



**ANNUAL REPORT
OF ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE YEAR ENDED 31 DECEMBER 2012**

Rzeszów, 20 February 2013



**CONSOLIDATED FINANCIAL STATEMENTS
OF ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE YEAR ENDED 31 DECEMBER 2012 INCLUDING
OPINION OF INDEPENDENT CERTIFIED AUDITORS**

Rzeszów, 20 February 2013

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 FOR THE YEAR ENDED 31 DECEMBER 2012**

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**CONSOLIDATED FINANCIAL STATEMENTS
OF ASSECO SOUTH EASTERN EUROPE GROUP
INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS
FOR THE YEAR ENDED 31 DECEMBER 2012**

These consolidated financial statements were approved for publication by the Management Board of Asseco South Eastern Europe S.A.

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

Piotr Jeleński President of the Management Board

Hatice Ayas Member of the Management Board

Calin Barseti Member of the Management Board

Miljan Mališ Member of the Management Board

Miodrag Mirčetić Member of the Management Board

Dražen Pehar Member of the Management Board

Marcin Rulnicki Member of the Management Board

FINANCIAL HIGHLIGHTS
 ASSECO SOUTH EASTERN EUROPE GROUP

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)	Year ended 31 Dec. 2012	Year ended 31 Dec. 2011
	PLN '000	PLN '000	EUR '000	EUR '000
I. Sales revenues	462,454	461,867	110,805	111,559
II. Operating profit	52,594	54,902	12,602	13,261
III. Pre-tax profit	54,638	62,099	13,091	14,999
IV. Net profit for the reporting period	49,587	54,653	11,881	13,201
V. Net profit attributable to Shareholders of the Parent Company	49,626	54,764	11,890	13,228
VI. Net cash provided by (used in) operating activities	54,213	43,829	12,990	10,586
VII. Net cash provided by (used in) investing activities	(54,911)	(30,965)	(13,157)	(7,479)
VIII. Net cash provided by (used in) financing activities	(19,659)	(19,274)	(4,710)	(4,655)
IX. Cash and short-term deposits	74,153	103,222	18,138	23,370
X. Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.96	1.06	0.23	0.26
XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.96	1.06	0.23	0.26

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

- items of the consolidated income statement 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 2012 to 31 December 2012: EUR 1 = PLN 4.1736
 - in the period from 1 January 2011 to 31 December 2011: EUR 1 = PLN 4.1401
- 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 EUR 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 2012: EUR 1 = PLN 4.0882
 - exchange rate effective on 31 December 2011: EUR 1 = PLN 4.4168

**CONSOLIDATED INCOME STATEMENT
ASSECO SOUTH EASTERN EUROPE GROUP**

	Note	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Sales revenues	<u>1</u>	462,454	461,867
Cost of sales (-)	<u>2</u>	(337,897)	(340,207)
Gross profit on sales		124,557	121,660
Selling expenses (-)	<u>2</u>	(39,177)	(32,783)
General administrative expenses (-)	<u>2</u>	(33,454)	(33,496)
Net profit on sales		51,926	55,381
Other operating income	<u>3</u>	2,397	894
Other operating expenses (-)	<u>3</u>	(1,729)	(1,373)
Operating profit		52,594	54,902
Financial income	<u>4</u>	4,979	9,477
Financial expenses (-)	<u>4</u>	(2,935)	(2,280)
Pre-tax profit		54,638	62,099
Corporate income tax (current and deferred tax expense)	<u>5</u>	(5,051)	(7,446)
Net profit for the reporting period		49,587	54,653
Attributable to:			
Shareholders of the Parent Company		49,626	54,764
Non-controlling shareholders		(39)	(111)
Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN)			
Basic consolidated earnings per share from continuing operations for the reporting period	<u>6</u>	0.96	1.06
Diluted consolidated earnings per share from continuing operations for the reporting period	<u>6</u>	0.96	1.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
ASSECO SOUTH EASTERN EUROPE GROUP

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Net profit for the reporting period	49,587	54,653
Other comprehensive income:		
Hedges of cash flows	-	241
Exchange differences on translation of foreign operations	(72,434)	57,864
Total other comprehensive income	(72,434)	58,105
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	(22,847)	112,758
Attributable to:		
<i>Shareholders of the Parent Company</i>	(22,809)	112,869
<i>Non-controlling shareholders</i>	(38)	(111)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 ASSECO SOUTH EASTERN EUROPE GROUP

ASSETS	Note	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Non-current assets		540,203	560,893
Property, plant and equipment	8	20,410	20,326
Investment property		774	894
Intangible assets	9	26,786	12,129
Goodwill arising from consolidation	10	487,111	523,149
Investments in subsidiary companies		11	12
Financial assets available for sale		104	43
Long-term loans		188	462
Long-term receivables		336	420
Deferred income tax assets	5	3,901	2,147
Long-term prepayments and accrued income	13	582	1,311
Current assets		218,717	260,123
Inventories	11	16,331	13,079
Prepayments and accrued income	13	6,675	5,887
Trade receivables	12	74,428	85,742
Corporate income tax receivable	12	1,367	1,451
Other receivables from the state and local budgets	12	1,394	796
Receivables arising from valuation of IT contracts	25	12,480	27,546
Other receivables	12	10,602	7,495
Financial assets available for sale		25	28
Financial assets held to maturity	14	21,071	4,586
Financial assets carried at fair value through profit or loss	15	23	10,263
Short-term loans		168	28
Cash and short-term deposits	16	74,153	103,222
TOTAL ASSETS		758,920	821,016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 ASSECO SOUTH EASTERN EUROPE GROUP

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Equity (attributable to shareholders of the Parent Company)		664,672	705,811
Share capital	<u>17</u>	518,942	518,942
Share premium	<u>18</u>	38,825	38,825
Exchange differences on translation of foreign operations		(63,856)	8,579
Prior years' retained earnings (deficit) and current net profit		170,761	139,465
Non-controlling interests	<u>19</u>	181	-
Total shareholders' equity		664,853	705,811
Non-current liabilities		5,838	6,011
Interest-bearing bank loans and borrowings	<u>22</u>	24	46
Deferred income tax provisions	<u>5</u>	2,527	3,052
Long-term provisions	<u>20</u>	1,446	646
Long-term financial liabilities	<u>21</u>	741	1,694
Long-term deferred income	<u>24</u>	1,094	534
Other long-term liabilities		6	39
Current liabilities		88,229	109,194
Interest-bearing bank loans and borrowings	<u>22</u>	489	590
Trade payables	<u>23</u>	31,839	37,765
Corporate income tax payable	<u>23</u>	1,199	736
Other liabilities to the state and local budgets	<u>23</u>	11,153	12,474
Financial liabilities	<u>21</u>	1,974	2,120
Liabilities arising from valuation of IT contracts	<u>25</u>	2,966	1,049
Other liabilities	<u>23</u>	12,593	26,687
Short-term provisions	<u>20</u>	3,834	6,248
Deferred income	<u>24</u>	8,502	9,360
Accruals	<u>24</u>	13,680	12,165
TOTAL LIABILITIES		94,067	115,205
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		758,920	821,016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
ASSECO SOUTH EASTERN EUROPE GROUP

for the year ended 31 December 2012

	Note	Share capital	Share premium	Exchange differences on translation of foreign operations	Prior years' retained earnings (deficit) and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total shareholders' equity
As at 1 January 2012		518,942	38,825	8,579	139,465	705,811	-	705,811
Net profit (loss) for the reporting period		-	-	-	49,626	49,626	(39)	49,587
Other comprehensive income		-	-	(72,435)	-	(72,435)	1	(72,434)
Total comprehensive income for the reporting period		-	-	(72,435)	49,626	(22,809)	(38)	(22,847)
Changes in the Group structure, of which:		-	-	-	-	-	149	149
<i>Acquisition of shares in a subsidiary</i>		-	-	-	-	-	149	149
Recognition of financial result attributable to non-controlling interests	<u>19</u>	-	-	-	(70)	(70)	70	-
Change in valuation of liabilities under put options of non-controlling shareholders	<u>21</u>	-	-	-	422	422	-	422
Dividend		-	-	-	(18,682)	(18,682)	-	(18,682)
As at 31 December 2012 (audited)	<u>17</u>	518,942	38,825	(63,856)	170,761	664,672	181	664,853

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

for the year ended 31 December 2011

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

CONSOLIDATED STATEMENT OF CASH FLOWS
 ASSECO SOUTH EASTERN EUROPE GROUP

	Note	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Cash flows - operating activities			
Pre-tax profit		54,638	62,099
Total adjustments:		6,190	(10,800)
Depreciation and amortization		10,807	8,744
Change in inventories		(5,080)	3,409
Change in receivables		14,268	(11,948)
Change in liabilities		(10,736)	(7,823)
Change in prepayments and accruals		486	(1,632)
Change in provisions		(1,543)	788
Interest income and expense		(1,940)	(2,114)
Gain (loss) on foreign exchange differences		(30)	149
Gain (loss) on investing activities		(964)	(315)
Other		922	(58)
Net cash generated from operating activities		60,828	51,299
Corporate income tax paid		(6,615)	(7,470)
Net cash provided by (used in) operating activities		54,213	43,829
Cash flows - investing activities			
Disposal of property, plant and equipment and intangible assets		556	495
Acquisition of property, plant and equipment and intangible assets		(12,327)	(9,210)
Expenditures for development projects		(8,714)	(2,821)
Acquisition of subsidiary companies	27	(29,546)	(8,391)
Cash and cash equivalents of subsidiary companies acquired		14	696
Disposal of financial assets carried at fair value through profit or loss	15	10,463	-
Acquisition of financial assets carried at fair value through profit or loss		(163)	(10,000)
Disposal of financial assets held to maturity	14	14,803	-
Acquisition of financial assets held to maturity	14	(31,810)	(4,005)
Loans collected and granted		91	52
Interest received		1,941	2,287
Other		(219)	(68)
Net cash provided by (used in) investing activities		(54,911)	(30,965)

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

	Note	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Cash flows - financing activities			
Proceeds from / Repayment of bank loans and borrowings		(439)	(2,108)
Finance lease liabilities paid		(384)	(490)
Dividends paid out to shareholders of the Parent Company		(18,682)	(13,258)
Dividends paid out to former shareholders of subsidiaries		-	(2,130)
Acquisition of non-controlling interests	<u>27</u>	-	(870)
Interest paid		(156)	(360)
Other		2	(58)
Net cash provided by (used in) financing activities		(19,659)	(19,274)
Net increase (decrease) in cash and cash equivalents		(20,357)	(6,410)
Net foreign exchange differences		(8,552)	8,476
Cash and cash equivalents as at 1 January		103,042	100,976
Cash and cash equivalents as at 31 December	<u>16</u>	74,133	103,042

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

I. GENERAL INFORMATION

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

The Parent Company 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.

ASEE S.A. is the parent company of 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:

- Activities of head offices and holdings;
- Computer programming activities;
- Computer consultancy activities;
- Computer facilities management activities;
- Other information technology and computer service activities;
- Data processing, hosting activities;
- Web portals and call center activities;
- Research and experimental development on natural sciences and engineering;
- Reproduction of recorded media;
- Wholesale of computers, computer peripheral equipment and software;
- Wholesale of electronic and telecommunications equipment;
- Retail sale of computers, peripheral units and software;
- Accounting, book-keeping and tax consultancy;
- Business and other management consultancy activities.

The scope of 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.

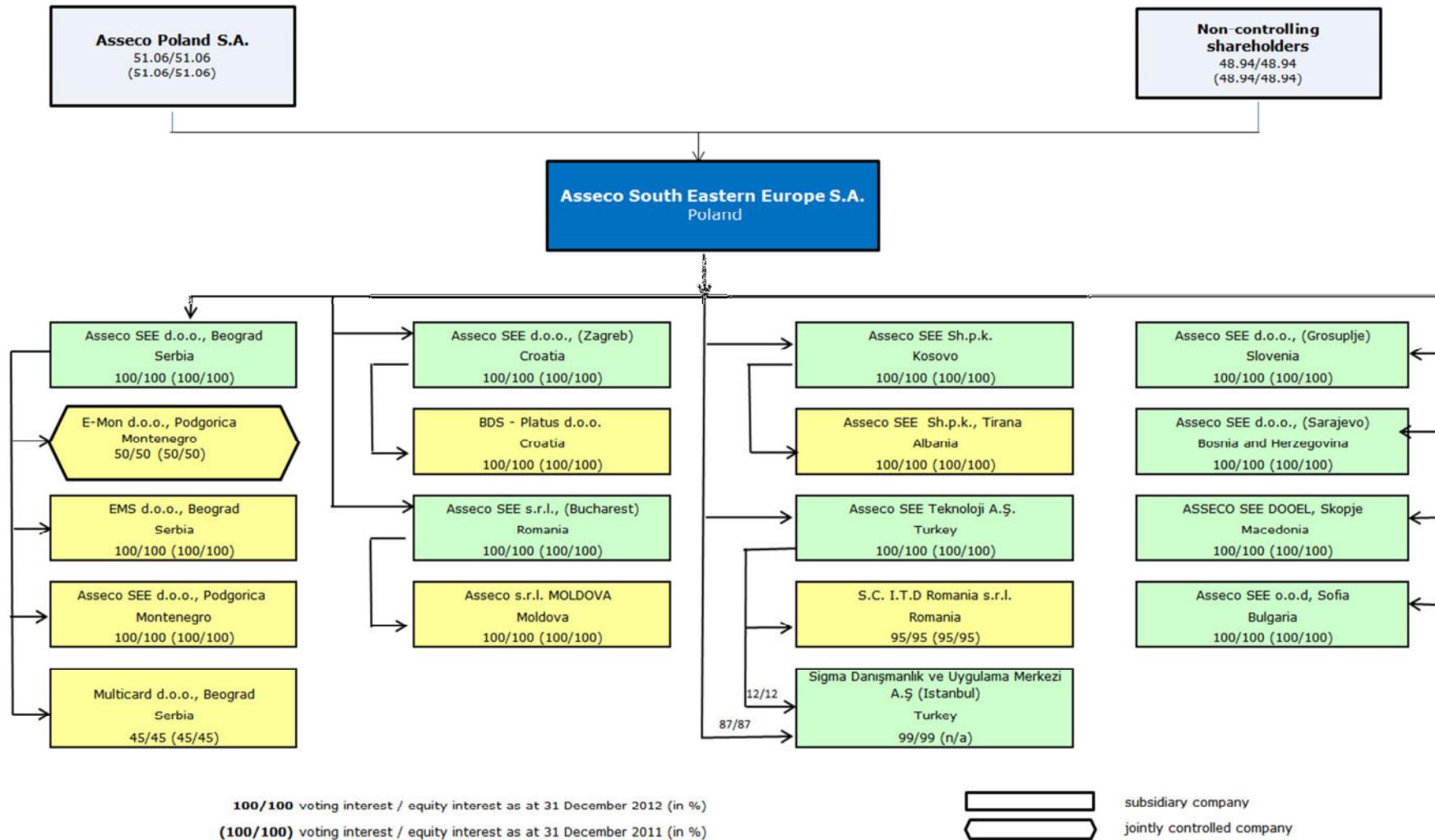
The parent of ASEE S.A. is Asseco Poland S.A. (the higher-level parent company). As at 31 December 2012, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

These consolidated financial statements cover the year ended 31 December 2012 and contain comparative data for the year ended 31 December 2011.

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.

The consolidated financial statements for the year ended 31 December 2012 were approved for publication by the Management Board on 20 February 2013.

II. STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP



III. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THEIR COMMITTEES

As at 31 December 2012 as well as on the date of publication of this report, i.e. on 20 February 2013, the Company's Management Board and Supervisory Board were composed of the following persons:

Supervisory Board	Management Board
Adam Góral	Piotr Jeleński
Jacek Duch	Hatice Ayas
Jan Dauman	Calin Barseti
Andrzej Mauberg	Miljan Mališ
Mihail Petreski	Miodrag Mirčetić
Przemysław Sęczkowski	Dražen Pehar
Gabriela Żukowicz	Marcin Rulnicki

In the period reported, the composition of the Company's Management Board changed as follows:

- on 14 May 2012, the Company received a letter of resignation from Rafał Kozłowski resigning, for personal reasons, from the position of Vice President of the Management Board of ASEE S.A. with effect from 1 June 2012;
- on 24 May 2012, the Company's Supervisory Board appointed Marcin Rulnicki as Member of the Management Board to serve during the ongoing term of office as of 1 June 2012 as well as during the next joint term of office of the Management Board running from 11 July 2012 till 11 July 2017.

In the period reported, the composition of the Supervisory Board remained unchanged.

As at 31 December 2012 as well as at the date of publication of this report, this is on 20 February 2013, the Audit Committee was composed of the following persons:

Andrzej Mauberg – Member of the Audit Committee,
 Jacek Duch – Member of the Audit Committee,
 Gabriela Żukowicz – Member of the Audit Committee.

Whereas, as at 31 December 2011, the Audit Committee composition was as follows:

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

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 as well as of their Committees remained unchanged.

IV. ACCOUNTING POLICIES 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 convention, except for derivative financial instruments and assets that are carried at fair value through profit or loss.

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, we have not observed any circumstances that would threaten 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 European Union as well as the Group's operations, in the scope of accounting policies applied by the Group there is no difference between the IFRS that came into force and the IFRS endorsed by the EU.

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 policies (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 ASEE S.A. include the Romanian leu (RON), Croatian kuna (HRK), Serbian dinar (RDS), Macedonian denar (MKD), euro (EUR), Turkish lira (TRY), Bulgarian lev (BGN), and Bosnia and Herzegovina convertible mark (BAM).

4. Changes in estimates and presentation methods

In the period of 12 months ended 31 December 2012, 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 policies were subject to accounting estimates and the management's professional judgement, and whose estimates, if changed, could significantly affect the Group's future results.

i. 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. Valuation of IT contracts requires determination of future operating cash flows in order to provide the fair value of revenues and expenses, as well as measurement of the progress of contract execution. The percentage of contract completion shall be measured as the 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 2012, receivables arising from valuation of IT contracts amounted to PLN 12,480 thousand, while liabilities due to such valuation equalled PLN 2,966 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 2012, 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 2012, goodwill arising from the acquisition of subsidiary companies amounted to PLN 487,111 thousand as compared with PLN 523,149 thousand reported as at 31 December 2011.

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

Both as at 31 December 2012 and 31 December 2011, the Group recognized liabilities by virtue of future payments to non-controlling shareholders in the company Multicard, Serbia. As at 31 December 2012, such liabilities equalled PLN 628 thousand, while as at 31 December 2011 they were PLN 1,266 thousand. Determination of the amounts payable under such liabilities required making estimates of the company's future financial results.

v. Deferred income tax assets

As at 31 December 2012, the Group recognized a deferred income tax asset in the amount of PLN 3,901 thousand and a deferred income tax provision of PLN 2,527 thousand. In the period of 12 months ended 31 December 2012, the balance of deferred income tax asset and provision changed by PLN 2,003 thousand, as compared with PLN -583 thousand in the corresponding period of 2011.

Based on the current financial budget and applicable tax regulations, the Group's management believes that future utilization of deferred tax asset recognized on the consolidated financial statements in the amount of PLN 3,901 thousand is very likely.

The Parent Company did not recognize the entire balance of deferred income tax asset related to the prior years' losses. Deferred income tax assets arising from tax losses were recognized in the amount of PLN 2,300 thousand, this is to the extent it is probable that future taxable income will enable writing such unutilized losses off. As at 31 December

2012, the Parent Company's tax-deductible losses not accounted for in deferred income tax assets amounted to PLN 73,181 thousand.

6. Changes in the accounting policies applied

The accounting policies 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 2011, except for applying the following amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2012.

- Amendments to IFRS 7 *Financial Instruments: Disclosures: Transfers of Financial Assets* – effective for annual periods beginning on or after 1 July 2011. 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.

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 deals with hedge accounting and impairment. Application of the first phase of IFRS 9 may 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 IAS 19 *Employee Benefits* – effective for annual periods beginning on or after 1 January 2013;
- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Other Comprehensive Income* – effective for annual periods beginning on or after 1 July 2012;
- Amendments to IAS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets* – effective for annual periods beginning on or after 1 January 2012 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2013;
- 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 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2013;
- IFRS 10 *Consolidated Financial Statements* – effective for annual periods beginning on or after 1 January 2013 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2014;
- IFRS 11 *Joint Arrangements* – effective for annual periods beginning on or after 1 January 2013 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2014;

- IFRS 12 *Disclosure of Interests in Other Entities* – effective for annual periods beginning on or after 1 January 2013 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2014;
- Amendments of *IFRS 10, IFRS 11 and IFRS 12 Transitional Provisions* – 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;
- IAS 27 *Separate Financial Statements* – effective for annual periods beginning on or after 1 January 2013 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2014;
- IAS 28 *Investments in Associates and Joint Ventures* – effective for annual periods beginning on or after 1 January 2013 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2014;
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* – effective for annual periods beginning on or after 1 January 2013;
- 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;
- 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;
- Amendments to *IFRS 1 First-time Adoption of International Financial Reporting Standards: Government Loans* – 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 resulting from the annual review of IFRSs (published in May 2012) – 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 10, IFRS 12 and IAS 27 Investment Entities* (published on 31 October 2012) – 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.

We do not intend to apply IFRS 10, 11 and 12 for annual periods beginning before 1 January 2014.

The Management Board conducts an analysis of whether the introduction of the above-mentioned standards and interpretations will have a significant impact on the accounting policies applied by the Group.

8. Major accounting policies:

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 2012 to 31 December 2012. The financial data of subsidiary companies have been prepared using consistent accounting policies and based on uniform accounting policies 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 income statement. 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), and Bosnia and Herzegovina mark (BAM).

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 reporting period. 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 Asseco South Eastern Europe Group using the exchange rate effective on the balance sheet date, and their income statements have been restated at the average 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 income statement.

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

Currency	As at 31 Dec. 2012	As at 31 Dec. 2011
USD	3.0996	3.4174
EUR	4.0882	4.4168
RON	0.9197	1.0226
HRK	0.5413	0.5861
RSD	0.0359	0.0426
BGN	2.0903	2.2583
MKD	0.0652	0.0713
BAM	2.0807	2.2325
TRY	1.7357	1.7835

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

Currency	Year ended	Year ended
	31 Dec. 2012	31 Dec. 2011
USD	3.2312	2.9679
EUR	4.1736	4.1401
RON	0.9377	0.9773
HRK	0.5547	0.5558
RSD	0.0369	0.0406
BGN	2.1340	2.1169
MKD	0.0679	0.0669
BAM	2.1387	2.1093
TRY	1.8022	1.7567

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, non-controlling 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 non-controlling 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 non-controlling 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 income statement 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 income statement.

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 income statement 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 owned by the Group 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 income statement 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 income statement. 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 Group on its own shall not be capitalized, but expenditures on their production shall be expensed in the income statement 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 of the following two amounts: net sales price or value in use), the value of these assets shall be reduced to the recoverable value.

Cost of 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 income statement.

Costs of development work which satisfy 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
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 income statement at the time when such derecognition is made.

ix. Leases

Finance lease agreements, under which substantially all the risks and rewards 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 finance charges and reduction of the lease liability, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly as expenses in the income statement.

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. 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 income statement.

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

xii. Derivative financial instruments and hedges

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

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.

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 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.

xiii. 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 income statement.

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 income statement. Reversals of impairment losses on equity instruments classified as available for sale cannot be recognized in the income statement. 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 income statement.

xiv. 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 (goods for resale, maintenance service inventories). 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.

xv. Prepayments and accrued income

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

Prepayments may in particular include the following items:

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

Accrued income includes mainly maintenance services relating to future periods. The Group recognizes prepayments and accrued income if their amounts relate to future reporting periods.

xvi. Trade receivables

Trade receivables, 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 income statement at the time when they are deemed uncollectible.

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

xvii. 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 restricted cash in the balance of cash and cash equivalents.

xviii. Interest-bearing bank loans and borrowings

All bank loans and borrowings are initially recognized at purchase cost, being the fair value of cash received net of any costs associated with obtaining the loan.

Subsequently to such initial recognition, bank loans and borrowings are measured at amortized purchase cost using the effective interest rate method. Determination of the amortized purchase cost shall take into account any costs associated with obtaining a loan.

The difference between the cash obtained (deducted by costs relating to obtaining the credit or loan) and the repayment amount shall be presented in the income statement during the period of loan. Any gains or losses shall be recognized in the income statement after the liability has been removed from the balance sheet. All expenses relating to bank loans and borrowings are recognized in the income statement for the period they relate to.

xix. Trade payables

Trade payables relating to operating activities are recognized and disclosed at the amounts due for payment, and are recognized in the reporting periods which they relate to. Other liabilities to a significant extent also relate to operating activities yet, in contrast to trade payables, they were not invoiced.

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

xx. 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 income statement, 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.

Provision for warranty repairs

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

This provision is set aside in the cases where:

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

The provision amount recognized at the balance sheet date shall be proportional to the progress of the IT contract execution. In particular in the case of implementation contracts, where revenues are recognized based on the percentage of contract completion, the provision amount shall be determined by multiplying such percentage of completion by the amount of costs that individual companies of the Group expect to incur in performing the warranty obligations. Hence, the cost of provision for warranty repairs is recognized proportionally to the progress of contract execution, yet it is not included in the project cost budget and, therefore, does not affect the percentage of contract completion, as it is accounted for in parallel with the project budget.

Any costs associated with the provision of our warranty services shall be, when incurred, deducted from the established provision (utilization of the provision). At each balance sheet date, the Group verifies the amount of carried provision for warranty repairs. If the actual costs of warranty services or anticipated future costs are lower/higher than assumed when the provision was established, the provision shall be decreased/increased accordingly to reflect the Group's current expectations in respect of fulfilment of its warranty obligations in future periods.

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.

xxi. Revenues

Revenues and costs related to the execution 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 income statement, exceed the percentage progress of invoiced sales, the amount of uninvited 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 income statement, then future-related (unearned) revenues resulting from such difference shall be disclosed as other liabilities.

Revenues

Accounting policies 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 the sales of licenses, services and hardware. 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 rewards incidental to ownership of licenses and hardware 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.

xxii. 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 goods 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.

9. Seasonal nature of business

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

10. Corrections of material errors

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

V. INFORMATION ON OPERATING SEGMENTS

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

- Banking Solutions,
- Payment Solutions,
- Systems Integration.

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

Banking Solutions

This 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.

As from 2012, ASEE Group has enriched the product portfolio of its Banking Solutions segment with LeaseFlex, a comprehensive solution enabling leasing companies to manage the lifecycles of leases and assets.

Payment Solutions

This segment is engaged in the sale and maintenance of ATMs and POS terminals as well as in the provision of related support services. 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. 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). 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

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. A brand new product offered by the Systems Integration segment is Fidelity, a full-fledged solution for asset lifecycle management, dedicated primarily to large organizations with dispersed organizational structure. This system automates the full lifecycle of asset and spend processes, enabling better control, increased visibility and effective management of all corporate expenditures.

For the year ended 31 December 2012 in PLN thousands (audited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconciliations	Total
Sales revenues:	133,681	115,744	249,425	238,849	5,221	(31,041)	462,454
Sales to external customers	117,127	112,236	229,363	233,091	-	-	462,454
Inter/intra segment sales	16,554	3,508	20,062	5,758	5,221	(31,041)	-
Gross profit on sales	42,301	36,926	79,227	45,330	-	-	124,557
Selling expenses (-)	(9,656)	(7,853)	(17,509)	(21,668)	-	-	(39,177)
General administrative expenses (-)	(13,849)	(9,717)	(23,566)	(9,888)	-	-	(33,454)
Net profit on sales	18,796	19,356	38,152	13,774	-	-	51,926
Segment assets, of which:	240,446	138,133	378,579	258,346	121,995	-	758,920
<i>goodwill arising from consolidation</i>	194,289	104,156	298,445	188,666	-	-	487,111
<i>property, plant and equipment</i>	4,924	9,924	14,848	5,223	339	-	20,410
<i>intangible assets</i>	17,569	3,644	21,213	5,291	282	-	26,786
<i>trade receivables</i>	14,377	11,865	26,242	48,186	-	-	74,428
<i>receivables arising from valuation of IT contracts</i>	8,762	-	8,762	3,718	-	-	12,480
<i>inventories</i>	525	8,544	9,069	7,262	-	-	16,331
<i>other</i>	-	-	-	-	121,374	-	121,374
Segment expenditures for tangible and intangible assets,	(8,821)	(6,218)	(15,039)	(4,838)	(220)	-	(20,097)
of which for research and development	(5,988)	(779)	(6,767)	(1,956)	-	-	(8,723)

Assets that were not allocated to any operating segment as at 31 December 2012 included the following items: cash (PLN 74,153 thousand), receivables from the state and local budgets (PLN 2,761 thousand) and other receivables (PLN 9,711 thousand), deferred income tax assets (PLN 3,901 thousand), and other assets (PLN 29,957 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.

For the year ended 31 December 2012 in EUR thousands	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconciliations	Total
Sales revenues:	32,030	27,732	59,762	57,229	1,251	(7,437)	110,805
Sales to external customers	28,064	26,892	54,956	55,849	-	-	110,805
Inter/intra segment sales	3,966	840	4,806	1,380	1,251	(7,437)	-
Gross profit on sales	10,135	8,848	18,983	10,861	-	-	29,844
Selling expenses (-)	(2,314)	(1,882)	(4,196)	(5,191)	-	-	(9,387)
General administrative expenses (-)	(3,318)	(2,328)	(5,646)	(2,369)	-	-	(8,015)
Net profit on sales	4,503	4,638	9,141	3,301	-	-	12,442

For the year ended 31 December 2011 in PLN thousands (audited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconciliations	Total
Sales revenues:	133,451	109,772	243,223	238,740	3,512	(23,608)	461,867
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)	-
Gross profit on sales	43,003	32,426	75,429	46,231	-	-	121,660
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)
Net profit on sales	22,951	16,722	39,673	15,708	-	-	55,381
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 receivables</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
Segment expenditures for tangible and intangible assets	(4,990)	(4,400)	(9,390)	(3,154)	(251)	-	(12,795)
of which for research and development	(2,270)	-	(2,270)	(551)	-	-	(2,821)
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 and local budgets (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.							
For the year ended 31 December 2011 in EUR thousands	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconciliations	Total
Sales revenues:	32,234	26,515	58,749	57,664	848	(5,702)	111,559
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)	-
Gross profit on sales	10,387	7,832	18,219	11,167	-	-	29,386
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)
Net profit on sales	5,543	4,039	9,582	3,795	-	-	13,377

VI. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Breakdown of sales revenues

Sales revenues by type of products	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Proprietary software and services	219,404	209,548
Third-party software and services	81,480	88,442
Hardware and infrastructure	161,570	163,877
	462,454	461,867

Sales revenues by sectors	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Banking and finance	303,576	293,944
Enterprises	100,704	98,181
Public Institutions	58,174	69,742
	462,454	461,867

2. Breakdown of operating costs

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Materials and energy used (-)	(5,063)	(4,577)
Third-party services (-)	(51,496)	(47,556)
Employee salaries and benefits (-)	(131,001)	(127,064)
Depreciation and amortization (-)	(10,807)	(8,744)
Taxes and charges (-)	(1,530)	(1,810)
Business trips (-)	(5,213)	(4,820)
Other (-)	(489)	(79)
	(205,599)	(194,650)
Cost of sales:		
<i>production cost</i> (-)	(337,897)	(340,207)
<i>value of goods, materials and third-party services sold</i> (COGS) (-)	(132,968)	(128,371)
	(204,929)	(211,836)
Selling expenses (-)	(39,177)	(32,783)
General administrative expenses (-)	(33,454)	(33,496)

3. Other operating income and expenses

Other operating income	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Gain on disposal of property, plant and equipment	146	218
Reversal of other provisions	1,319	8
Discounts received	111	-
Compensations received	82	41
Other	739	627
	2,397	894

Reversals of other provisions included primarily the reversal of a provision amounting to PLN 1,208 thousand that was established by ASEE S.A. in previous years in order to account for a potential tax liability as it was questionable, whether the costs of the public offering of shares (IPO) may be recognized as tax-deductible. The court proceedings in this case were completed in 2012. During the course of legal proceedings, the Company obtained negative interpretations of the tax authorities regarding the tax deductibility of such costs. Subsequently, the Company submitted an adjustment to its income tax return, whereby most of the IPO-related costs have been treated as non-tax-deductible. Due to the utilization of tax losses and additional deductions, we have not incurred any additional tax liability, while the originally established provision has not been utilized.

Other operating expenses	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Loss on disposal of property, plant and equipment (-)	(140)	(111)
Establishing of other provisions (-)	(148)	(49)
Liquidation costs of property, plant and equipment, intangible assets, and inventories (-)	(38)	-
Charitable contributions to unrelated parties (-)	(701)	(481)
Costs of post-accident repairs (-)	(74)	(142)
Inventory count deficit (-)	(66)	(100)
Contractual penalties and compensations (-)	(78)	(144)
Other (-)	(484)	(346)
	(1,729)	(1,373)

4. Financial income and expenses

Financial income	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Interest income on bank deposits	2,635	2,871
Interest income on financial assets held to maturity	260	-
Other interest income	79	-
Gain on revaluation of conditional payments in transactions to obtain control	494	4,591
Valuation of non-controlling interests in ASEE Slovenia	-	397
Gain on change in fair value of derivative instruments	495	-
Gain on exercise of derivative instruments	47	-
Gain on valuation of financial assets carried at fair value through profit or loss	-	171
Gain on disposal of financial assets carried at fair value through profit or loss	128	-
Positive foreign exchange differences	841	1,447
Total financial income	4,979	9,477

Financial income for the year 2012 includes a reduction of estimated conditional payments for shares in subsidiaries by the amount of PLN 494 thousand (of which EST A.Ş. (presently a subsidiary of ASEE Turkey) – PLN 85 thousand, Altius, Bulgaria – PLN 335 thousand, and ASEE Bulgaria – PLN 74 thousand).

Furthermore, financial income includes the effects of valuation of derivative instruments amounting to PLN 495 thousand, as well as gains on disposal of investment fund units amounting to PLN 128 thousand.

In 2011, the Group recognized a financial income of PLN 3,385 thousand on a downward revision of the estimated outstanding payment for shares in EST A.Ş., and PLN 505 thousand following a reduction of the estimated second instalment payable for shares in ASEE Bulgaria, 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 the acquisition of BDS d.o.o. (presently ASEE Croatia).

The gain on valuation of non-controlling interests in ASEE Slovenia amounting to PLN 397 thousand was recognized on a fair-value measurement of the 50% stake held in that company, which was performed as part of accounting for obtaining control of 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.

Financial expenses	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Interest expense on bank loans and borrowings (-)	(9)	(121)
Other interest expenses (-)	(5)	(456)
Bank fees and commissions (-)	(93)	(152)
Negative foreign exchange differences (-)	(2,244)	(581)
Company acquisition related expenses (-)	(92)	(90)
Discounting of settlements (-)	-	(149)
Interest expenses under finance leases (-)	(47)	(64)
Loss on exercise of derivative instruments (-)	(93)	(177)
Loss on change in fair value of currency derivatives (-)	-	(472)
Other financial expenses (-)	(352)	(18)
Total financial expenses	(2,935)	(2,280)

5. Corporate income tax

The main charges on pre-tax profit by virtue of corporate income tax (current and deferred portions):

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Current corporate income tax and prior years adjustments	(7,054)	(6,863)
Deferred corporate income tax, of which:	2,003	(583)
<i>related to origination or reversal of temporary differences</i>	2,003	(583)
Income tax expense as disclosed in the income statement, of which:	(5,051)	(7,446)
<i>Corporate income tax attributable to continuing operations</i>	(5,051)	(7,446)

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.

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Pre-tax profit	54,638	62,099
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	(10,381)	(11,799)
 [A] Non-taxable income recognized in the balance sheet	 3,322	 2,376
- <i>non-taxable income achieved in a technological zone</i>	2,694	1,267
- <i>changes in estimates of liabilities</i>	98	884
- <i>reversal of provisions</i>	337	-
- <i>foreign exchange differences on payments for shares acquired</i>	-	150
- <i>other</i>	193	75
[B] Taxable income not recognized in the balance sheet	(6,072)	(1,687)
- <i>dividends eliminated by consolidation adjustments</i>	(6,072)	(1,590)
- <i>other</i>	-	(97)
[C] Tax-deductible expenses not recognized in the balance sheet	5	206
- <i>loss on disposal of shares in EST A.S., eliminated by consolidation adjustments</i>	-	168
- <i>other</i>	5	38
[D] Non-tax-deductible expenses recognized in the balance sheet	(2,339)	(1,849)
- <i>non-tax-deductible expenses incurred in a technological zone</i>	(1,029)	(726)
- <i>representation expenses</i>	(223)	(257)
- <i>foreign exchange differences on non-taxable income</i>	-	(120)
- <i>other</i>	(1,087)	(746)
[E] Utilization of tax losses and change in deferred tax assets arising tax losses	3,166	500
[F] Utilization of tax credits and other tax deductibles	4,507	1,480
[G] Difference due to different rate of corporate income tax paid abroad	2,798	3,166
[H] Correction of an error in the calculation of deferred tax in previous reporting periods (+/-)	(57)	161
 Corporate income tax at the effective tax rate: 9.24% in 2012 and 11.99% in 2011	 (5,051)	 (7,446)

As at 31 December 2012, the Parent Company's tax-deductible losses not accounted for in deferred income tax assets amounted to PLN 73,181 thousand. The Parent Company did not recognize the entire balance of deferred income tax asset related to the prior years' losses. Deferred income tax assets arising from tax losses were recognized in the amount of PLN 2,300 thousand, this is to the extent it is probable that future taxable income will enable writing such unutilized losses off. The utilization of those tax-deductible losses is possible till the end of 2015.

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.

	Deferred income tax provision, gross				Deferred income tax assets, gross				Comprehensive income	
	31 Dec. 2012	Obtaining of control	FX differenc es (+/-)	31 Dec. 2011	31 Dec. 2012	Obtaining of control	FX differenc es (+/-)	31 Dec. 2011	2012	2011
Difference between tax depreciation and accounting depreciation	403	16	(18)	263	-	-	-	-	(142)	(147)
Receivables / liabilities arising from book valuation of IT contracts	-	-	-	46	31	-	(3)	35	45	(13)
Provision for income tax payable to a subsidiary upon the dividend payment	2,601	-	(303)	3,101	-	-	-	-	197	(864)
Losses deductible against future taxable income	-	-	-	-	2,300	-	-	432	1,868	171
Valuation of financial assets and/or financial liabilities at fair value	-	-	-	32	77	-	(6)	245	(130)	86
Accruals, provisions and other liabilities	12	62	(18)	25	548	55	16	409	125	(84)
Allowances for trade receivables	-	-	(1)	14	155	2	(10)	202	(26)	88
Allowances for other receivables	-	-	-	-	81	-	(2)	-	83	(75)
Revaluation write-downs on inventories	-	-	-	-	730	-	(62)	688	104	278
Tax credit for capital expenditures made	-	-	-	-	170	-	(53)	364	(141)	(215)
Shares in subsidiaries	-	-	-	-	127	-	(5)	-	132	-
Other temporary differences	61	66	(1)	26	232	158	(11)	227	(112)	192
Deferred income tax provision, gross	3,077	144	(341)	3,507						
Deferred income tax assets, gross					4,451	215	(136)	2,602		
Write-down due to inability to realize a deferred income tax asset					4,451	215	(136)	2,602		
Deferred income tax assets, net										
Deferred income tax provision (-), net of deferred income tax assets	2,527			3,052						
Deferred income tax assets (+), net of deferred income tax provision					3,901			2,147		
Change in deferred income tax in the reporting period, of which:									2,003	(583)
<i>change in deferred income tax recognized directly in other comprehensive income</i>									2,003	(583)
<i>change in deferred income tax recognized in profit or loss</i>										

6. Earnings per share

PLN	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):		
Basic consolidated earnings per share from continuing operations for the reporting period		
0.96	1.06	
Diluted consolidated earnings per share from continuing operations for the reporting period	0.96	1.06
Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in EUR):		
Basic consolidated earnings per share from continuing operations for the reporting period		
0.23	0.26	
Diluted consolidated earnings per share from continuing operations for the reporting period	0.23	0.26

Basic earnings per share are computed by dividing net profit for the reporting period, 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 reporting period, attributable to shareholders of the Parent Company, by the adjusted (for the 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 into ordinary shares.

Both basic and diluted earnings per share have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month (2012: EUR 1 = PLN 4.1736; 2011: EUR 1 = 4.1401).

The table below presents net profits and numbers of shares used for the calculation of basic and diluted earnings per share:

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.	49,626	54,764
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,453,105
Dilution factors	-	-
Adjusted weighted average number of ordinary shares, used for calculation of diluted earnings per share	51,894,251	51,453,105

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

7. Dividends paid out

The total dividend for shareholders of ASEE S.A. for 2011 equalled PLN 18,682 thousand and was paid on 16 July 2012; whereas, the dividend for 2010 amounted to PLN 13,258 thousand and was paid on 11 July 2011.

8. Property, plant and equipment

for the year ended 31 December 2012 (audited)	Land and buildings	Computers and other office equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
As at 1 January 2012, less depreciation	547	13,385	4,567	1,779	48	20,326
Additions, of which:						
Purchases	-	8,165	2,179	272	-	10,616
Finance leases	-	7,410	1,974	229	-	9,613
Obtaining control over subsidiaries	-	51	-	-	-	51
Transfers from tangible assets under construction	-	212	88	38	-	338
Transfers from inventories	-	46	-	-	-	46
Other changes	-	394	-	-	-	394
Other changes	-	149	20	5	-	174
Reductions, of which:						
Depreciation charge for the reporting period (-)	(15)	(5,533)	(1,861)	(675)	(46)	(8,130)
Impairment write-downs (-)	(15)	(4,981)	(1,516)	(460)	-	(6,972)
Disposal and liquidation (-)	-	(297)	-	-	-	(297)
Transfers from tangible assets under construction (-)	-	(255)	(343)	(10)	-	(608)
Other changes (-)	-	-	-	-	(46)	(46)
Other changes (-)	-	-	(2)	(205)	-	(207)
Exchange differences on translation of foreign operations (+/-)	(51)	(1,711)	(466)	(172)	(2)	(2,402)
As at 31 January 2012, less depreciation and impairment write-downs	481	14,306	4,419	1,204	-	20,410
As at 1 January 2012						
Gross book value	713	31,172	12,351	5,560	48	49,844
Depreciation (-)	(166)	(17,787)	(7,784)	(3,781)	-	(29,518)
Net book value as at 1 January 2012	547	13,385	4,567	1,779	48	20,326
As at 31 December 2012						
Gross book value	645	35,594	11,983	4,127	-	52,349
Depreciation and impairment write-downs (-)	(164)	(21,288)	(7,564)	(2,923)	-	(31,939)
Net book value as at 31 December 2012	481	14,306	4,419	1,204	-	20,410

As at 31 December 2012, 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 2011 (audited)	Land and buildings	Computers and other office equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
As at 1 January 2011, less depreciation	487	9,638	4,467	1,189	889	16,670
Additions, of which:						
Purchases	45	6,639	1,574	1,083	46	9,387
Finance leases	-	6,219	1,215	307	46	7,787
Obtaining control over subsidiaries	-	-	277	-	-	277
Transfers from tangible assets under construction	-	209	33	10	-	252
Reclassification – change in presentation	-	141	-	754	-	895
Other changes	45	-	49	-	-	94
	-	70	-	12	-	82
Reductions, of which:						
Depreciation charge for the reporting period (-)	(42)	(4,050)	(1,823)	(579)	(940)	(7,434)
Disposal and liquidation (-)	(40)	(3,960)	(1,550)	(565)	-	(6,115)
Transfers from tangible assets under construction (-)	-	(54)	(217)	(1)	-	(272)
Reclassification – change in presentation (-)	-	-	-	-	(895)	(895)
Other changes (-)	-	(36)	-	(13)	(45)	(94)
	(2)	-	(56)	-	-	(58)
Exchange differences on translation of foreign operations (+/-)	57	1,158	349	86	53	1,703
As at 31 December 2011, less depreciation	547	13,385	4,567	1,779	48	20,326
As at 1 January 2011						
Gross book value	576	24,021	11,236	4,427	909	41,169
Depreciation (-)	(89)	(14,383)	(6,769)	(3,238)	(20)	(24,499)
Net book value as at 1 January 2011	487	9,638	4,467	1,189	889	16,670
As at 31 December 2011						
Gross book value	713	31,172	12,351	5,560	48	49,844
Depreciation (-)	(166)	(17,787)	(7,784)	(3,781)	-	(29,518)
Net book value as at 31 December 2011	547	13,385	4,567	1,779	48	20,326

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

9. Intangible assets

for the year ended 31 December 2012 (audited)	Own software and licenses	Costs of development projects in progress	Software, patents and licenses purchased	Total
As at 1 January 2012, less amortization	5,395	2,973	3,761	12,129
Additions, of which:				
Purchases	9,538	10,861	1,934	22,333
Capitalization of the costs of development projects	-	-	1,761	1,761
Transfer of the costs of completed development projects	2,219	-	-	2,219
Obtaining control over subsidiaries	7,319	2,138	113	9,570
Other changes	-	-	60	60
Reductions, of which:				
Amortization charge for the reporting period (-)	(2,321)	(2,219)	(1,530)	(6,070)
Transfer of the costs of completed development projects (-)	(2,321)	-	(1,530)	(3,851)
Exchange differences on translation of foreign operations (+/-)	(656)	(617)	(333)	(1,606)
As at 31 December 2012, less amortization	11,956	10,998	3,832	26,786
As at 1 January 2012				
Gross book value	8,624	2,973	8,983	20,580
Amortization (-)	(3,229)	-	(5,222)	(8,451)
Net book value as at 1 January 2012	5,395	2,973	3,761	12,129
As at 31 December 2012				
Gross book value	19,869	10,998	11,044	41,911
Amortization (-)	(7,913)	-	(7,212)	(15,125)
Net book value as at 31 December 2012	11,956	10,998	3,832	26,786

As at 31 December 2012, intangible assets did not serve as security for any bank loans taken out.

9. Intangible assets (continued)

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

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

The Group carries out development projects focusing on the generation of new software or significant modification/extension of applications already marketed by the Group.

In the year ended 31 December 2012, the total capitalized costs of development projects amounted to PLN 8,723 thousand, in comparison to PLN 2,821 thousand in the previous year ended 31 December 2011.

In 2012, capitalized costs of development projects were incurred in the following operating segments:

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Banking Solutions	5,988	2,270
Payment Solutions	779	-
Systems Integration	1,956	551
	8,723	2,821

Within the Banking Solutions segment, capitalized costs of development work are primarily related to the new lines of ASEBA and Experience products – state-of-the-art banking software offered in the areas of distribution channels, core banking systems, and Business Intelligence solutions.

As part of the Experience product line development, in 2012 we capitalized expenditures made for the Experience solutions platform, risk management solution (Collateral Management), and banking products management solution (Product Studio).

Whereas, as part of the ASEBA product line development, we capitalized expenditures made for ASEBA Loans Back Office (loan portfolio management module), ASEBA Relationship Manager (customer relations module), ASEBA Treasury (treasury management module), ASEBA JiMBA (mobile banking platform), and ASEBA PFM (personal finance management solution).

Another important product, whose development costs were capitalized in 2012, is LeaseFlex – a comprehensive solution designed to support lease and asset lifecycle management at leasing companies.

The Payment Solutions segment develops the solution marketed under the NestPay® brand. It is a B2B platform handling the settlements of online card payments between headquarters and a network of dealers, which is designed to enable banks to offer card acceptance services for web merchants.

Within the Systems Integration segment, a major product, whose development costs were 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. A brand new product developed by this segment in 2012 is Fidelity – a full-fledged solution for asset lifecycle management, dedicated primarily to large organizations with dispersed organizational structure. This system automates the full lifecycle of asset and spend processes, enabling better control, increased visibility and effective management of all corporate expenditures. The last of the most important products developed during the year reported 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 2012. 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 2012 and 2011, the Group did not make any impairment write-downs on its intangible assets.

10. Goodwill arising from consolidation

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Banking Solutions	194,289	209,686
Payment Solutions	104,156	118,141
Systems Integration	188,666	195,322
	487,111	523,149

Impairment tests of goodwill from consolidation

Goodwill from consolidation is subject to impairment testing on an annual basis.

Goodwill resulting from the acquisition of subsidiaries was tested for impairment of value as at 31 December 2012. The value of cash-generating units (to which goodwill has been 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 2012.

The results of such sensitivity analysis as at 31 December 2012 and 31 December 2011 have been summarized in the following table:

31 Dec. 2012	Discount rate		Sales revenue growth rate	
	rate applied in the model	terminal rate	rate applied in the model	terminal rate
Banking Solutions	9.70%	16.17%	8.27%	5.05%
Payment Solutions	9.18%	23.01%	7.91%	3.43%
Systems Integration	8.96%	11.53%	4.79%	1.88%

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

The sales revenue growth rate specified in the table above was calculated as the compound annual growth rate (CAGR), this is an average annual growth rate over the analyzed period, assuming that each year-on-year increase is added to the next period's base.

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

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Goodwill from consolidation at the beginning of the period	523,149	476,399
Banking Solutions	209,686	188,761
Payment Solutions	118,141	107,363
Systems Integration	195,322	180,275
Change in consolidation goodwill due to the acquisition of shares (+/-)	19,351	2,455
Banking Solutions	8,321	-
Payment Solutions	-	2,455
Systems Integration	11,030	-
Exchange differences on translation of goodwill in foreign subsidiaries (+/-)	(55,389)	44,295
Banking Solutions	(23,718)	20,925
Payment Solutions	(13,985)	8,323
Systems Integration	(17,686)	15,047
Total book value at the end of period	487,111	523,149

**Acquisition of a 98.68% stake in Sigma Danışmanlık ve Uygulama Merkezi A.Ş.
based in Istanbul**

On 14 September 2012, ASEE Group acquired a 98.68% stake in the company Sigma Danışmanlık ve Uygulama Merkezi A.Ş. seated in Istanbul. The shares in Sigma were purchased for USD 9.1 million paid in cash; whereas, 86.68% of shares were acquired directly by ASEE S.A. and the remaining 12% stake was purchased by our subsidiary ASEE Turkey. The whole acquisition of Sigma, Turkey was financed with own funds of ASEE Group. Sigma offers solutions for enterprise asset management, leasing product and asset management at leasing companies and financial institutions, as well as applications supporting process and content management primarily in the areas of financial services, telecommunications and public administration.

Goodwill arising from this acquisition was allocated to the goodwill of the Banking Solutions segment in the amount of PLN 8,321 thousand and the Systems Integration segment in the amount of PLN 11,030 thousand.

As at 31 December 2012, the Group has not yet completed the process of purchase price allocation. 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 Sigma as at the acquisition date were as follows:

SIGMA	Provisional value as at the acquisition date		SIGMA	Provisional value as at the acquisition date	
	TRY	PLN		TRY	PLN
Non-current assets	5,761	9,976			
Property, plant and equipment	194	338			
Intangible assets	5,528	9,570	Shareholders' equity	6,532	11,308
Other	39	68	Liabilities and provisions	1,786	3,093
Current assets	2,557	4,425	Liabilities	620	1,074
Receivables	2,344	4,057	Provisions	255	441
Other	205	354	Deferred income	320	554
Cash and cash equivalents	8	14	Other	591	1,024
	8,318	14,401	TOTAL EQUITY AND LIABILITIES	8,318	14,401
TOTAL ASSETS					
Purchase price		28,779			
Dividend payment liabilities		1,731			
Non-controlling interests		149			
Net assets value		(11,308)			
Goodwill as at the acquisition date		19,351			

Intangible assets of Sigma, Turkey correspond primarily to capitalized expenditures for the development of Fidelity and LeaseFlex products (PLN 9,457 thousand).

11. Inventories

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
1. Goods for resale:	12,353	8,168
Computer hardware, third-party software licenses and other goods for resale, of which:		
- goods purchased in order to implement the concluded contracts including the supply of equipment, third-party licenses, etc.	15,274	12,281
- goods for which resale contracts have not been signed yet	12,699	6,599
Revaluation write-down on goods for resale (-)	2,575	5,682
	(2,921)	(4,113)
2. Maintenance inventories:	3,978	4,911
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services, of which:		
- maintenance inventories assigned strictly to individual ongoing maintenance contracts	7,710	6,927
- maintenance inventories securing the implementation of all ongoing maintenance contracts	6,621	4,197
Revaluation write-down on maintenance inventories (-)	1,089	2,730
	(3,732)	(2,016)
	16,331	13,079

In the period of 12 months ended 31 December 2012, the Group made revaluation write-downs on inventories in the total amount of PLN 3,168 thousand, while it reversed revaluation write-downs of PLN 2,304 thousand. 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.

As at 31 December 2012 and 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.

12. Short-term receivables

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Trade receivables		
Trade receivables, of which:	77,470	88,540
From related companies	9	119
From other companies	77,461	88,421
Allowance for uncollectible receivables (-)	(3,042)	(2,798)
	74,428	85,742

Trade receivables 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 2012, receivables in the amount of PLN 211 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2012, there were no liabilities under bank loans secured with such assets; however, off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with those receivables amounted to PLN 3,165 thousand.

As at 31 December 2011, 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, off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with those receivables amounted to PLN 3,029 thousand.

Below is presented the aging analysis of trade receivables as at 31 December 2012 and 31 December 2011.

	Total	Not due yet	< 30 days	30 – 90 days	90 – 180 days	> 180 days
31 Dec. 2012	74,428	61,428	7,049	4,646	1,089	216
31 Dec. 2011	85,742	68,742	11,106	3,863	1,347	684

Valuation allowances recognized for trade receivables were as follows:

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Allowances recognized as at 1 January	2,798	3,152
Established	2,737	979
Reversed (-)	(1,699)	(1,703)
Utilized (-)	(480)	(218)
Exchange differences on translation of foreign operations (+/-)	(314)	588
Allowances recognized as at 31 December	3,042	2,798

The amount of allowances for trade receivables reversed in 2012 represents basically receivables of ASEE Romania, which are expected to be repaid by customers.

Receivables from taxes, social security and other regulatory payments	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Value added tax	1,047	62
Corporate income tax (CIT)	1,367	1,451
Other	347	734
2,761	2,247	

Other receivables	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Receivables from uninvoiced deliveries	4,997	4,643
Advance payments to other suppliers	2,813	1,440
Receivables from employees	78	115
Receivables from grants	181	663
Other receivables	2,691	804
Allowances for other receivables (-)	(158)	(170)
	10,602	7,495

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

Advance payments to other suppliers correspond to advances paid to subcontractors on account of the execution of contracts.

Receivables from grants correspond to subsidies that were awarded to ASEE Turkey by *Türkiye Bilimsel ve Teknolojik Araştırma Kurumu ("TÜBİTAK")* over the agency of *Teknoloji İzleme ve Değerlendirme Başkanlığı ("TİDEB")*; such receivables amounted to PLN 181 thousand as at 31 December 2012 and PLN 663 thousand as at 31 December 2011. *TÜBİTAK* is a leading institution engaged in the management, financing and organization of research and development work in Turkey.

Other receivables disclosed as at 31 December 2012 and 31 December 2011 include among others restricted cash amounting to PLN 1,864 thousand and PLN 225 thousand, respectively.

As at 31 December 2012, restricted cash in the amount of PLN 222 thousand served as security for bank guarantees (of due performance of contracts or tender deposits). Restricted cash in the amount of PLN 1,642 thousand has been transferred to a separate account in respect of one of the contracts performed by the Group.

As at 31 December 2011, restricted cash in the amount of PLN 225 thousand served as security for bank guarantees (of due performance of contracts or tender deposits).

13. Prepayments and accrued income

Long-term	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Prepaid maintenance services and license fees	506	1,310
Other	76	1
	582	1,311

As at 31 December 2012, long-term prepayments comprised primarily prepaid maintenance services under contracts concluded by ASEE S.A. 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 2012 the prepaid amounts have been recognized as long-term prepayments.

Short-term	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Prepaid maintenance services and license fees, and costs of services for which revenues have not been recognized yet	5,194	4,972
Prepaid insurance	584	235
Prepaid subscriptions	21	25
Prepaid rents	199	323
Prepaid consulting services	243	8
Other prepaid services	74	49
Other	360	288
Revaluation charges on prepayments	-	(13)
	6,675	5,887

Both as at 31 December 2012 and 31 December 2011, prepayments included primarily the costs of maintenance services that will be successively expensed in future periods as well as the costs of other services for which no revenues have yet been recognized by the Group, which totalled at PLN 5,194 thousand and PLN 4,972 thousand, respectively.

14. Financial assets held to maturity

	31 Dec. 2012	Purchase	Sales	Foreign currency translation differences	31 Dec. 2011
	(audited)				(audited)
Treasury bonds	3,207	14,098	(14,803)	(405)	4,317
Cash deposits (3 to 12 months long)	17,864	17,712	-	(117)	269
	21,071	31,810	(14,803)	(522)	4,586

As at 31 December 2012, short-term financial assets held to maturity included treasury bonds (amounting to PLN 3,207 thousand) as well as 3 to 12-month cash deposits (amounting to PLN 17,864 thousand) both held by ASE Macedonija.

As at 31 December 2011, short-term financial assets held to maturity included 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 ASE Macedonija.

15. Financial assets carried at fair value through profit or loss

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Currency forward contracts	23	-
Shares in companies listed on a regulated market	-	92
Other financial assets carried at fair value	-	10,171
	23	10,263

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.

These fund participation units were sold during the year 2012. The proceeds from such disposal, as disclosed in the cash flow statement, reached PLN 10,299 thousand. (The proceeds from disposal of this category of financial assets include additionally the amount of PLN 164 thousand obtained from the sale of bonds purchased and sold during the year.) Shares in listed companies have been reclassified to financial assets available for sale. As at 31 December 2012, financial assets carried at fair value through profit or loss also included currency forward contracts worth PLN 23 thousand.

16. Cash and short-term deposits

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Cash at bank and in hand	40,590	68,391
Short-term bank deposits	33,489	34,743
Cash equivalents	60	67
Cash being transferred	14	21
	74,153	103,222
<i>Interest accrued on cash and cash equivalents as at the balance sheet date</i>	<i>(20)</i>	<i>(180)</i>
Cash and cash equivalents as disclosed in the cash flow statement	74,133	103,042

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 Group's immediate cash requirements 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 as at 31 December 2012 nor as at 31 December 2011.

17. Share capital

Share capital	Shares	Series	Par value	31 Dec. 2012 (audited)		31 Dec. 2011 (audited)	
			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	902,119	9,021
				51,894,251	518,942	51,894,251	518,942

* Following a reverse stock split of series D shares

According to the best knowledge of the Management Board of Asseco South Eastern Europe S.A., the shareholders who both as at 31 December 2012 and 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:

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

As at 31 December 2012, 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.

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.

19. Non-controlling interests

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
At the beginning of the period	-	-
Share in profits of subsidiary companies	(39)	(111)
Recognition of financial result attributable to non-controlling interests	70	111
Exchange differences on translation of foreign operations	1	-
Acquisition of shares in subsidiary Sigma, Turkey	149	-
At the end of the period	181	-

The amount of PLN 70 thousand represents a loss for 2012 attributed to non-controlling interests, which are subject to a put option. In accordance with the Group's policy of accounting for non-controlling interests covered by a put option, such financial result shall be reversed at each balance sheet date and recognized in the Group's equity, as a change in non-controlling interests (reversal of a loss). The value of non-controlling interests in Sigma, Turkey was determined on the basis of their percentage share in net assets of that company at the date of obtaining control by ASEEE S.A.

20. Provisions

	Provision for warranty repairs and returns	Provision for post- employment benefits	Other provisions	Total
As at 1 January 2012 (audited)	4,873	569	1,452	6,894
Provisions established during the year	2,990	961	66	4,017
Obtaining control over subsidiaries	-	441	-	441
Provisions utilized (-)	(95)	(259)	(36)	(390)
Provisions reversed (-)	(3,818)	(55)	(1,208)	(5,081)
Exchange differences on translation of foreign operations (+/-)	(521)	(59)	(21)	(601)
As at 31 December 2012 (audited)	3,429	1,598	253	5,280
Short-term	3,429	257	148	3,834
Long-term	-	1,341	105	1,446
As at 31 December 2011 (audited)	4,873	569	1,452	6,894
Short-term	4,873	47	1,328	6,248
Long-term	-	522	124	646

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 included 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.

The court proceedings in this case were completed in 2012. During the course of legal proceedings, the Company obtained negative interpretations of the tax authorities regarding the tax deductibility of such costs. Subsequently, the Company submitted an adjustment to its income tax return, whereby most of the IPO-related costs have been treated as non-tax-deductible. Due to the utilization of tax losses and additional deductions, we have not incurred any additional tax liability, while the originally established provision has not been reversed.

21. Long-term and short-term financial liabilities

Long-term	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Liabilities due to the acquisition of non-controlling interests in subsidiaries (put options)	628	1,266
Finance lease liabilities	113	428
	741	1,694

Both as at 31 December 2012 and 31 December 2011, the Group carried a long-term liability under put options held by non-controlling shareholders in Multicard, Serbia. 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 that 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 put option liability is lower as at 31 December 2012 than as at 31 December 2011 following a downward revision in the expected net earnings of the subsidiary, which provide basis for the calculation of the amount payable. The change in the liability's valuation was, in accordance with the Group's accounting policy, recognized in equity in the amount of PLN 422 thousand (the remaining decrease of PLN 216 thousand in the liability's amount resulted from foreign currency translation differences). The liability has been evaluated assuming the put option will be exercised in 2015.

This foreign-currency liability has been restated in Polish zlotys at the exchange rates published by the National Bank of Poland on 31 December 2012 and 31 December 2011, and it amounted to PLN 628 thousand and PLN 1,266 thousand, respectively.

Short-term	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Dividend payment liabilities	1,736	84
Finance lease liabilities	238	361
Liabilities due to the acquisition of shares	-	1,203
Currency forward contracts	-	472
	1,974	2,120

Dividend payment liabilities

As at 31 December 2012, dividend payment liabilities amounted to PLN 1,736 thousand and they comprised dividends payable by the Group to former shareholders of Sigma, Turkey from prior years' profits generated by this company.

Dividend payment liabilities disclosed as at 31 December 2011 in the amount of PLN 84 thousand corresponded to income tax payable on dividends paid out to shareholders of ASEE S.A.

Liabilities due to the acquisition of shares

As at 31 December 2012, the Group had no liabilities by virtue of acquisitions of shares in companies.

Liabilities due to the acquisition of shares disclosed as at 31 December 2011 included the outstanding portion of payment for shares acquired in EST A.Ş. (presently ASEE Turkey) in the amount of PLN 85 thousand, a liability to pay PLN 763 thousand for a 49% stake in ASEE Bulgaria, as well as a liability to pay PLN 355 thousand of the second instalment for shares acquired in the Bulgarian company Altius.

Liability for the acquisition of 49% of shares in **ASEE Bulgaria**, amounting to PLN 763 thousand as at 31 December 2011, was subject to a final measurement in 2012. Following such final measurement, this liability was revised down and the Group recognized PLN 74 thousand in financial income for the period of 12 months ended 31 December 2012, disclosed as 'gain on revaluation of conditional payments', and PLN 57 thousand under 'foreign exchange differences'. This liability was settled in October 2012.

In 2012, the Group also recalculated its outstanding liabilities for the acquisition of shares in **EST A.Ş. (presently ASEE Turkey)**, amounting to PLN 85 thousand as at 31 December 2011. Following such remeasurement, this liability was reversed and recognized as the Group's financial income for 2012 (PLN 85 thousand disclosed under 'gain on revaluation of conditional payments').

Furthermore, in 2012, the Group reversed its liabilities to pay the second instalment for shares acquired in **Altius, Bulgaria**, which amounted to PLN 355 thousand as at 31 December 2011. Such reduction was made as the financial results generated by that acquired company were weaker than originally expected. Hence, the Group recognized a financial income of PLN 335 thousand disclosed under 'gain on revaluation of conditional payments'.

22. Interest-bearing bank loans and borrowings

Short-term loan facilities	Name of entity	Maximum debt in PLN thousands as at		Effective interest rate %	Currency	Repayment date	Amounts drawn as at	
		31 Dec. 2012	31 Dec. 2011				31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Bank account overdraft facility	NLB Prishtina sh.a.	1,635	1,767	11%	EUR	2014-12-28	-	-
Bank account overdraft facility	NLB Tutunska Banka AD Skopje	65	73	14%	MKD	2012-12-31	13	13
Bank account overdraft facility	NLB Tutunska Banka AD Skopje	n/a	15	15%	MKD	2011-12-31	-	-
Bank account overdraft facility	Komercijalna Banka AD Skopje	65	n/a	14%	MKD	2012-12-31	12	-
				EURIBOR				
Bank account overdraft facility	UniCredit Tiriac Bank	4,073	4,417	3M+margin; LIBOR 3M+margin; BUBOR 3M+margin EURIBOR	multi- currency	2013-06-15	-	-
Bank account overdraft facility	Alpha Bank Unirii Branch	2,945	3,596	3M+margin; LIBOR 3M+margin; BUBOR	multi- currency	2013-05-31	-	-
Bank account overdraft facility	Akbank, Istanbul	3,254	n/a	3M+margin variable	TRY		25	13
		12,037	9,868					
Other short-term loans	Name of entity	Maximum debt in PLN thousands as at		Effective interest rate %	Currency	Repayment date	Amounts drawn as at	
		31 Dec. 2012	31 Dec. 2011				31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Auto financing loan	Yapi Kredi Bankasi A.Ş.	118	36	5%	TRY	2014-03-31	118	36
Loan	Non-controlling shareholders	-	44	0%	EUR	2012-12-31	-	44
Loan	Garanti Bank /Istanbul Branch	211	n/a	0%	TRY	2013-01-02	211	-
Loan	Garanti Bank /Istanbul Branch	347	n/a	0	TRY	2013-01-02	135	-
Loan	Türkiye Teknoloji Geliştirme Vakfı	n/a	278	0%	USD	2012-07-01	-	278
Loan	Türkiye Teknoloji Geliştirme Vakfı	n/a	219	0%	USD	2012-07-01	-	219
		676	577				464	577
Long-term loan facilities	Name of entity	Maximum debt in PLN thousands as at		Effective interest rate %	Currency	Repayment date	Amounts drawn as at	
		31 Dec. 2012	31 Dec. 2011				31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Auto financing loan	Yapi Kredi Bankasi A.Ş.	24	46	5%	TRY	2014-03-31	24	46
		24	46				24	46

As at 31 December 2012, total liabilities of Asseco South Eastern Europe Group under all bank loans and borrowings taken out aggregated at PLN 513 thousand. Whereas, as at 31 December 2011, total liabilities under all bank loans and borrowings taken out amounted to PLN 636 thousand.

As at 31 December 2012, total funds available to Asseco South Eastern Europe Group under bank account overdraft facilities, operating and investment loan facilities, and borrowings reached approx. PLN 12,224 thousand, as compared with PLN 9,855 available as at the end of 2011.

As at the end of the period reported, the Group has drawn PLN 25 thousand from bank account overdraft facilities vs. PLN 13 thousand utilized as at the prior year's end.

The Group's liabilities under other bank loans and borrowings amounted to PLN 488 thousand as at 31 December 2012, and to PLN 623 thousand as at 31 December 2011.

Both as at 31 December 2012 and 31 December 2011, property, plant and equipment and intangible assets did not serve as security for any bank loans contracted by the Group.

As at 31 December 2012 and 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 2012, receivables in the amount of PLN 211 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2012, there were no liabilities under bank loans secured with such assets; however, off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with receivables amounted to PLN 3,165 thousand.

As at 31 December 2011, 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, off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with receivables amounted to PLN 3,029 thousand.

23. Short-term trade payables and other liabilities

Short-term trade payables	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
To related companies	699	1,938
To other companies	31,140	35,827
	31,839	37,765

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

Liabilities on taxes, social security and other regulatory payments	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Value added tax	7,878	8,648
Corporate income tax (CIT)	1,199	736
Personal income tax (PIT)	1,264	1,405
Social security payable	1,791	2,083
Other	220	338
	12,352	13,210

Other current liabilities	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Liabilities to employees relating to salaries and wages	3,576	4,635
Liabilities due to uninvoiced deliveries	2,179	3,435
Trade prepayments received	6,645	16,815
Liabilities due to purchases of tangible assets and intangible assets	37	1,402
Other liabilities	156	400
	12,593	26,687

The high amount of trade prepayments received as at 31 December 2011, as compared with those reported as at 31 December 2012, resulted from a large project implemented during 2011 in the Banking Solutions segment, for which prepayments were received by the implementing company.

24. Accruals and deferred income

Short-term accruals	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Provision for unused annual leaves	819	802
Provision for employee bonuses	7,941	9,765
Provision for uninvoiced costs	4,487	1,181
Provision for the audit of financial statements	433	417
	13,680	12,165

Accruals 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 Asseco South Eastern Europe Group, as well as provisions for the current operating expenses which have been incurred but not yet invoiced.

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Long-term deferred income		
Maintenance services paid in advance	611	534
Grants for the development of assets	483	-
	1,094	534
Short-term deferred income		
Maintenance services paid in advance	6,237	6,896
Other prepaid services	2,265	2,464
	8,502	9,360

The balance of deferred income relates mainly to prepayments for services to be provided, such as maintenance and IT services. Long-term deferred income includes grants for development projects, whose costs are capitalized by the Group. Such deferred income will be recognized in profit in parallel with the amortization charges on software once it is completed.

25. Implementation contracts

In the years 2012 and 2011, 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 2012 and 2011, 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 2012, accumulated since their commencement.

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Long-term IT contracts in progress at the end of the reporting period:		
Costs incurred due to execution of IT contracts (-)	(35,189)	(38,195)
Profit (loss) on execution of IT contracts	21,721	27,336
Invoiced sales revenues from execution of IT contracts	47,095	40,490
Receivables arising from valuation of IT contracts	12,480	27,546
Liabilities arising from valuation of IT contracts (-)	(2,966)	(1,049)
Exchange differences on translation of foreign operations (+/-)	301	(1,456)

In the period of 12 months ended 31 December 2012, sales revenues recognized from the execution of all long-term IT contracts reached PLN 48,613 thousand; whereas, in the comparable period they amounted to PLN 44,887 thousand.

26. Finance lease liabilities

Companies of 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:

Leasing of cars and equipment	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Minimum lease payments		
in the period shorter than 1 year	189	390
in the period from 1 to 5 years	188	502
Future minimum lease payments	377	892
Future interest expense	(26)	(103)
Present value of finance lease commitment	351	789
in the period shorter than 1 year	238	361
in the period from 1 to 5 years	113	428

27. Information and explanations to the Statement of Cash Flows

The table below presents expenditures incurred by Asseco South Eastern Europe Group in the period of 12 months ended 31 December 2012 for the acquisition of shares in subsidiaries as well as for the acquisition of non-controlling interests:

Cost of acquisition of shares in subsidiary companies	Year ended	Year ended
	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
ASEE Turkey (former EST A.S., (Istanbul))	-	5,635
ASEE Slovenia	-	1,327
Altius, Bulgaria	632	1,429
Sigma, Turkey	28,914	-
	29,546	8,391

Acquisition of non-controlling interests	Year ended	Year ended
	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
ASEE Bulgaria	-	762
ASEE Turkey	-	108
	-	870

28. Contingent liabilities

During the 12 months ended 31 December 2012, 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 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 2012, the related contingent liabilities equalled PLN 20,450 thousand, while as at 31 December 2011 they amounted to PLN 12,758 thousand.

As at 31 December 2012, receivables with a book value of PLN 211 thousand served as security for bank guarantee facilities. As at 31 December 2012, the related contingent liabilities amounted to PLN 3,165 thousand.

As at 31 December 2011, 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 2012, restricted cash up to the amount of PLN 222 thousand (disclosed under other short-term receivables) served as security for bank guarantees (of due performance of contracts or tender deposits).

As at 31 December 2011, restricted cash up to the amount of PLN 419 thousand (of which PLN 225 thousand was disclosed under other short-term receivables and PLN 194 thousand under other long-term receivables) served as security for bank guarantees (of due performance of contracts or tender deposits).

As at 31 December 2012, ASEE Serbia had a liability to purchase equipment and intangible assets for the amount of PLN 1,154 thousand. As at 31 December 2011, this liability amounted to PLN 2,628 thousand.

As the Group companies rent office space, both as at 31 December 2012 and 31 December 2011, the Group was a party to a number of rental, leasing and other contracts of similar nature, resulting in the following future payments:

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Liabilities under leases of space		
In the period up to 1 year	12,253	13,560
In the period from 1 to 5 years	33,340	36,358
	45,593	49,918

	31 Dec. 2012	31 Dec. 2011
	(audited)	(audited)
Liabilities under operating lease of property, plant and equipment		
In the period up to 1 year	871	793
In the period from 1 to 5 years	1,073	530
	1,944	1,323

29. Information on related companies

The table below presents Asseco South Eastern Europe Group structure along with equity interests and voting interests at the general meetings of shareholders/partners as at 31 December 2012:

Full name of entity	Short name as used in this report	Country of registration	Equity / Voting interest	
			31 Dec. 2012	31 Dec. 2011
Asseco South Eastern Europe S.A.	ASEE S.A.	Poland		
Asseco SEE s.r.l. (Bucharest)	ASEE Romania	Romania	100.00%	100.00%
Asseco s.r.l. MOLDOVA	ASEE Moldova	Moldova	100.00%	100.00%
Asseco SEE d.o.o., Beograd	ASEE Serbia	Serbia	100.00%	100.00%
E-Mon d.o.o., Podgorica	E-Mon, Montenegro	Montenegro	50.00%	50.00%
eMS d.o.o., Beograd	eMS, Serbia	Serbia	100.00%	100.00%
Asseco SEE d.o.o., Podgorica	ASEE Montenegro	Montenegro	100.00%	100.00%
Asseco SEE d.o.o. (Grosuplje) ¹⁾	ASEE Slovenia	Slovenia	-	50.00%
Multicard d.o.o., Beograd	Multicard, Serbia	Serbia	45.00%	45.00%
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	Croatia	100.00%	100.00%
BDS-Platus d.o.o.	BDS-Platus, Croatia	Croatia	100.00%	100.00%
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	Kosovo	100.00%	100.00%
Asseco SEE Sh.p.k., Tirana	ASEE Albania	Albania	100.00%	100.00%
Asseco SEE Teknoloji A.Ş. (İstanbul)	ASEE Turkey	Turkey	100.00%	100.00%
SC I.T.D Romania s.r.l.	SC I.T.D Romania	Romania	95.38%	95.38%
Sigma Danışmanlık ve Uygulama Merkezi A.Ş. (İstanbul)	Sigma, Turkey	Turkey	12.00%	n/a
Sigma Danışmanlık ve Uygulama Merkezi A.Ş. (İstanbul)	Sigma, Turkey	Turkey	86.68%	n/a
Asseco SEE d.o.o. (Grosuplje) ¹⁾	ASEE Slovenia	Slovenia	100.00%	50.00%
Asseco SEE DOOEL, Skopje ⁴⁾	ASEE Macedonia	Macedonia	100.00%	-
Asseco SEE d.o.o. (Sarajevo) ^{4.5)}	ASEE B&H (Sarajevo)	Bosnia and Herzegovina	100.00%	50.00%
Asseco SEE o.o.d., Sofia ²⁾	ASEE Bulgaria	Bulgaria	100.00%	100.00%
Altius Bulgaria EOOD, (Sofia) ²⁾	Altius, Bulgaria	Bulgaria	-	100.00%
ITD Polska Sp. z o.o. (Warsaw) ³⁾	ITD Poland	Poland	-	100.00%
Asseco SEE DOOEL, Skopje ⁴⁾	ASEE Macedonia	Macedonia	-	100.00%
Asseco SEE d.o.o. (Sarajevo) ^{4.5)}	ASEE B&H (Sarajevo)	Bosnia and Herzegovina	-	50.00%
Asseco SEE d.o.o., Banja Luka ^{4.5)}	ASEE B&H (Banja Luka)	Bosnia and Herzegovina	-	100.00%

- 1) On 18 April 2012, ASEE S.A. acquired a 50% stake in ASEE Slovenia from ASEE Serbia. Following this transaction, ASEE S.A. has become a direct owner of 100% of shares in ASEE Slovenia.
- 2) On 10 February 2012, there was registered a merger of ASEE Bulgaria (the taking-over company) with Altius, Bulgaria (the acquired company).
- 3) On 1 June 2012, there was registered a merger of ASEE S.A. (the taking-over company) with ITD Poland (the acquired company).
- 4) As a result of the merger of ASEE S.A. and ITD Poland, ASEE S.A. has become a direct owner of 100% of shares in the following companies: ASEE Macedonia, ASEE B&H (Sarajevo), and ASEE B&H (Banja Luka).
- 5) On 19 July 2012, there was registered a merger of ASEE B&H (Sarajevo) (the taking-over company) with ASEE B&H (Banja Luka) (the acquired company).

The parent of Asseco South Eastern Europe S.A. is Asseco Poland S.A. (the higher-level parent company). As at 31 December 2012, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

Within the Group's organizational structure, the company of E-Mon, Montenegro 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, Serbia under which ASEE Serbia is entitled to buy out the remaining non-controlling interests, the company of Multicard, Serbia is treated as a subsidiary and is subject to full consolidation.

Both as at 31 December 2012 and 31 December 2011, 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 Asseco South Eastern Europe Group structure:

During the period of 12 months ended 31 December 2012, the following changes in the Group composition were observed:

□ Merger of the companies of ASEE Bulgaria and Altius, Bulgaria

On 10 February 2012, there was registered a merger between our two subsidiary companies seated in Bulgaria, namely ASEE Bulgaria and Altius, Bulgaria. The merger was executed by transferring all the assets of Altius, Bulgaria to ASEE Bulgaria. As a consequence of the merger, on 10 February 2012, Altius, Bulgaria was deleted from the commercial register and all of its rights and obligations were taken over by ASEE Bulgaria. This merger had no impact on the consolidated financial statements of the Group.

□ Merger between ASEE S.A. and ITD Poland

In its current report dated 1 March 2012, our Management Board informed about the Merger Plan that was agreed upon and signed between the companies of ASEE S.A. and ITD Poland on 29 February 2012. On 1 June 2012 the District Court in Rzeszów, XII Commercial Department of the National Court Register, made an entry in the register of entrepreneurs of the Company's merger with ITD Poland. The merger was conducted pursuant to article 492 § 1 item 1 of the Polish Commercial Companies Code, this is by transferring all the assets of ITD Poland (the Acquired Company) to ASEE S.A. (the Taking-over Company). Following the merger, the company of ITD Poland has been dissolved without going into liquidation. Because ASEE S.A., acting as the Taking-over Company, held all the shares in the Acquired Company, thereby being the sole shareholder in ITD Poland, the merger was executed according to art. 515 § 1 of the Polish Commercial Companies Code, this is without increasing the share capital of the Taking-over Company, as well as pursuant to art. 516 § 5-6 of the PCCC regulating the simplified business combination procedure. The merger aims at enhancing the business potential of the merging Companies and improving their ability to effectively compete in the local and European markets. It is also expected that the merger will contribute significantly to the financial stability of business operations and, in a longer run, to the creation of higher value for shareholders of our Company.

ASEE S.A. obtained control over ITD Poland on 30 July 2010 thanks to the acquisition of shares in the group of ITD A.Ş. (presently ASEE Turkey). At that time ITD Poland was a subsidiary of ITD A.Ş. in Turkey. On 2 November 2010, ITD A.Ş. and ASEE S.A. signed an agreement to sell/buy shares in ITD Poland. Following this transaction, ASEE S.A. became a direct owner of 100% of shares in ITD Poland. On 9 December 2010, the District Court for the Capital City of Warsaw issued a decision on registration of a new amount of ITD Poland's share capital that reached PLN 125,651,760. This new issuance was acquired entirely by ASEE S.A. in exchange for the non-cash contribution of IPSA BHM Investments d.o.o. seated in Serbia, which held shares in the companies of ASEE Macedonia, ASEE B&H (Sarajevo), and ASEE B&H (Banja Luka). On 31 October 2011,

IPSA went into liquidation and subsequently ITD Poland became a direct owner of the above-mentioned shareholdings in Macedonia and in Bosnia and Herzegovina.

The merger of ASEE S.A. and ITD Poland had no impact on the consolidated financial statements of Asseco South Eastern Europe Group.

□ Acquisition of a 50% stake in ASEE Slovenia by ASEE S.A. from ASEE Serbia

On 18 April 2012, ASEE S.A. was registered as a holder of 100% of shares in ASEE Slovenia. So far the direct shareholding of ASEE S.A. in ASEE Slovenia was 50%; whereas, the remaining 50% of shares were owned by ASEE Serbia. Following this transaction, ASEE S.A. has become a direct owner of 100% of shares in ASEE Slovenia. This transaction was completed as part of the Group's restructuring process intended to "flatten" and simplify its organizational structure. The said transaction had no impact on the consolidated financial statements of the Group.

□ Merger of subsidiary ASEE B&H (Sarajevo) and ASEE B&H (Banja Luka)

On 19 July 2012, there was registered a merger between our two subsidiary companies seated in Bosnia and Herzegovina, namely ASEE B&H (Sarajevo) and ASEE B&H (Banja Luka). The merger was executed by transferring all the assets of ASEE B&H (Banja Luka) to ASEE B&H (Sarajevo). As a consequence of the merger, ASEE B&H (Banja Luka) was deleted from the commercial register and all of its rights and obligations were taken over by ASEE B&H (Sarajevo). This merger had no impact on the consolidated financial statements of the Group.

□ Acquisition of shares in Sigma Danışmanlık ve Uygulama Merkezi A.Ş., Istanbul

On 14 September 2012, ASEE Group acquired a 98.68% stake in the company Sigma Danışmanlık ve Uygulama Merkezi A.Ş. seated in Istanbul. The shares in Sigma were purchased for USD 9.1 million paid in cash; whereas, 86.68% of shares were acquired directly by ASEE S.A. and the remaining 12% stake was purchased by our subsidiary ASEE Turkey. The whole acquisition of Sigma was financed with own funds of ASEE Group.

Sigma offers solutions for enterprise asset management, leasing product and asset management at leasing companies and financial institutions, as well as applications supporting process and content management primarily in the areas of financial services, telecommunications and public administration.

Related party transactions

The values of transactions conducted by 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 Asseco Poland Group during the 12-month periods ended 31 December 2012 and 31 December 2011, and outstanding balances of receivables and liabilities arising from such transactions as at 31 December 2012 and 31 December 2011 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:				
—	2012	342	372	57
	2011	374	318	22
Other related parties:				
—	2012	83	139	-
	2011	272	318	95
				12
				9

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

The values of transactions conducted by Asseco South Eastern Europe Group with or through the Key Management Personnel (members of Management Boards and Supervisory Boards) of the Group companies during the 12-month periods ended 31 December 2012 and 31 December 2011, as well as receivables and liabilities outstanding under such transactions as at 31 December 2012 and 31 December 2011 are presented in the table below:

Related party			Purchases from related companies	Receivables from related companies	Liabilities to related companies
	Sales to related companies				
Key Management Personnel (members of Management Boards and Supervisory Boards) of ASEE and the Group companies:					
—	2012	128	10,389	9	590
	2011	115	20,022	10	1,917

Purchases from and sales to 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 2012 and 31 December 2011, ASEE Kosovo used bank guarantee facilities in the amounts of PLN 6,132 thousand and PLN 5,300 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 Board and Supervisory Board) of ASEE S.A.

During the period of 12 months ended 31 December 2012, ASEE Serbia incurred total space rental costs of PLN 4,661 thousand that were paid to its related entities MHM d.o.o., Beograd¹, DM3 d.o.o., Beograd² and Mini Invest d.o.o., Beograd².

During the period of 12 months ended 31 December 2012, ASEE Macedonia incurred space rental costs amounting to PLN 685 thousand that were paid to MPS d.o.o., Skopje³.

During the period of 12 months ended 31 December 2012, ASEE Serbia incurred total space rental costs of PLN 4,891 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 period of 12 months ended 31 December 2011, ASEE Macedonia incurred space rental costs amounting to PLN 721 thousand that were paid to MPS d.o.o., Skopje. All the above-mentioned transactions were carried out on an arm's length basis.

In addition, members of the Management Board and companies related through members of the Management Board and Supervisory Board of Asseco South Eastern

¹ 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 ASEE 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 ASEE S.A. 100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, President of the Management Board of ASEE Serbia and Member of the Management Board of ASEE S.A.;

² Miljan Mališ, Member of the Management Board of ASEE S.A. is a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A.;

³ Mihail Petreski, Member of the Supervisory Board of ASEE S.A. is the sole shareholder in MPS d.o.o., Skopje.

Europe S.A. received dividends from ASEE S.A. in the total gross amount of PLN 2,663 thousand for 2012 as compared with PLN 1,929 thousand distributed for 2011.

Until the date of approval of these consolidated financial statements, the Company 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.

30. Employment

The Group's average workforce in the reporting period	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Management Board of the Parent Company*	7	7
Management Boards of the Group companies	26	26
Production departments	915	877
Sales departments	117	118
Administration departments	153	155
Other employees	13	15
	1,231	1,198

The Group's workforce as at	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Management Board of the Parent Company*	7	7
Management Boards of the Group companies	29	26
Production departments	1,016	888
Sales departments	109	116
Administration departments	164	155
Other employees	14	16
	1,339	1,208

* Piotr Jeleński and Rafał Kozłowski (since May 2012) and Marcin Rulnicki (since June 2012) 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.

Numbers of employees in the Group companies as at	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
ASEE S.A. ¹⁾	27	24
ASEE Romania	189	186
ASEE Serbia Group	490	457
ASEE Croatia	171	164
ASEE Kosovo	85	82
ASEE Turkey	94	84
ASEE Bulgaria ²⁾	27	28
ASEE B&H ⁴⁾	41	42
ASEE Macedonia	134	129
ASEE Slovenia ³⁾	15	12
Sigma, Turkey	66	n/a
	1,339	1,208

1. On 1 June 2012, there was registered a merger of ASEE S.A. (the taking-over company) with ITD Poland (the acquired company). For the sake of comparability, the employment data of both the merged companies as at 31 December 2011 have been presented in aggregate.
2. On 10 February 2012, there was registered a merger of ASEE Bulgaria (the taking-over company) with Altius, Bulgaria (the acquired company). For the sake of comparability, the employment data of both the merged companies as at 31 December 2011 have been presented in aggregate.
3. On 13 July 2011, ASEE S.A. acquired a 50% stake in ASEE Slovenia; whereas, on 18 April 2012, it purchased the remaining 50% of shares from ASEE Serbia. Because as at the publication of this report, ASEE S.A. holds directly 100% of shares in

ASEE Slovenia, the comparative employment data of this company, as at 31 December 2011, have been extracted from ASEE Serbia and presented separately.

4. On 19 July 2012, there was registered a merger of ASEE B&H (Sarajevo) (the taking-over company) with ASEE B&H (Banja Luka) (the acquired company). For the sake of comparability, the employment data of both the merged companies as at 31 December 2011 have been presented in aggregate.

31. 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 duties during 2012 and 2011:

Remuneration for the period of	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Management Board		
Piotr Jeleński – President of the Management Board	789	921
Marcin Rulnicki – Member of the Management Board ¹⁾	167	-
Rafał Kozłowski – Vice President of the Management Board ²⁾	234	351
Total	1,190	1,272

1) Marcin Rulnicki was appointed as Member of the Management Board of ASEE S.A. as of 1 June 2012; therefore, his remuneration data have been presented for the period from 1 June 2012 to 31 December 2012.
 2) Rafał Kozłowski resigned from the position of Vice President of the Management Board of ASEE S.A. as of 1 June 2012; therefore, his remuneration data have been presented for the period from 1 January 2012 to 31 May 2012.

Since 2010, Piotr Jeleński and Rafał Kozłowski (till May 2012) and Marcin Rulnicki (since June 2012) have served in the Management Board of Asseco South Eastern Europe S.A. on the basis of work contracts. The remaining members of the Company's Management Board and Supervisory Board perform their functions under an assignment and do not receive any remuneration for the performance of their duties.

The following table discloses the amounts of remuneration received by members of the Management Board and Supervisory Board of ASEE S.A. for their performance of duties in the governing bodies of subsidiary companies:

Remuneration paid or payable by subsidiaries to members of the Company's Management Board	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Management Board – subsidiary companies	3,464	4,768

Total remunerations paid or payable to members of the Management and Supervisory Boards of subsidiary companies of Asseco South Eastern Europe Group in the year ended 31 December 2012 amounted to PLN 8,533 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 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).

32. 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 2012 and 31 December 2011:

Type of service	Year ended	Year ended
	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Obligatory audit of the annual financial statements and review of semi-annual financial statements	210	215

33. 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 2012 and 31 December 2011, the Group did not introduce any changes to its objectives, policies and processes adopted in this area.

Capital management	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Interest-bearing loans and borrowings	489	590
Trade payables and other liabilities	61,724	80,831
Minus cash and cash equivalents (-)	(74,153)	(103,222)
Net debt	(11,940)	(21,801)
Shareholders' equity	664,672	705,811
Equity and net debt	652,732	684,010
Leverage ratio	-1.83%	-3.19%

34. Hedges of cash flows

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 12-month period ended 31 December 2012, no revaluation of hedging instruments was recognized in equity due to insignificant amount of such revaluation.

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.

35. Objectives and principles of financial risk management

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 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.

Precautions: 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's 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 payables as at 31 December 2012 and 31 December 2011, by maturity period based on the contractual undiscounted payments.

Aging structure of trade payables	31 Dec. 2012		31 Dec. 2011	
	amount	(audited) Structure	amount	(audited) structure
Liabilities due already	8,981	28.2%	5,436	14.4%
Liabilities falling due within 3 months	22,851	71.8%	31,727	83.9%
Liabilities falling due within 3 to 12 months	7	0.0%	602	1.6%
Liabilities falling due after 1 year	6	0.0%	39	0.1%
	31,845	100.0%	37,804	100%

The tables below present the aging structure of finance lease liabilities as at 31 December 2012 and 31 December 2011.

As at 31 December 2012 (audited)	Liabilities falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
	62	127	188	-	377
Finance lease liabilities					
As at 31 December 2011 (audited)	Liabilities falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
	124	266	502	-	892

Effects of reducing the foreign currency risk

The analysis of sensitivity of trade payables and receivables 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 gain of PLN 24 thousand in case the dollar depreciates 10% versus such functional currencies. However, if the euro depreciates 10% versus the functional currencies of the Group companies, the Group will potentially lose PLN 439 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 415 thousand. In contrast, if the dollar and euro appreciated versus those functional currencies, the Group would recognize an additional gain of PLN 415 thousand.

Trade receivables and payables, and foreign currency bank accounts as at 31 December 2012 (audited)	Amount exposed to risk	Impact on financial results of the Group	
		(10%)	10%
EUR:			
Trade receivables	11,050	(568)	568
Trade payables	9,473	861	(861)
Foreign currency bank accounts	12,551	(732)	732
Balance	(439)		439
USD:			
Trade receivables	3,758	(376)	376
Trade payables	9,477	948	(948)
Foreign currency bank accounts	5,478	(548)	548
Balance	24		(24)

Trade receivables and payables, and foreign currency bank accounts as at 31 December 2011 (audited)	Amount exposed to risk	Impact on financial results of the Group	
		(10%)	10%
EUR:			
Trade receivables	12,475	(577)	577
Trade payables	13,369	1,126	(1,126)
Foreign currency bank accounts	19,570	(1,473)	1,473
Balance	45,414	(924)	924
USD:			
Trade receivables	4,662	(466)	466
Trade payables	9,305	931	(931)
Foreign currency bank accounts	7,345	(735)	735
Balance	21,312	(270)	270

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

The book values of financial assets and liabilities held by the Group as at 31 December 2012 and 31 December 2011 did not significantly differ from their fair values.

During both the years ended 31 December 2012 and 31 December 2011, none of the financial instruments held was reclassified from Level 1 to Level 2, or from Level 2 to Level 3, or contrariwise, in the fair value measurement hierarchy.

	Book value 31 Dec. 2012	Level 1 ⁱ⁾	Level 2 ii)	Level 3 iii)	Book value 31 Dec. 2011	Level 1 ⁱ⁾	Level 2 ii)	Level 3 iii)
Financial assets carried at fair value through profit or loss	23	23	-	-	10,263	10,263	-	-
Currency forward contracts	23	23	-	-	-	-	-	-
Shares in companies listed on regulated markets	-	-	-	-	92	92	-	-
Other assets (fund participation units)	-	-	-	-	10,171	10,171	-	-
Financial assets available for sale	129	110	19	-	71	53	18	-
Shares in companies listed on regulated markets	110	110	-	-	53	53	-	-
Shares in companies not listed on regulated markets	19	-	19	-	18	-	18	-
Financial assets held to maturity	21,071	-	21,071	-	4,586	-	4,586	-
Treasury bonds	3,207	-	3,207	-	4,317	-	4,317	-
Cash deposits (3 to 12 months long)	17,864	-	17,864	-	269	-	269	-
Loans	356	-	356	-	490	-	490	-
Loans granted to related entities	126	-	126	-	403	-	403	-
Loans granted to employees	77	-	77	-	59	-	59	-
Loans granted to other entities	153	-	153	-	28	-	28	-

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.

Items of income, expenses, gains and losses recognized in the income statement, by category of financial instruments

Year ended 31 Dec. 2012 (audited)	Category according to IAS 39	Interest income (expenses):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Gain (loss) on revaluation	Total
Financial assets						
Receivables from dividends and disposed shares		-	(883)	-	1	(882)
Financial assets available for sale	AFS	-	-	-	1	1
Financial assets held to maturity	OFLaAC	260	-	-	-	260
Other financial assets carried at fair value	FVtPL				128	128
Loans granted and receivables	L&R	79	469	(1,365)	-	(817)
Cash and cash equivalents	FVtPL	2,635	(289)	-	-	2,346
Financial liabilities						
Interest-bearing bank loans and borrowings	OFLaAC	(9)	(167)	-	-	(176)
Other liabilities, of which:	OFLaAC	(53)	(579)	-	989	357
Finance lease liabilities		(53)	-	-	-	(53)
Liabilities due to unpaid shares		-	204	-	494	698
Currency forward contracts	FVtPL	-	(46)	-	495	449
Trade payables	OFLaAC	-	(737)	-	-	(737)
Total		2,912	(1,449)	(1,365)	1,119	1,217

Year ended 31 Dec. 2011 (audited)	Category according to IAS 39	Interest income (expenses):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Gain (loss) on revaluation	Total
Financial assets						
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
Financial liabilities						
Interest-bearing bank loans and borrowings	OFLaAC	(99)	(635)	-	-	(734)
Other liabilities, of which:	OFLaAC	(235)	(1,420)	-	4,119	2,464
Finance lease liabilities		(64)	4	-	-	(60)
Liabilities due to unpaid shares		(149)	(22)	-	4,591	4,420
Currency forward contracts	FVtPL	-	(177)	-	(472)	(649)
Trade payables	OFLaAC	(22)	(1,225)	-	-	(1,247)
Total		2,537	688	159	4,279	7,663

37. Capital expenditures

During the year ended 31 December 2012, the Group incurred capital expenditures of PLN 49,643 thousand, of which PLN 20,097 thousand were spent for non-financial fixed assets and PLN 8,723 thousand were spent for research and development projects in progress.

Whereas, during the year ended 31 December 2011, the Group incurred capital expenditures of PLN 22,056 thousand, of which PLN 12,795 thousand were spent for non-financial fixed assets and PLN 2,821 thousand were spent for research and development projects in progress.

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 2012 and 31 December 2011, have been disclosed in item 27 of the *Information and explanations to the statement of cash flows* in these consolidated financial statements.

38. Significant events after the balance sheet date

In the period from 31 December 2012 till the date of approval of these financial statements, this is until 20 February 2013, we have not observed any significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of 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 2012, this is until 20 February 2013, we have not observed any significant events related to prior years, which have not but should have been included in the accounting books.