis a.d., Banja Luka (the acquired company). In connection with the merger the company of Pexim Solutions d.o.o., Banja Luka was renamed as Asseco SEE d.o.o., Banja Luka.

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.

Within the Group's organizational structure, the company of E-Mon d.o.o., Podgorica is treated as a jointly controlled company and therefore consolidated under the proportionate method. The remaining companies incorporated within the Group are treated as subsidiaries and are subject to full consolidation.

With regard to the call options embedded in the agreement for the acquisition of Multicard d.o.o., under which Asseco SEE d.o.o., Beograd is entitled to buy out the remaining non-controlling interests, the company of Multicard d.o.o. is treated as a subsidiary and is subject to full consolidation.

Both as at 31 December 2011 and 31 December 2010, voting interests the Group was entitled to exercise in its subsidiary companies were proportional to the Group's equity interests in these entities.

### **Changes in the Asseco South Eastern Europe Group structure:**

During the period of 12 months ended 31 December 2011, the following changes in the Group composition were observed:

#### **□ Merger of Asseco SEE d.o.o. (Zagreb) with Biro Data Servis d.o.o. (Zagreb)**

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. The said transaction had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

#### **□ Disposal of a 23.1% stake in EST A.Ş. (Istanbul) by Asseco South Eastern Europe S.A. to its subsidiary ITD A.Ş. (Istanbul)**

On 29 March 2011, the Management Board of ITD A.Ş. (Istanbul) passed a resolution to acquire a 23.1% stake of shares in EST A.Ş. (Istanbul) from Asseco South Eastern Europe S.A., for USD 2,000 thousand. Following that transaction, the direct shareholding of Asseco South Eastern Europe S.A. in EST A.Ş. (Istanbul) dropped from 100% to 76.9%. However, the shares held by Asseco South Eastern Europe S.A. both indirectly and directly represent the same equity interest as before the transaction. The said transaction had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

#### **□ Acquisition of a 0.33% stake in ITD A.Ş. (Istanbul)**

Asseco South Eastern Europe S.A. purchased a 0.33% stake of shares in ITD A.Ş. (Istanbul) from an individual person, for the amount of USD 37 thousand. Following that transaction, the shareholding of Asseco South Eastern Europe S.A. in ITD A.Ş. (Istanbul) increased from 99.66% to 99.99%.

**□ Acquisition of a 50% stake in Asseco SEE 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.

**□ Acquisition of 100% of shares in 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.

**□ Liquidation of IPSA BHM Investments d.o.o., Beograd**

The company of IPSA BHM Investments d.o.o., Beograd, that was originally established on 22 November 2010 as a result of separation of a portion of assets of Asseco SEE d.o.o., Beograd, was put to liquidation on 31 October 2011. Hence, its shareholdings in subsidiary companies: Asseco SEE DOEL (Skopje), Asseco SEE d.o.o. (Sarajevo), and Asseco SEE d.o.o. (Banja Luka) were all transferred to ITD Poland Sp. z o.o. The liquidation of IPSA BHM Investments d.o.o., Beograd had no impact on the consolidated financial statements of the Group.

**□ Acquisition of a 51% stake in Asseco SEE o.o.d., Sofia by Asseco South Eastern Europe S.A. from Asseco SEE DOOEL, Skopje**

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. The described transaction had no impact on the Group's consolidated financial statements.

This transaction and other transactions described above as well as further organizational restructuring planned by the Group are all intended to flatten the ownership and organizational structure of the Asseco South Eastern Europe Group as well as to optimize its management.

### Related party transactions

The values of transactions conducted by the Asseco South Eastern Europe Group with Asseco Poland S.A. (a shareholder with significant influence on the Group's operations) as well as with other related companies of the Asseco Poland Group during the 12-month periods ended 31 December 2011 and 2010, and outstanding balances of receivables and liabilities arising from such transactions as at 31 December 2011 and 31 December 2010 are presented in the table below:

Related party		Sales to related companies	Purchases from related companies	Receivables from related companies	Liabilities to related companies
Parties having significant influence over the Group:					
—	2011	374	318	22	46
	2010	14	706	—	42
Other related parties:					
—	2011	272	318	95	9
	2010	—	37	—	4

### Transactions conducted with or through the Key Management Personnel (members of Management and Supervisory Boards) of companies of the Asseco South Eastern Europe Group

The values of transactions conducted by the Asseco South Eastern Europe Group with or through the Key Management Personnel (members of the Management and Supervisory Boards) of the Group companies during the 12-month periods ended 31 December 2011 and 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:

Related party		Sales to related companies	Purchases from related companies	Receivables from related companies	Liabilities to related companies
Key management personnel (members of Management Boards) of the Group:					
—	2011	57	15,587	1	1,873
	2010	224	17,844	—	4,782
Key management personnel (members of Supervisory Boards) of the Group:					
—	2011	58	4,435	9	44
	2010	33	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.

Additionally, as at 31 December 2011 and 31 December 2010 Asseco SEE Sh.p.k. used bank guarantee facilities in the amount of PLN 5,300 thousand and PLN 4,752 thousand, respectively, that were secured with a pledge on a building owned by that company's management staff.

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>2</sup>, DM3 d.o.o., Beograd<sup>2</sup>, and Mini Invest d.o.o., Beograd<sup>3</sup>.

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>4</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 incurred the space rental costs in the total amount 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, in 2011 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.

<sup>2</sup> Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe S.A. is a shareholder in Liatris 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 Liatris 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>3</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.;

<sup>4</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.

## 29. Employment

<b>Average Group workforce in the reporting period</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Management Board of the Parent Company*	7	7
Management Boards of the Group companies	26	27
Production departments	616	585
Maintenance departments	261	206
Sales departments	118	91
Administration departments	155	151
Other employees	15	13
	<b>1,198</b>	<b>1,080</b>

<b>The Group workforce as at</b>	<b>31 Dec. 2011 (audited)</b>	<b>31 Dec. 2010 (audited)</b>
Management Board of the Parent Company*	7	7
Management Boards of the Group companies	26	27
Production departments	621	623
Maintenance departments	267	246
Sales departments	116	102
Administration departments	155	173
Other employees	16	16
	<b>1,208</b>	<b>1,194</b>

\* Since 2010 Piotr Jeleński and 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 perform their functions under an assignment.

<b>Numbers of employees in the Group companies as at</b>	<b>31 Dec. 2011 (audited)</b>	<b>31 Dec. 2010 (audited)</b>
Asseco South Eastern Europe S.A.	9	10
Asseco SEE s.r.l., (Bucharest) <sup>1)</sup>	186	176
Group of Asseco SEE d.o.o., Beograd <sup>2)</sup>	469	479
Asseco SEE d.o.o. (Zagreb) <sup>3)</sup>	164	153
Asseco SEE Sh.p.k., (Pristina) <sup>4)</sup>	82	85
Asseco SEE Teknoloji A.Ş., (Istanbul)	84	89
Asseco SEE o.d.d., (Sofia)	19	12
ITD Poland Sp. z o.o.	15	17
Asseco SEE d.o.o., (Sarajevo)	28	29
Asseco SEE d.o.o., (Banja Luka)	14	16
Asseco SEE DOOEL, Skopje	129	128
Altius Bulgaria EOOD, (Sofia)	9	n/a
	<b>1,208</b>	<b>1,194</b>

1) On 3 January 2011, there was registered a merger of Asseco SEE d.o.o. (Zagreb) (the acquired company) with Biro Data Servis d.o.o. (the acquired company). For the sake of comparability, the employment data of both the merged companies as at 31 December 2010 have been presented in aggregate.

2) 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). For the sake of comparability, the employment data of both the merged companies for 2010 have been presented in aggregate.

3) On 1 December 2011, ASEE S.A. purchased a 51% stake in Asseco SEE o.o.d., Sofia from Asseco SEE DOOEL, Skopje. In connection with the above-mentioned transaction, the employment data of Asseco SEE o.d.d. (Sofia) for 2010 have been presented separately.

4) As the company of IPSA BHM Investments d.o.o., Beograd was liquidated on 31 October 2011, the employment data of Asseco SEE d.o.o. (Sarajevo) and Asseco SEE d.o.o. (Banja Luka) for 2010 have been presented separately for each of the companies.

### **30. Remuneration of Members of the Management Board and Supervisory Board of the Parent Company and its subsidiaries**

The table below presents remuneration payable to individual Members of the Management Board and the Supervisory Board of the Parent Company for performing their functions during 2011 and 2010.

<b>Remuneration for the period of</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
<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 perform their functions under an assignment and do not receive any remuneration from the Parent Company.

The following table disclosed the amounts of remuneration received by members of the Management Board and Supervisory Board of Asseco South Eastern Europe S.A. for performance of duties in the governing bodies of subsidiary companies:

<b>Remuneration paid or payable by subsidiaries to members of the Company's Management Board</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Management Board – subsidiary companies	<b>4,768</b>	<b>2,454</b>

Total remunerations paid or payable to members of the Management and Supervisory Boards of subsidiary companies of the Asseco South Eastern Europe Group in the year ended 31 December 2011 amounted to PLN 8,796 thousand (excluding the amounts stated in the tables above).

Total remunerations paid or payable to members of the Management and Supervisory Boards of subsidiary companies of the Asseco South Eastern Europe Group in the year ended 31 December 2010 amounted to PLN 7,555 thousand (excluding the amounts stated in the tables above).

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



### 32. Capital management

The primary objective of the Group'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 Group manages its capital structure and makes adjustments to it, in response to changing economic conditions. To maintain or adjust the capital structure, the Group may revise its dividend payment policy, return some capital to shareholders or issue new shares. During the last two years ended 31 December 2011 and 31 December 2010, the Group did not introduce any changes to its objectives, principles and processes adopted in this area.

<b>Capital management</b>	<b>31 Dec. 2011 (audited)</b>	<b>31 Dec. 2010 (audited)</b>
Interest-bearing loans and borrowings	590	2,176
Trade accounts payable and other liabilities	80,831	98,234
Minus cash and cash equivalents (-)	(103,222)	(100,976)
<b>Net debt</b>	<b>(21,801)</b>	<b>(566)</b>
Shareholders' equity	705,811	597,264
<b>Equity and net debt</b>	<b>684,010</b>	<b>596,698</b>
<b>Leverage ratio</b>	<b>-3.19%</b>	<b>-0.09%</b>

### 33. Hedges of cash flows

The Asseco South Eastern Europe Group applies 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 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 Group recognized PLN 829 thousand in its revaluation capital.

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

The table below presents expenditures incurred by the Asseco South Eastern Europe Group in the period of 12 months ended 31 December 2011 for the acquisition of shares in subsidiaries as well as for the acquisition of non-controlling interests:

<b>Cost of acquisition of shares in subsidiary companies</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Asseco SEE s.r.l., (Bucharest)	-	99
Asseco SEE Sh.p.k., (Pristina)	-	2,427
ITD A.Ş., (Istanbul)	-	25,138
EST A.Ş., (Istanbul)	5,635	9,730
Biro Data Servis d.o.o., (Zagreb)	-	11,976
Cardinfo BDS d.o.o., (Sarajevo)	-	3,314
X-Card Sh.p.k., (Pristina)	-	448
Asseco s.r.l., MOLDOVA	-	2
Asseco SEE o.o.d., (Sofia)	-	-
Asseco SEE d.o.o., (Grosuplje)	1,327	-
Altius Bulgaria EOOD, (Sofia)	1,429	-
	<b>8,391</b>	<b>53,134</b>

<b>Acquisition of non-controlling interests</b>	<b>Year ended 31 Dec. 2011 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>
Asseco SEE o.o.d., Sofia	762	62
ITD A.Ş., (Istanbul)	108	-
	<b>870</b>	<b>,62</b>

### 35. Objectives and principles of financial risk management

The Asseco South Eastern Europe Group is exposed to a number of risks arising either from the macroeconomic situation of the countries where the Group companies operate as well as from microeconomic situation in individual companies. The main external factors that may have an adverse impact on the Group's financial performance are: (i) fluctuations in foreign currency exchange rates versus the 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. Whereas, the internal factors with potential negative bearing on the Group's performance are: (i) risk related to the increasing cost of work, (ii) risk arising from underestimation of the project costs when entering into contracts, and (iii) risk of concluding a contract with a dishonest customer.

#### Foreign currency exposure risk

The currency used for presentation of the Group's financial results is Polish zloty (PLN); whereas, the functional currencies of foreign subsidiaries of the Group are currencies of the countries where these entities are legally registered in. Consequently, the assets and financial results of such subsidiaries need to be converted to Polish zlotys and their values presented in the Group financial statements may change as they remain under the influence of foreign currency exchange rates.

## **Interest rate risk**

Changes in the market interest rates may have a negative influence on the financial results of the Group. The Group's exposure to the above-mentioned risk may result in changes of the amounts of interest charged to the Group companies on third-party borrowings which are based on variable interest rates.

Identification: The interest rate risk arises and is recognized by individual companies of the Group 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 appropriate departments within the Group companies, hence the knowledge of that issue is complete and acquired directly.

Measurement: The Group companies measure their exposure to the interest rate risk by preparing statements of the total amounts resulting from all the financial instruments based on a variable interest rate. Additionally, the Group companies maintain 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 their interest rate risk, the Group companies may: (i) try to avoid taking out loan facilities based on a variable interest rate or, if not possible, (ii) conclude forward interest rate hedging agreements.

Matching: The Group gathers and analyzes the current market information concerning present exposure to the interest rate risk. At present the Group companies do not apply any interest rate hedges as their third-party borrowings are short term.

## **Credit risk**

The Group concludes transactions only with well-known companies with a good credit rating. 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, financial assets available for sale and some financial derivatives, the Group's credit risk results from the contracting party inability to settle their payments, whereas the maximum exposure to such risk is limited to the book value of such financial instruments.

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

## **Financial liquidity risk**

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

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

The following table shows the Group's trade accounts payable as at 31 December 2011 and 31 December 2010, by maturity period based on the contractual undiscounted payments.

	<b>31 Dec. 2011</b>		<b>31 Dec. 2010</b>	
<b>Aging structure of trade accounts payable</b>				
	<b>amount</b>	<b>(audited) structure</b>	<b>amount</b>	<b>(audited) structure</b>
Liabilities due already	5,436	14.4%	6,039	16.3%
Liabilities falling due within 3 months	31,727	83.9%	30,546	82.2%
Liabilities falling due within 3 to 12 months	602	1.6%	311	0.8%
Liabilities falling due after 1 year	39	0.1%	259	0.7%
	<b>37,804</b>	<b>100%</b>	<b>37,155</b>	<b>100.0%</b>

The tables below present the aging structure of finance lease commitments as at 31 December 2011 and 31 December 2010.

<b>As at 31 December 2011 (audited)</b>	<b>Liabilities falling due within 3 months</b>	<b>Liabilities falling due within 3 to 12 months</b>	<b>Liabilities falling due within 1 to 5 years</b>	<b>Liabilities falling due after 5 years</b>	<b>Total</b>
Finance lease commitments	124	266	502	-	<b>892</b>

<b>As at 31 December 2010 (audited)</b>	<b>Liabilities falling due within 3 months</b>	<b>Liabilities falling due within 3 to 12 months</b>	<b>Liabilities falling due within 1 to 5 years</b>	<b>Liabilities falling due after 5 years</b>	<b>Total</b>
Finance lease commitments	138	353	534	-	<b>1,025</b>

### Effects of reducing the foreign currency risk

The analysis of sensitivity of trade accounts payable and receivable as well as of cash at foreign currency bank accounts to fluctuations in the exchange rates of the American dollar against the functional currencies of the Group companies indicates a potential loss of PLN 270 thousand in case the dollar depreciates 10% versus such functional currencies. Likewise, if euro depreciates 10% versus the functional currencies of the Group companies, the Group will potentially lose PLN 924 thousand. Hence, the cumulative effect of weaker dollar and euro against the functional currencies of the Group companies would deteriorate the Group's financial results by PLN 1,194 thousand. In contrast, if the dollar and euro appreciated versus those functional currencies, the Group would recognize an additional gain of PLN 1,194 thousand.

<b>Trade accounts receivable and payable, and foreign currency bank accounts as at 31 December 2011 (audited)</b>	<b>Amount exposed to risk</b>	<b>Impact on financial results of the Group</b>	
		<b>(10%)</b>	<b>10%</b>
<b>EUR:</b>			
Trade accounts receivable	12,475	(577)	577
Trade accounts payable	13,369	1,126	(1,126)
Foreign currency bank accounts	19,570	(1,473)	1,473
<b>Balance</b>	<b>45,414</b>	<b>(924)</b>	<b>924</b>

<b>USD:</b>			
Trade accounts receivable	4,662	(466)	466
Trade accounts payable	9,305	931	(931)
Foreign currency bank accounts	7,345	(735)	735
<b>Balance</b>	<b>21,312</b>	<b>(270)</b>	<b>270</b>

<b>Trade accounts receivable and payable, and foreign currency bank accounts as at 31 December 2010 (audited)</b>	<b>Amount exposed to risk</b>	<b>Impact on financial results of the Group</b>	
		<b>(10%)</b>	<b>10%</b>
<b>EUR:</b>			
Trade accounts receivable	5,822	(382)	382
Trade accounts payable	10,836	896	(896)
Foreign currency bank accounts	25,294	(1,207)	1,207
<b>Balance</b>	<b>41,952</b>	<b>( 693)</b>	<b>693</b>

<b>USD:</b>			
Trade accounts receivable	3,681	(368)	368
Trade accounts payable	12,260	1,226	(1,226)
Foreign currency bank accounts	9,117	(912)	912
<b>Balance</b>	<b>25,058</b>	<b>(54)</b>	<b>54</b>

### **Effects of reducing the interest rate risk**

The risk involved in changes of interest rates does not significantly affect the financial results achieved by the Group.

### **Methods adopted for conducting the sensitivity analysis**

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

### 36. Financial instruments

#### Fair value

As at 31 December 2011 as well as at 31 December 2010, the Group held the following financial assets measured at fair value:

	<b>Book value 31 Dec. 2011</b>	<b>Level 1<sup>i)</sup></b>	<b>Level 2 ii)</b>	<b>Level 3 iii)</b>
<b>Financial assets carried at fair value through profit or loss</b>	<b>10,263</b>	<b>10,263</b>	-	-
<i>Shares in companies listed on regulated markets</i>	92	92	-	-
<i>Other assets (fund participation units)</i>	10,171	10,171	-	-
<b>Financial assets available for sale</b>	<b>71</b>	<b>53</b>	<b>18</b>	-
<i>Shares in companies listed on regulated markets</i>	53	53	-	-
<i>Shares in companies not listed on regulated markets</i>	18	-	18	-
<b>Financial assets held to maturity</b>	<b>4,586</b>	<b>4,586</b>	-	-
<i>Treasury bonds</i>	4,317	4,317	-	-
<i>Cash deposits (3 to 12 months long)</i>	269	269	-	-

	<b>Book value 31 Dec. 2010</b>	<b>Level 1<sup>i)</sup></b>	<b>Level 2 ii)</b>	<b>Level 3 iii)</b>
<b>Financial assets carried at fair value through profit or loss</b>	<b>95</b>	<b>95</b>	-	-
<i>Shares in companies listed on regulated markets</i>	95	95	-	-
<b>Financial assets available for sale</b>	<b>68</b>	<b>68</b>	-	-
<i>Shares in companies listed on regulated markets</i>	68	68	-	-

- i. fair value determined on the basis of quoted prices offered in active markets for identical assets;
- ii. fair value determined using calculation models based on inputs that are, either directly or indirectly, observable in active markets;
- iii. fair value determined using calculation models based on inputs that are not, directly or indirectly, observable in active markets.

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

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 (audited)</b>	<b>Category according to IAS 39</b>	<b>Interest income (expense):</b>	<b>Gain (loss) on foreign exchange differences</b>	<b>Reversal (recognition) of impairment write-downs</b>	<b>Gain (loss) on revaluation</b>	<b>Total</b>
<b>Financial assets</b>						
Financial assets available for sale	AFS	-	-	(7)	(11)	(18)
Financial assets held to maturity	OFLaAC	42	-	-	-	42
Other financial assets carried at fair value	FVtPL	-	-	-	171	171
Loans granted and receivables	L&R	41	63	166	-	270
Cash and cash equivalents	FVtPL	2,788	2,680	-	-	5,468
<b>Financial liabilities</b>						
<b>Interest-bearing bank loans and borrowings</b>	<b>OFLaAC</b>	<b>(99)</b>	<b>(635)</b>	<b>-</b>	<b>-</b>	<b>(734)</b>
<b>Other liabilities, of which:</b>	<b>OFLaAC</b>	<b>(235)</b>	<b>(1,420)</b>	<b>-</b>	<b>4,119</b>	<b>2,464</b>
Finance lease commitments		(64)	4	-	-	(60)
Liabilities due to unpaid shares		(149)	(22)	-	4,591	4,420
Currency forward contracts	FVtPL	-	(177)	-	(472)	(649)
Trade accounts payable	OFLaAC	(22)	(1,225)	-	-	(1,247)
						-
<b>Total</b>		<b>2,537</b>	<b>688</b>	<b>159</b>	<b>4,279</b>	<b>7,663</b>
<b>Year ended 31 Dec. 2010 (audited)</b>						
	<b>Category according to IAS 39</b>	<b>Interest income (expense):</b>	<b>Gain (loss) on foreign exchange differences</b>	<b>Reversal (recognition) of impairment write-downs</b>	<b>Gain (loss) on revaluation</b>	<b>Total</b>
<b>Financial assets</b>						
Financial assets available for sale (long-term)	AFS	14	-	-	-	14
Other financial assets (short-term)		137	-	-	(2)	135
Trade accounts receivable and other receivables	L&R	-	(103)	(521)	-	(624)
Cash and cash equivalents	FVtPL	2,200	115	-	-	2,315
<b>Financial liabilities</b>						
<b>Interest-bearing bank loans and borrowings</b>	<b>OFLaAC</b>	<b>(81)</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>(70)</b>
<b>Other liabilities (long-term), of which:</b>	<b>OFLaAC</b>	<b>(206)</b>	<b>(719)</b>	<b>9</b>	<b>(230)</b>	<b>(1,146)</b>
Finance lease commitments		(92)	(3)	-	-	(95)
Trade accounts payable	OFLaAC	(114)	(716)	9	(230)	(1,051)
<b>Total</b>		<b>2,064</b>	<b>(696)</b>	<b>(512)</b>	<b>(232)</b>	<b>624</b>

### **37. Capital expenditures**

During the year ended 31 December 2011, the Group incurred capital expenditures of PLN 22,056 thousand, of which PLN 9,974 thousand were spent for non-financial fixed assets and PLN 2,821 thousand were spent for research and development projects in progress.

In the year ended 31 December 2010, the Group incurred capital expenditures of PLN 62,986 thousand, of which PLN 9,790 thousand were spent for non-financial fixed assets.

Expenditures for the acquisition of shares in subsidiaries as well as for the acquisition of non-controlling interests, incurred during the years ended 31 December 2011 and 31 December 2010, have been disclosed in item 34 of the *Information and explanations to the cash flow statement* in these consolidated financial statements.

### **38. 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 the Asseco South Eastern Europe Group.

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

Until the date of preparing these consolidated 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.