ANNUAL REPORT
OF THE ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE YEAR ENDED 31 DECEMBER 2010

Rzeszów, 16 March 2011

CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO SOUTH EASTERN EUROPE GROUP FOR THE YEAR ENDED 31 DECEMBER 2010 INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS

Rzeszów, 16 March 2011

CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO SOUTH EASTERN EUROPE GROUP INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2010

Table of contents **Page**

CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO SOUTH EASTERN EUROPE GROUP INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2010

These consolidated financial statements were authorized for publication by the Management Board of Asseco South Eastern Europe SA on 16 March 2011.

Management Board of Asseco South Eastern Europe SA:

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

Person responsible for maintaining the accounting books:

Lucyna Pieniążek

FINANCIAL HIGHLIGHTS
OF THE ASSECO SOUTH EASTERN EUROPE GROUP

		Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
		PLN '000	**PLN '000**	**EUR '000**	**EUR '000**
I.	Sales revenues	450,336	436,654	112,460	100,598
II.	Operating profit	51,068	55,745	12,753	12,843
III.	Pre-tax profit	51,796	55,637	12,935	12,818
IV.	Net profit for the period reported	43,600	47,379	10,888	10,915
V.	Net profit attributable to Shareholders of the Parent Company	**43,647**	**38,276**	**10,900**	**8,818**
VI.	Net cash provided by (used in) operating activities	62,955	53,508	15,721	12,327
VII.	Net cash provided by (used in) investing activities	(46,282)	(62,164)	(11,558)	(14,322)
VIII.	Net cash provided by (used in) financing activities	(17,127)	74,464	(4,277)	17,155
IX.	Cash and cash equivalents at the end of period	100,976	104,551	25,497	25,449
X.	Basic earnings per ordinary share attributable to Shareholders of the Parent Company	0.87	1.00	0.22	0.23
XI	Diluted earnings per ordinary share attributable to Shareholders of the Parent Company	0.87	1.00	0.22	0.23

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

- items of the consolidated profit and loss account and consolidated statement of cash flows were translated into Euro at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
  - in the period from 1 January 2010 to 31 December 2010: EUR 1 = PLN 4.0044
  - in the period from 1 January 2009 to 31 December 2009: EUR 1 = PLN 4.3406

- the Group's cash and cash equivalents as at the end of period reported and the corresponding period of the previous year have been translated into Euro at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
  - exchange rate effective on 31 December 2010: EUR 1 = PLN 3.9603
  - exchange rate effective on 31 December 2009: EUR 1 = PLN 4.1082

All figures in thousands of PLN, unless stated otherwise

CONSOLIDATED PROFIT AND LOSS ACCOUNT
THE ASSECO SOUTH EASTERN EUROPE GROUP

	Note	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Sales revenues	1	**450,336**	**436,654**
Cost of sales (-)	2	**(343,089)**	**(332,065)**
Gross profit on sales		**107,247**	**104,589**
Selling expenses (-)	2	(20,408)	(20,086)
General administrative expenses (-)	2	(36,308)	(27,524)
Net profit on sales		**50,531**	**56,979**
Other operating income	3	2,104	1,501
Other operating expenses (-)	3	(1,567)	(2,735)
Operating profit		**51,068**	**55,745**
Financial income	4	3,726	3,154
Financial expenses (-)	4	(2,998)	(3,258)
Share in profits of associated companies		-	(4)
Pre-tax profit		**51,796**	**55,637**
Corporate income tax (current and deferred portions)	5	(8,196)	(8,258)
Net profit for the period reported		**43,600**	**47,379**
Attributable to:			
Shareholders of the Parent Company		**43,647**	**38,276**
Non-controlling shareholders		(47)	9,103

Consolidated earnings per share for the period reported attributable to Shareholders of Asseco South Eastern Europe SA (in PLN):

Basic consolidated earnings per share from continuing operations for the period reported	6	0.87	1.00
Diluted consolidated earnings per share from continuing operations for the period reported	6	0.87	1.00

All figures in thousands of PLN, unless stated otherwise

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME THE ASSECO SOUTH EASTERN EUROPE GROUP

	Note	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Net profit for the period reported		**43,600**	**47,379**
Other comprehensive income:			
Hedges of cash flows		828	(1,069)
Foreign currency translation differences on subsidiary companies		(42,028)	(30,738)
Other		(71)	(7)
Total other comprehensive income		**(41,271)**	**(31,814)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,329**	**15,565**
Attributable to:			
Shareholders of the Parent Company		2,366	6,269
Non-controlling shareholders		(37)	9,296

All figures in thousands of PLN, unless stated otherwise

CONSOLIDATED BALANCE SHEET
THE ASSECO SOUTH EASTERN EUROPE GROUP

ASSETS	Note	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Non-current assets		**505,424**	**467,213**
Property, plant and equipment	8	16,670	11,392
Investment property		843	889
Intangible assets	9	9,364	8,699
Goodwill arising from consolidation	10	476,399	443,867
Investments in associated undertakings valued under the equity method		13	33
Financial assets available for sale		44	48
Long-term loans		28	33
Long-term receivables		149	-
Deferred income tax assets	5	1,592	2,233
Long-term deferred expenses		322	19
Current assets		**223,210**	**213,205**
Inventories	11	13,851	25,197
Deferred expenses	14	4,070	4,018
Trade accounts receivable	12	71,203	53,101
Corporate income tax recoverable	12	1,327	1,459
Receivables from the State budget	12	662	5,358
Receivables arising from valuation of IT contracts	23	22,270	9,650
Other receivables	12	7,461	8,853
Financial assets available for sale		24	31
Financial assets held to maturity		241	575
Financial assets carried at fair value through profit or loss		95	-
Short-term loans		463	228
Restricted cash	13	567	184
Cash and short-term deposits	13	100,976	104,551
Non-current assets classified as held for sale		**-**	**2,695**
TOTAL ASSETS		**728,634**	**683,113**

All figures in thousands of PLN, unless stated otherwise

CONSOLIDATED BALANCE SHEET
THE ASSECO SOUTH EASTERN EUROPE GROUP

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Shareholders' equity (attributable to Shareholders of the Parent Company)		**597,264**	**578,509**
Share capital	15	509,921	480,375
Share premium	16	38,825	26,790
Subscribed unregistered share capital		-	25,897
Revaluation capital		(241)	(1,069)
Foreign currency translation differences on subsidiary companies		(49,285)	(7,247)
Prior years' retained earnings (deficit) and current net profit		98,044	53,763
Non-controlling interests	**17**	**-**	**102**
Total shareholders' equity		**597,264**	**578,611**
Non-current liabilities		**6,968**	**10,791**
Interest-bearing bank loans, borrowings and debt securities	20	520	-
Deferred income tax provisions	5	1,736	33
Long-term provisions	18	316	192
Long-term financial liabilities	19	3,762	10,317
Long-term deferred income		375	24
Other long-term liabilities		259	225
Current liabilities		**124,402**	**91,731**
Interest-bearing bank loans, borrowings and debt securities	20	2,176	3,379
Trade accounts payable	21	36,896	33,666
Corporate income tax payable	21	1,358	2,205
Liabilities to the State budget	21	12,473	7,125
Financial liabilities	19	20,981	9,209
Liabilities arising from valuation of IT contracts	23	368	985
Other liabilities	21	26,158	10,936
Short-term provisions	18	5,074	1,892
Deferred income	22	8,377	12,711
Accrued expenses	22	10,541	9,623
Liabilities directly related to non-current assets classified as held for sale		**-**	**1,980**
TOTAL LIABILITIES		**131,370**	**104,502**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**728,634**	**683,113**

All figures in thousands of PLN, unless stated otherwise

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

for the year ended 31 December 2010

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

All figures in thousands of PLN, unless stated otherwise

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

for the year ended 31 December 2009

	Note	Share capital	Share premium	Subscribed unregistered share capital	Revaluation capital	Foreign currency translation differences on subsidiary companies	Prior years' retained earnings (deficit) and current net profit	Shareholders' equity attributable to Shareholders of the Parent Company	Non-controlling interests	Total shareholders' equity
As at 1 January 2009		**257,700**	**-**	**-**	**7**	**23,684**	**15,462**	**296,853**	**1,651**	**298,504**
Net profit for the period reported		**-**	**-**	**-**	**-**	**-**	38,276	**38,276**	9,103	**47,379**
Other comprehensive income		**-**	**-**	**-**	(1,076)	(30,931)	**-**	**(32,007)**	193	**(31,814)**
Total comprehensive income for the period reported		**-**	**-**	**-**	**(1,076)**	**(30,931)**	**38,276**	**6,269**	**9,296**	**15,565**
Settlement of swap transactions		-	-	-	-	-	-	**-**	(9,000)	**(9,000)**
Changes in the Group structure		-	-	-	-	-	25	**25**	(1,845)	**(1,820)**
Issuance of series E shares		9,565	-	-	-	-	-	**9,565**	-	**9,565**
Issuance of series F shares		14,755	-	-	-	-	-	**14,755**	-	**14,755**
Issuance of series G shares		27,084	-	-	-	-	-	**27,084**	-	**27,084**
Issuance of series H shares		10,620	-	-	-	-	-	**10,620**	-	**10,620**
Issuance of series I shares		17,706	-	-	-	-	-	**17,706**	-	**17,706**
Issuance of series J shares		17,142	-	-	-	-	-	**17,142**	-	**17,142**
Issuance of series K shares		45,905	-	-	-	-	-	**45,905**	-	**45,905**
Issuance of series L shares		21,000	8,400	-	-	-	-	**29,400**	-	**29,400**
Issuance of series M shares		48,109	13,903	-	-	-	-	**62,012**	-	**62,012**
Issuance of series N shares		10,789	8,092	-	-	-	-	**18,881**	-	**18,881**
Issuance of series P shares		-	-	25,897	-	-	-	**25,897**	-	**25,897**
Cost of issuances of shares		-	(3,605)	-	-	-	-	**(3,605)**	-	**(3,605)**
As at 31 December 2009 (audited)	15	**480,375**	**26,790**	**25,897**	**(1,069)**	**(7,247)**	**53,763**	**578,509**	**102**	**578,611**

All figures in thousands of PLN, unless stated otherwise

CONSOLIDATED STATEMENT OF CASH FLOWS
THE ASSECO SOUTH EASTERN EUROPE GROUP

	Note	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Cash flows - operating activities			
Pre-tax profit from continuing operations		51,796	55,637
Total adjustments:		**17,157**	**4,209**
Depreciation and amortization		6,495	4,498
Change in inventories		11,730	7,809
Change in receivables		(24,035)	(7,220)
Change in liabilities		27,341	(865)
Change in deferred and accrued expenses		(3,693)	1,255
Change in provisions		2,824	1,670
Interest income and expense		(1,633)	(498)
Gain on foreign exchange differences		631	540
Gain (loss) on investing activities		(535)	(563)
Other		(1,968)	(2,417)
Net cash generated from operating activities		**68,953**	**59,846**
Corporate income tax paid		(5,998)	(6,338)
Net cash provided by (used in) operating activities		**62,955**	**53,508**

Cash flows - investing activities			
Disposal of tangible fixed assets and intangible assets		2,628	405
Acquisition of property, plant and equipment and intangible assets		(9,641)	(9,677)
Acquisition of subsidiary and associated companies	34	(53,134)	(60,577)
Cash and cash equivalents of acquired subsidiary companies		10,088	7,530
Disposal of shares in subsidiary and associated companies		1,493	-
Disposal of financial assets held to maturity		712	3,966
Acquisition of financial assets held to maturity		(374)	(4,581)
Disposal of financial assets available for sale		-	35
Loans paid back and granted		(123)	(213)
Interest received		2,257	938
Other		(188)	10
Net cash provided by (used in) investing activities		**(46,282)**	**(62,164)**

All figures in thousands of PLN, unless stated otherwise

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

	Note	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Cash flows - financing activities			
Proceeds from issuance of shares		-	87,777
Proceeds from loans and borrowings taken out		1,732	3,410
Repayment of loans and borrowings		(5,337)	(300)
Finance lease commitments paid		(767)	(808)
Dividends paid out to shareholders of the Parent Company		(5,452)	-
Dividends paid out to former shareholders of subsidiaries		(6,320)	(15,161)
Interest paid		(661)	(439)
Acquisition of non-controlling interests		(62)	-
Other		(260)	(15)
Net cash provided by (used in) financing activities		**(17,127)**	**74,464**
Net increase (decrease) in cash and cash equivalents		(454)	65,808
Net foreign exchange differences		(3,121)	(2,372)
Cash and cash equivalents as at 1 January		104,551	41,115
Cash and cash equivalents as at 31 December	13	**100,976**	**104,551**

All figures in thousands of PLN, unless stated otherwise

SUPPLEMENTARY INFORMATION AND EXPLANATIONS

I. GENERAL INFORMATION

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

The parent Asseco South Eastern Europe SA seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007 as a joint stock company called Asseco Adria SA. 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 SA to Asseco South Eastern Europe SA. On 18 March 2010, the Company moved its corporate headquarters from 80 Armii Krajowej Av., Rzeszów to 14 Olchowa St., Rzeszów.

Asseco South Eastern Europe SA is the parent of the Asseco South Eastern Europe Group.
The time of duration of both the Parent Company and the entities incorporated in the Group is indefinite.
According to the Articles of Association, the Parent Company's business profile includes:

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

In addition to comprehensive IT services, the Group also sells goods including mainly computer hardware. The conducted sale of goods is to a large extent connected with the provision of software implementation services. The scope of the Asseco South Eastern Europe Group's core business broken down by relevant segments is described in Section V of these consolidated financial statements.

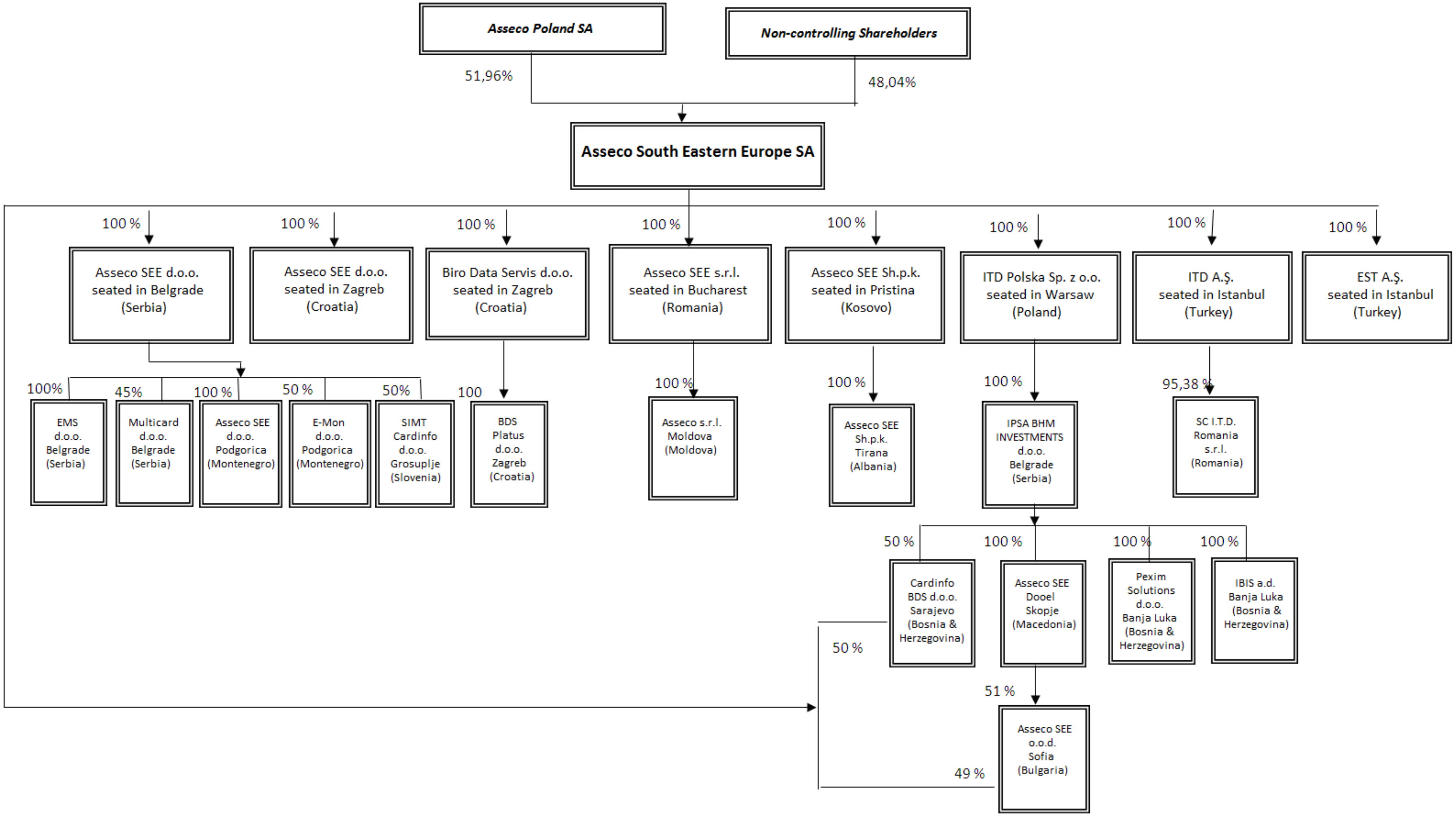
The Parent Company shall operate within the territory of the Republic of Poland as well as abroad.

The parent of Asseco South Eastern Europe SA is Asseco Poland SA (the higher-level parent company). As at 31 December 2010, Asseco Poland SA held a 51.96% stake in the share capital of Asseco South Eastern Europe SA.

These consolidated financial statements cover the year ended 31 December 2010 and contain comparative data for the year ended 31 December 2009.

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

II. COMPOSITION OF THE ASSECO SOUTH EASTERN EUROPE GROUP



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

As at 31 December 2010 as well as on the date of publication of this report, i.e. on 16 March 2011, the Company's Management Board and Supervisory Board were composed of the following persons:

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

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

- on 7 September 2010 the Company's Supervisory Board appointed Mrs. Hatice Ayas as Member of the Management Board to serve during the joint term of office which began on 4 April 2007.

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

- on 12 January 2010, the Company received a letter of resignation from Mr. Jacek Duch resigning as Member and Vice Chairman of the Company's Supervisory Board with effect from 18 January 2010,
- on 27 April 2010, by its resolution no. 22 the Ordinary General Meeting of Shareholders appointed Mr. Andrzej Mauberg as Member of the Supervisory Board of Asseco South Eastern Europe SA,
- on 27 April 2010, Asseco South Eastern Europe SA received from Asseco Poland SA a notification on appointment of Mr. Jacek Duch as Member of the Supervisory Board pursuant to § 13 sect. 3 item 1 of the Articles of Association,
- on 30 September 2010, the Company received a letter of resignation from Mr. Nicholas Jeffery resigning as Member of the Supervisory Board.

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

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

During the period reported and as at the date of publication of this report, this is on 16 March 2011, the Audit Committee was composed of the following persons:

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

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

All figures in thousands of PLN, unless stated otherwise

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

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

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis for preparation of consolidated financial statements

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

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

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

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

2. Compliance statement

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

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

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

3. Functional currency and reporting currency

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

Separate and consolidated financial statements of the Group companies are drawn up in the currency of their primary business environment (in their functional currencies). The functional currencies of direct subsidiaries of Asseco South Eastern Europe SA include the Romanian leu, Croatian kuna, Serbian dinar, euro, Turkish lira, and Polish zloty.

4. Changes of estimates

In the period of 12 months ended 31 December 2010, the Company’s approach to making estimates was not subject to any substantial changes.

5. Professional judgement

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

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

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

The Group executes a number of contracts for construction and implementation of information technology systems. The contractual cash flows are denominated in foreign currencies. Valuation of IT contracts requires that future operating cash flows are determined in order to arrive at the fair value of income and expenses and to provide the fair value of the embedded currency derivatives, as well as it requires measurement of the progress of contract execution. The progress of contract execution shall be measured as a relation of costs already incurred (provided such costs contribute to the progress of work) to the total costs planned, or as a portion of man-days worked out of the total work-effort required. As at 31 December 2010, receivables arising from valuation of IT contracts amounted to PLN 22,270 thousand, while liabilities due to such valuation equalled PLN 368 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 2010, the Management Board of the Parent Company performed an impairment test on goodwill recognized on acquisition of subsidiary companies as well as from mergers. This task required making estimates of the recoverable value of cash-generating units to which goodwill is allocated. 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 2010, goodwill arising from acquisition of subsidiary companies amounted to PLN 476,399 thousand as compared with PLN 443,867 thousand reported as at 31 December 2009.

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

Both as at 31 December 2010 and 31 December 2009, the Group recognized liabilities by virtue of future payments to non-controlling shareholders in the company Multicard d.o.o., Beograd. As at 31 December 2010, such liabilities equalled PLN 1,052 thousand, while as at 31 December 2009 they were PLN 9,658 thousand. Additionally, as at 31 December 2010, the Group recognized liabilities by virtue of future payments for the acquired shares in EST A.Ş., Istanbul and Asseco SEE o.o.d., Sofia, in the amounts of PLN 18,111 thousand and PLN 1,881 thousand, respectively. Determination of the amounts payable under such liabilities required making estimates of the companies' financial results.

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

In the period of 12 months ended 31 December 2010, the Group recognized a deferred income tax asset (net of deferred income tax provision). Due to the lack of an unambiguous interpretation of the tax regulations currently in force, the Parent Company did not recognize the entire balance of deferred income tax assets related to the prior years' losses.

Based on the current financial budget and applicable tax regulations, the Group's management believes that future utilization of deferred tax assets recognized in the amount of PLN 1,592 thousand is very likely.

6. Changes in the accounting principles applied

The accounting principles (policy) adopted for drawing up this report are coherent with those applied for preparation of the annual consolidated financial statements for the year ended 31 December 2009, except for applying the following amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2010.

- IFRS 2 *Share-based Payment: Group Cash-settled Share-based Payment Transactions* – effective as of 1 January 2010. The amendment clarifies the way of accounting for group cash-settled share-based payment transactions. It supersedes the interpretations IFRIC 8 and IFRIC 11. Adoption of this amendment affected neither the Group's financial position nor its financial performance.
- IFRS 3 *Business Combinations* (revised) and IAS 27 *Consolidated and Separate Financial Statements* (amended) – effective as of 1 July 2009. The revised IFRS 3 introduces a number of significant changes in the recognition of business combinations conducted after its effective date. These changes relate to the measurement of non-controlling interests, recognition of costs directly attributable to an acquisition, initial recognition and subsequent measurement of contingent consideration, and accounting for multi-stage combinations. Such changes will affect the value of recognized goodwill, financial results reported for the period when an acquisition is made as well as financial results reported for future periods.

  The amended IAS 27 requires all changes in the ownership interest in a subsidiary (that do not result in a loss of control) to be accounted for as transactions with owners. As a consequence such transactions will not give rise to any goodwill nor will they result in the recognition of any profit or loss. In addition, the Standard modifies the way of allocation of losses incurred by subsidiary entities, and determines the accounting treatment required for loss of control over a subsidiary. The required changes have been introduced to our accounting policy prospectively. So far these changes had no significant impact on the Group's financial position or its financial results. In our case such changes affected primarily the goodwill arising from put options, the allocation of losses to non-controlling interests, and the settlement of acquisition of non-controlling interests.
- IAS 39 *Financial Instruments: Recognition and Measurement: Eligible Hedged Items* – effective as of 1 July 2009. The amendments address the designation of a one-sided risk in a hedged item, as well as identifying inflation as a hedged risk or portion in particular situations. Adoption of this amendment affected neither the Group's financial position nor its financial performance.
- Interpretation IFRIC 17 *Distributions of Non-cash Assets to Owners* – effective as of 1 July 2009. The Interpretation provides guidance on the accounting treatment of transactions whereby assets other than cash are distributed as reserves or dividends to shareholders. This interpretation did not affect the Group's financial position or its financial results.
- *Improvements to IFRS 2008* – in May 2008 the International Accounting Standards Board (IASB) issued the first set of improvements to its published standards. The amendments adopted by the Group as of 1 January 2010 include:
  - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. This amendment clarifies that if a subsidiary entity is qualified as held for sale all of its assets and liabilities should be classified as held for sale, even if after the sale transaction the parent entity retains a non-controlling interest in the subsidiary. The amendment shall be applied prospectively and it has no impact on the Group's financial position or on its financial results.

- *Improvements to IFRS 2009* – in April 2009 IASB issued the second collection of amendments to its published standards basically in order to eliminate any wording inconsistencies and uncertainties. Individual standards are subject to various transitional provisions. Adoption of the above-mentioned amendments resulted in changing the Group's accounting principles (policy); however, it had no impact on the Group's financial position and its financial performance.
    - IFRS 8 *Operating Segments*. The amendment clarifies that an entity is required to disclose the segment assets and liabilities only if a measure of such assets and liabilities is regularly reported to the chief operating decision maker. As the Company's chief operating decision maker does review the assets and liabilities by segments, the Group continues to disclose such required information in Section V of these consolidated financial statements.
    - IAS 36 *Impairment of Assets*. The amendment clarifies that the largest permitted unit to which goodwill (arising from business combination) should be allocated for the purposes of impairment testing is an operating segment as defined by IFRS 8, before the aggregation of segments for reporting purposes. This amendment did not influence the Group's financial statements as the subject to our annual impairment testing are segments before aggregation.
    - IAS 39 *Financial Instruments: Recognition and Measurement*. The amendment clarifies that a loan prepayment option should be considered closely related to the host debt contract, if its exercise price reimburses the lender for an amount up to the approximate present value of lost interest for the remaining term of the host contract. Amendments to IAS 39 had no impact on the Group's accounting principles (policy), financial position or its financial results.

Amendments to the below mentioned standards did not affect the accounting principles (policy), financial position or financial performance of the Group:

- IFRS 2 *Share-based Payment*
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- IAS 1 *Presentation of Financial Statements*
- IAS 7 *Statement of Cash Flows*
- IAS 17 *Leases*
- IAS 38 *Intangible Assets*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

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.

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:

- Amendments to IAS 32 *Financial Instruments: Presentation: Classification of Rights Issues* – effective for annual periods beginning on or after 1 February 2010;
- IAS 24 *Related Party Disclosures* (revised in November 2009) – effective for annual periods beginning on or after 1 January 2011;
- IFRS 9 *Financial Instruments* – 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. The first phase of IFRS 9 Financial Instruments: Classification and Measurement – effective for annual periods beginning on or after 1 January 2013 – not adopted by the EU till the date of approval of these financial statements. In the following phases, the International Accounting Standards Board will deal with hedge accounting and impairment. The project completion is expected in the middle of 2011. 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 IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayment of a Minimum Funding Requirement* – effective for annual periods beginning on or after 1 January 2011;
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – effective for annual periods beginning on or after 1 July 2010;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* – effective for annual periods beginning on or after 1 July 2010;
- Amendments resulting from the annual review of IFRSs (published in May 2010) – some amendments are effective for annual periods beginning on or after 1 July 2010 and some for annual periods beginning on or after 1 January 2011;
- Amendments to IFRS 7 *Financial Instruments: Disclosures: Transfers of Financial Assets* – effective for annual periods beginning on or after 1 July 2011 – not adopted by the EU till the date of approval of these financial statements;
- Amendments to IAS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets* – effective for annual periods beginning on or after 1 January 2012 – not adopted by the EU till the date of approval of these financial statements;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* – effective for annual periods beginning on or after 1 July 2011 – not adopted by the EU till the date of approval of these financial statements.

8. Major accounting principles:

i. Consolidation rules

These consolidated financial statements comprise the financial statements of the Parent Company – Asseco South Eastern Europe SA as well as the financial data of its subsidiaries in each case prepared for the period from 1 January 2010 to 31 December 2010. The financial data of subsidiary companies have been prepared using consistent accounting principles and based on uniform accounting principles applied to transactions and business events of similar nature.

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

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

Subsidiary companies are subject to consolidation in the period from the date the Group obtains control over such entities until such control ceases. The parent company maintains control over an entity when it holds, either directly or indirectly through its subsidiaries, more than half of the votes in such entity unless it can be proved that such ownership does not result in the exercise of control. Control is maintained also when the Company is able to direct the financial and operating policy of a given entity.
Any changes in the parent company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as capital transactions. In such events, in order to reflect changes in the ownership of a respective subsidiary, the Group shall adjust the balance sheet value of controlling interests and non-controlling interests. Any differences between the change in non-controlling interests and the fair value of consideration paid or received are recognized directly in equity and attributed to the owners of the parent company.

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

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

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 SA 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 SA include the Romanian leu, Croatian kuna, Serbian dinar, euro, Turkish lira, and Polish zloty.

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

As at the balance sheet date, assets and liabilities denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rates of such currencies as published by the National Bank of Poland and in effect on the last day of the period reported. Foreign currency differences resulting from such translation are reported respectively as financial income (expenses) or in shareholders' equity.

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

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

Currency	As at 31 Dec. 2010	As at 31 Dec. 2009
USD	2.9641	2.8503
EUR	3.9603	4.1082
RON	0.9238	0.9698
HRK	0.5365	0.5632
RDS	0.0378	0.0428
BGN	2.0249	n/a
MKD	0.0648	n/a
BAM	2.0596	n/a
TRY	1.9227	n/a

All figures in thousands of PLN, unless stated otherwise

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

Currency	Year ended 31 Dec. 2010	Year ended 31 Dec. 2009
USD	3.0402	3.1236
EUR	4.0044	4.3406
RON	0.9502	1.0255
HRK	0.5365	0.5910
RDS	0.0387	0.0459
BGN	2.0500	n/a
MKD	0.0651	n/a
BAM	2.0362	n/a
TRY	2.0177	n/a

v. Put options for non-controlling shareholders

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

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

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

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

vi. Property, plant and equipment

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

At the time of purchase tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses constitute a component of assets as well.

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

All figures in thousands of PLN, unless stated otherwise

Type	Period of useful life
Buildings and structures	40 years
Leasehold improvements	5 years
Computers and telecommunication equipment	1-5 years
Furniture	2-8 years
Air conditioners	5-10 years
Transportation vehicles	4-6 years
Other tangible assets	2-5 years

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

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

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

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

vii. Investment property

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

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

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

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

viii. Intangible assets

Purchased separately or as a result of merger of companies

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

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

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

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

Research and development work

Intangible assets created as a result of development work (or completion of a development stage of a project executed by the company on its own) may be capitalized only if the company is able to demonstrate:

- the technical ability to finish the construction of such intangible asset so that it could be used or sold;
- 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;
- the possibility of reliable determination of expenditure for the development work allocated to such intangible asset.

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

Costs of development work which satisfy the above criteria shall be carried 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 licences	2-5 years
Customer relations	19 years
Other	3-10 years

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

ix. Leases

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

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

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

x. Borrowing costs

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

xi. Impairment of non-financial assets

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

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

xii. Financial instruments

Financial instruments are divided into the following categories:

- Financial assets held to maturity,
- Financial instruments valued at fair value through profit or loss,
- Loans granted and receivables
- Financial assets available for sale, and
- Financial liabilities

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

Financial assets held to maturity are investments with identified or identifiable payments and with a fixed maturity date, which the Group intends and is able to hold till maturity. Financial assets held to maturity are valued at amortized cost using the effective interest rate. Financial assets held to maturity shall be classified as fixed assets if their maturity exceeds 12 months from the balance sheet date.

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

Loans granted and receivables are carried at amortized cost. They are recognized as current assets unless their maturity periods are longer than 12 months from the balance sheet date. Loans granted and receivables with maturity periods longer than 12 months from the balance sheet date are recognized as fixed assets.

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

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

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

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

xiii. Embedded financial derivatives

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

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

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

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

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

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

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

xiv. Derivative financial instruments and hedges

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

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

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

Hedge accounting includes the following types of hedges:

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

Cash flow hedges

The Parent Company of the Asseco South Eastern Europe Group has implemented hedge accounting of future cash flows so that the financial statements fully reflected the economic content of the Group's business activities as well as its acquisitions policy. The hedging instrument is cash deposited at the euro bank accounts which is intended to act as a hedge of the liabilities arising from company acquisitions. As the requirements of cash flow hedge accounting have been fulfilled, in the period reported the effective portions of changes in fair values of hedging instruments and hedged items have been recognized in the income statement, under other comprehensive income. As the base values of hedging instruments and hedged items correspond to each other within the established relationships, and because in the period reported occurred no events that might decrease the probability of making the hedged future payments, the company did not recognize any substantial foreign exchange differences on any ineffective portion of hedges.

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 other comprehensive income and accumulated in equity shall be reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

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

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

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

xv. Impairment of financial assets

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

Financial assets carried at amortized cost

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss 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 dot exceed its amortized cost at the date when the impairment is reversed.

Financial assets carried at cost

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

Financial assets available for sale

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

xvi. Inventories

Inventories are valued at the lower of the following two values: purchase cost/production cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Company measures the cost of consumed inventories by using specific identification method. Revaluation write-downs of inventories shall be recognized in operating expenses.

xvii. Deferred expenses

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

In particular, deferred expenses may include the following items:
- rent paid in advance,
- insurances,
- subscriptions,
- prepaid third-party services which shall be provided in future periods,
- other incurred expenses that relate to future periods.

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

xviii. Trade accounts receivable

Trade accounts receivable, usually with payment terms ranging from 14 and 90 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for uncollectible receivables. Such allowance for doubtful accounts shall be determined if it is no longer probable that the entire amount receivable will be collected. Doubtful accounts shall be expensed in the profit and loss account at the time when they are deemed uncollectible.

Where the effect of the value of money in time is material, the amount of accounts receivable shall be measured by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the value of money in time. Should the discounting method be used, any increase in receivables over time shall be booked as financial income.

xix. Cash and cash equivalents, restricted cash

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

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

xx. Interest-bearing bank loans and borrowings

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

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

The difference between the cash received (net of costs related to obtaining a credit or loan, or issuing a debt security) and the repayment amount shall be disclosed in the profit and loss account during the term of the liability involved. Any gains or losses shall be recognized in the profit and loss account after the liability has been removed from the balance sheet. All expenses relating to bank loans, borrowings or debt securities issued, shall be recognized in the profit and loss account for the period they relate to.

xxi. Trade accounts payable

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

Where the effect of the value of money in time is material, the amount of accounts payable shall be measured by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the value of money in time. Where discounting method is used, the increase in liabilities due to the passage of time is recognized as a financial expense.

xxii. Provisions

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

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

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

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

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

xxiii. Revenues

Revenues and expenses related to completion of implementation contracts

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

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

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

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

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

Should the progress of costs incurred deducted by expected losses and increased by profits included in the profit and loss account exceed the progress of invoiced sales, the amount of non-invoiced sales constituting this difference shall be presented as other receivables.

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

Revenues

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

The Group presents its revenues from sales of products, merchandise and services. Such presentation appropriately reflects the business profile of the Group that is engaged in the provision of comprehensive information technology solutions based on proprietary products. Those revenues are generated from the execution of information technology projects, which include development of IT systems and maintenance services.

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

Sales revenues

Revenues shall be recognized if the significant risks and benefits resulting from ownership of products, goods for resale and services have been transferred to the buyer and when the amount of revenue can be measured reliably. Sales of computer software licenses are recognized systematically during the term of relevant contracts. Whereas, revenues from sales of implementation services are recognized based on the percentage of their completion. Revenues relating to licensing fees shall be recognized when invoiced.

Interest

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

Interest income comprises interest on loans granted, investments in securities held to maturity, bank deposits and other items.

Dividends

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

xxiv. Taxes

Current income tax

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

Deferred income tax

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

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

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

Value added tax

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

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

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

V. INFORMATION ON OPERATING SEGMENTS

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

- Banking Solutions,
- Mobile Banking & Authentication,
- Card Business,
- Systems Integration.

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

Banking Solutions [BAN – CORE][1]

The Banking Solutions segment deals with integrated banking systems based on the Oracle and Microsoft platforms (offered under the brand name of ASEBA), including primarily core banking systems.
In addition, the integrated systems include solutions dedicated to support various bank access channels, payment management systems, reporting systems for regulatory compliance and management information as well as risk management systems.

Mobile Banking & Authentication [BAN – MASS][1]

The Mobile Banking & Authentication segment deals with the systems enabling secure authentication of bank clients and IT system users as well as with e-banking solutions available over mobile phones. These solutions are marketed as an integral part of the core and multi-channel banking systems offered by 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 making use of mobile tokens, SMS, PKI (Public Key Infrastructure) / chip cards (*smartcards*) as electronic signature devices. The *ASEBA JiMBA* mobile banking system and a variety of e-commerce solutions are state-of-the-art products providing access to banking services over the Internet from mobile phones.

Card Business [BAN – CARDS] [1]

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

Systems Integration [SI]

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

Virtual Payments

The Group decided not to identify a separate segment of "virtual payments" as it does not satisfy the quantitative criteria for identification of reportable segments set forth in IFRS 8 "Operating Segments": the segment's revenue should be minimum 10% of the combined revenues of all operating segments; or the segment's profit or loss should be minimum 10% of the combined profit of all operating segments that did not report a loss, or of the combined loss of all operating segments that reported a loss; or the segment's assets should be minimum 10% of the combined assets of all operating segments. Transactions related to virtual payments are included in the Card Business segment.

[1] The three above-mentioned segments: Banking Solutions, Mobile Banking & Authentication, and Card Business constitute a set of solutions dedicated to banks.

For the year ended 31 December 2010 in PLN thousands (audited)	**Banking Solutions (I)**	**Mobile Banking & Authentication (II)**	**Card Business (III)**	***Total Banking Business (I-III)***	**Systems Integration (IV)**	**Unallocated**	**Eliminations / Reconciliations**	**Total**
Sales revenues:	**94,111**	**26,967**	**75,473**	***196,551***	**269,223**	**3,318**	**(18,756)**	**450,336**
Sales to external customers	88,778	25,203	74,124	*188,105*	262,231	**-**	-	**450,336**
Inter/intra segment sales	5,333	1,764	1,349	*8,446*	6,992	3,318	(18,756)	**-**
Gross profit (loss) on sales	**32,406**	**9,420**	**21,953**	***63,779***	**43,468**	**-**	-	**107,247**
Selling expenses	(3,562)	(1,082)	(3,579)	*(8,223)*	(12,185)	-	-	**(20,408)**
General administrative expenses	(14,248)	(3,007)	(5,674)	*(22,929)*	(13,379)	-	-	**(36,308)**
Net profit (loss) on sales	**14,596**	**5,331**	**12,700**	***32,627***	**17,904**	**-**	**-**	**50,531**
Segment assets, of which:	186,403	44,356	134,979	*365,738*	243,623	396	118,877	**728,634**
goodwill from consolidation	*152,512*	*36,249*	*107,363*	*296,124*	*180,275*	-	-	***476,399***
property, plant and equipment	*3,063*	*402*	*7,885*	*11,350*	*5,056*	*264*	-	***16,670***
intangible assets	*5,535*	*42*	*2,996*	*8,573*	*659*	*132*	-	***9,364***
trade accounts receivable	*8,445*	*4,996*	*10,552*	*23,993*	*47,210*	-	-	***71,203***
receivables arising from valuation of IT contracts	*16,667*	*2,590*	-	*19,257*	*3,013*	-	-	***22,270***
Inventories	*181*	*77*	*6,183*	*6,441*	*7,410*	-	-	***13,851***
Other	-	-	-	-	-	-	*118,877*	***118,877***
Segment expenditures for tangible and intangible assets	**(2,138)**	**(145)**	**(4,787)**	***(7,070)***	**(2,299)**	**(421)**	**-**	**(9,790)**

Assets that are not allocated to any operating segment as at 31 December 2010 include the following items: cash (PLN 100,976 thousand), receivables from the State budget (PLN 1,989 thousand) and other receivables (PLN 7,461 thousand), deferred income tax assets (PLN 1,592 thousand), and other assets (PLN 6,859 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 2010 in EUR thousands (audited)	**Banking Solutions (I)**	**Mobile Banking & Authentication (II)**	**Card Business (III)**	***Total Banking (I-III)***	**Systems Integration (IV)**	**Unallocated**	**Eliminations / Reconciliations**	**Total**
Sales revenues:	**23,502**	**6,735**	**18,847**	***49,084***	**67,231**	**829**	**(4,684)**	**112,460**
Sales to external customers	22,170	6,294	18,510	*46,974*	65,486	-	-	**112,460**
Inter/intra segment sales	1,332	441	337	*2,110*	1,745	829	(4,684)	**-**
Gross profit (loss) on sales	**8,093**	**2,352**	**5,482**	***15,927***	**10,855**	**-**	-	**26,782**
Selling expenses	(890)	(270)	(893)	*(2,053)*	(3,043)	-	-	**(5,096)**
General administrative expenses	(3,558)	(751)	(1,417)	*(5,726)*	(3,341)	-	-	**(9,067)**
Net profit (loss) on sales	**3,645**	**1,331**	**3,172**	**8,148**	**4,471**	**-**	**-**	**12,619**

All figures in thousands of PLN, unless stated otherwise

For the year ended 31 December 2009 in PLN thousands (audited)	**Banking Solutions (I)**	**Mobile Banking & Authentication (II)**	**Card Business (III)**	***Total Banking (I-III)***	**Systems Integration (IV)**	**Unallocated**	**Eliminations / Reconciliations**	**Total**
Sales revenues:	**80,833**	**27,746**	**61,223**	***169,802***	**270,298**	**-**	**(3,446)**	**436,654**
Sales to external customers	80,073	27,746	60,806	*168,625*	268,029	**-**	-	**436,654**
Inter/intra segment sales	760	**-**	417	*1,177*	2,269	-	(3,446)	**-**
Gross profit (loss) on sales	**32,357**	**11,643**	**16,025**	***60,025***	**44,564**	**-**	-	**104,589**
Selling expenses	(4,029)	(965)	(2,149)	*(7,143)*	(12,943)	-	-	**(20,086)**
General administrative expenses	(10,628)	(3,029)	(3,086)	*(16,743)*	(9,116)	(1,665)	-	**(27,524)**
Net profit (loss) on sales	**17,700**	**7,649**	**10,790**	***36,139***	**22,505**	**(1,665)**	**-**	**56,979**
Segment assets, of which:	193,442	51,070	89,378	*333,890*	218,016	131,207	-	**683,113**
goodwill from consolidation	*164,934*	*43,674*	*75,075*	*283,683*	*160,184*	-	-	***443,867***
property, plant and equipment, and intangible assets	*8,133*	*709*	*3,542*	*12,384*	*7,707*	-	-	***20,091***
trade accounts receivable	*10,850*	*6,647*	*4,815*	*22,312*	*30,789*	-	-	***53,101***
receivables arising from valuation of IT contracts	*8,485*	-	-	*8,485*	*1,165*	-	-	***9,650***
Inventories	*1,040*	*40*	*5,946*	*7,026*	*18,171*	-	-	***25,197***
Other	-	-	-	-	-	*131,207*	-	***131,207***
Segment expenditures for tangible and intangible assets	**(3,923)**	**(265)**	**(1,739)**	***(5,927)***	**(3,893)**	**-**	**-**	**(9,820)**

Assets that are not allocated to any operating segment as at 31 December 2009 include the following items: cash (PLN 104,551 thousand), receivables from the State budget (PLN 6,817 thousand) and other receivables (PLN 8,853 thousand), deferred income tax assets (PLN 2,233 thousand), and other assets (PLN 8,753 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 2009 in EUR thousands (audited)	**Banking Solutions (I)**	**Mobile Banking & Authentication (II)**	**Card Business (III)**	***Total Banking (I-III)***	**Systems Integration (IV)**	**Unallocated**	**Eliminations / Reconciliations**	**Total**
Sales revenues:	**18,622**	**6,392**	**14,106**	***39,120***	**62,272**	**-**	**(794)**	**100,598**
Sales to external customers	18,447	6,392	14,010	*38,849*	61,749	**-**	-	**100,598**
Inter/intra segment sales	175	**-**	96	*271*	523	-	(794)	**-**
Gross profit (loss) on sales	**7,454**	**2,682**	**3,692**	***13,828***	**10,268**	**-**	-	**24,096**
Selling expenses	(928)	(222)	(495)	*(1,645)*	(2,982)	-	-	**(4,627)**
General administrative expenses	(2,448)	(698)	(711)	*(3,857)*	(2,100)	(384)	-	**(6,341)**
Net profit (loss) on sales	**4,078**	**1,762**	**2,486**	***8,326***	**5,186**	**(384)**	**-**	**13,128**

All figures in thousands of PLN, unless stated otherwise

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Breakdown of sales revenues

Sales revenues by type of business	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Proprietary software and services	160,178	147,110
Third-party software and services	125,617	117,403
Hardware and infrastructure	164,541	172,141
	450,336	**436,654**

Sales revenues by sectors	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Banking and finance	261,709	228,671
Enterprises	134,520	147,633
Public administration	54,107	60,350
	450,336	**436,654**

2. Breakdown of operating costs

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Materials and energy used (-)	(5,946)	(2,896)
Third-party work (-)	(36,697)	(34,956)
Salaries (-)	(88,030)	(66,930)
Employee benefits (-)	(13,494)	(15,064)
Depreciation and amortization (-)	(6,495)	(4,498)
Taxes and charges (-)	(1,223)	(1,104)
Business trips (-)	(4,407)	(3,782)
Other (-)	(4,031)	(4,394)
	(160,323)	**(133,624)**
Cost of sales:	**(343,089)**	**(332,065)**
production cost (-)	(103,607)	(86,014)
value of merchandise, materials and third-party work sold (COGS) (-)	(239,482)	(246,051)
Selling expenses (-)	**(20,408)**	**(20,086)**
General administrative expenses (-)	**(36,308)**	**(27,524)**

All figures in thousands of PLN, unless stated otherwise

3. Other operating income and expenses

Other operating income	**Year ended 31 Dec. 2010 (audited)**	**Year ended 31 Dec. 2009 (audited)**
Gain on disposal of tangible fixed assets	513	114
Reversal of other provisions	26	-
Compensations received	88	254
Inventory count surplus	9	3
Reimbursement of withholding tax paid	597	-
Other	871	1,130
	2,104	**1,501**

Other operating expenses	**Year ended 31 Dec. 2010 (audited)**	**Year ended 31 Dec. 2009 (audited)**
Loss on disposal of tangible fixed assets (-)	(107)	(881)
Other provisions established (-)	(472)	(1,176)
Liquidation costs of tangible fixed assets, intangible assets, and inventories (-)	(58)	-
Charitable contributions to unrelated parties (-)	(262)	(149)
Costs of post-accident repairs (-)	(100)	-
Inventory count deficit (-)	(85)	(70)
Contractual penalties (-)	(48)	(99)
Other (-)	(435)	(360)
	(1,567)	**(2,735)**

4. Financial income and expenses

Financial income	**Year ended 31 Dec. 2010 (audited)**	**Year ended 31 Dec. 2009 (audited)**
Interest income on loans granted, debt securities and bank deposits	2,232	1,533
Other interest income	119	16
Gain on foreign exchange differences	1,244	998
Discounting of settlements	130	242
Other financial income	1	365
	3,726	**3,154**

All figures in thousands of PLN, unless stated otherwise

Financial expenses	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Interest expense on bank loans, borrowings and debt securities (-)	(175)	(185)
Other interest expenses (-)	(112)	(13)
Bank fees and commissions	(165)	(124)
Loss on foreign exchange differences (-)	(1,940)	(2,327)
Company acquisition related expenses (-)	(164)	-
Discounting of settlements (-)	(206)	(94)
Interest expenses under finance leases (-)	(92)	(118)
Loss on disposal of investments in subsidiary companies (-)	(36)	-
Other financial expenses (-)	(108)	(397)
	(2,998)	**(3,258)**

5. Corporate income tax

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

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Current corporate income tax and prior years adjustments	(5,307)	(7,520)
Deferred corporate income tax, of which:	(2,889)	(367)
related to origination or reversal of temporary differences	*(2,889)*	*(365)*
Other charges on profit	-	(371)
Income tax expense as disclosed in the profit and loss account, of which:	**(8,196)**	**(8,258)**
Corporate income tax attributable to continuing operations	(8,196)	(8,258)

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.

Reconcilement 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.

All figures in thousands of PLN, unless stated otherwise

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Pre-tax profit	**51,796**	**55,637**
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	**(9,841)**	**(10,571)**
Non-taxable income recognized in the balance sheet	(376)	(167)
Taxable income not recognized in the balance sheet	(49)	(38)
Tax-deductible expenses not recognized in the balance sheet	(293)	(1,172)
Non-tax-deductible expenses recognized in the balance sheet	1,786	1,957
Other	(169)	(1,807)
Difference due to different rate of corporate income tax paid abroad	746	3,540
Corporate income tax at the effective tax rate: 15.82% in 2010 and 14.84% in 2009	**(8,196)**	**(8,258)**

All figures in thousands of PLN, unless stated otherwise

	Balance Sheet			Profit and Loss Account	
	31 Dec. 2010 (audited)	Obtaining control over subsidiaries (audited)	31 Dec. 2009 (audited)	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Deferred income tax provision					
Difference between tax depreciation and accounting depreciation (-)	(116)	(23)	(18)	(75)	4
Revaluation of tangible fixed assets (-)	(15)	-	-	(15)	-
Receivables arising from book valuation of IT contracts (-)	-	-	-	-	163
Provision for income tax payable to a subsidiary upon the dividend payment (-)	(1,942)	-	(622)	(1,320)	(620)
Other positive temporary differences (-)	-	(2)	-	2	26
Deferred income tax provision, gross	**(2,073)**	**(25)**	**(640)**		
Deferred income tax assets					
Losses deductible against future taxable income	261	-	276	(15)	(576)
Difference between tax depreciation and accounting depreciation	10	-	37	(27)	8
Valuation of financial assets and/or financial liabilities at fair value	120	78	-	42	-
Unrealized financial expenses – interest	-	31	-	(31)	-
Unrealized financial expenses – foreign exchange differences	-	8	-	(8)	-
Liabilities arising from book valuation of IT contracts	-	-	27	(27)	27
Accrued expenses, provisions and other liabilities	454	60	171	223	111
Revaluation write-downs on receivables	98	140	-	(42)	-
Revaluation write-downs on inventories	384	572	-	(188)	-
Tax credit for withholding tax paid abroad	-	-	553	(553)	(469)
Tax credit for capital expenditures made	516	-	1,648	(1,132)	(145)
Other revaluation write-downs on assets	-	-	36	(36)	-
Other negative temporary differences	86	58	220	(192)	220
Foreign currency differences on translation of foreign subsidiaries	-	-	-	377	162
Deferred income tax assets, gross	**1,929**	**947**	**2,968**		
Write-down due to impossibility to realize a deferred income tax asset	-	-	(128)	128	724
Deferred income tax assets, net	**1,929**	**947**	**2,840**		
Deferred income tax assets (+), net of deferred income tax provision	**1,592**		**2,233**		
Deferred income tax provision (-), net of deferred income tax assets	**(1,736)**		**(33)**		
Change in deferred income tax in the period reported, of which:				**(2,889)**	**(365)**
deferred income tax change recognized directly in other comprehensive income				-	-
deferred income tax change recognized in profit or loss				(2,889)	(365)

All figures in thousands of PLN, unless stated otherwise

6. Earnings per share

PLN	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Consolidated earnings per share for the period reported attributable to Shareholders of Asseco South Eastern Europe SA (in PLN):		
Basic consolidated earnings per share from continuing operations for the period reported	0.87	1.00
Diluted consolidated earnings per share from continuing operations for the period reported	0.87	1.00

EUR	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Consolidated earnings per share for the period reported attributable to Shareholders of Asseco South Eastern Europe SA (in PLN):		
Basic consolidated earnings per share from continuing operations for the period reported	0.22	0.23
Diluted consolidated earnings per share from continuing operations for the period reported	0.22	0.23

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

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

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

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Consolidated net profit for the period reported attributable to Shareholders of Asseco South Eastern Europe SA	**43,600**	**38,276**
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	49,973,547	38,213,675
Dilution factors	-	-
Adjusted weighted average number of ordinary shares, used for calculation of diluted earnings per share	**49,973,547**	**38,213,675**

Both during the period reported and the prior year's corresponding period there took place no events that would cause dilution of earnings per share.

All figures in thousands of PLN, unless stated otherwise

7. Dividend payments made and proposed

The Ordinary General Meeting of Shareholders of Asseco South Eastern Europe SA seated in Rzeszów, acting on the basis of art. 395 §2 item 2) of the Polish Commercial Companies Code as well as pursuant to §12 sect. 4 item 3) of the Company's Articles of Association, by its resolution of 27 April 2010, decided that the net profit for the year 2009 in the amount of PLN 16,609 thousand shall be distributed as follows:

a) PLN 1,430 thousand was allocated to reserve capital pursuant to art. 396 §1 of the PCCC;
b) PLN 9,727 thousand was appropriated to cover the Company's losses for the years 2007 and 2008;
c) PLN 5,452 thousand was distributed among the Company's shareholders as a dividend of PLN 0.11 per share.

Subsequently, the dividend was paid out on 15 July 2010.

8. Property, plant and equipment

for the year ended 31 December 2010 (audited)	Land and buildings	Computers and other office equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
As at 1 January 2010, less depreciation and impairment write-downs	**516**	**5,026**	**3,673**	**842**	**1,335**	**11,392**
Additions, of which:	-	7,733	2,894	1,214	1,016	12,857
Purchases	-	5,122	1,877	257	953	8,209
Obtaining control over subsidiaries	-	1,364	891	439	34	2,728
Transfer from tangible assets under construction	-	640	57	503	-	1,200
Reclassification – change in presentation	-	139	69	-	29	237
Other changes	-	468	-	15	-	483
Reductions, of which:	(14)	(2,535)	(1,823)	(789)	(1,444)	(6,605)
Depreciation charge for the period reported (-)	(14)	(2,307)	(1,376)	(350)	(210)	(4,257)
Disposal and liquidation (-)	-	(146)	(355)	(1)	(34)	(536)
Transfer from tangible assets under construction (-)	-	-	-	-	(1,200)	(1,200)
Reclassification – change in presentation (-)	-	-	-	(237)	-	(237)
Other changes (-)	-	(82)	(92)	(201)	-	(375)
Foreign currency differences on translation of foreign subsidiaries (+/-)	(15)	(482)	(277)	(58)	(142)	(974)
As at 31 December 2010, less depreciation	**487**	**9,742**	**4,467**	**1,209**	**765**	**16,670**
As at 1 January 2010						
Gross book value	541	12,780	8,905	2,443	1,356	26,025
Depreciation and impairment write-downs (-)	(25)	(7,754)	(5,232)	(1,601)	(21)	(14,633)
Net book value as at 1 January 2010	**516**	**5,026**	**3,673**	**842**	**1,335**	**11,392**
As at 31 December 2010						
Gross book value	576	23,944	11,236	4,427	986	41,169
Depreciation and impairment write-downs (-)	(89)	(14,202)	(6,769)	(3,218)	(221)	(24,499)
Net book value as at 31 December 2010	**487**	**9,742**	**4,467**	**1,209**	**765**	**16,670**

All figures in thousands of PLN, unless stated otherwise

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

for the year ended 31 December 2009 (audited)	Land and buildings	Computers and other office equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
As at 1 January 2009, less depreciation and impairment write-downs	**3,573**	**4,771**	**3,660**	**807**	**21**	**12,832**
Additions, of which:	-	2,902	1,733	591	2,032	7,258
Purchases	-	2,023	1,160	339	2,032	5,554
Obtaining control over subsidiaries	-	601	313	148	-	1,062
Transfer from tangible assets under construction	-	252	260	104	-	616
Reclassification – change in presentation	-	26	-	-	-	26
Reductions, of which:	(2,789)	(2,427)	(1,510)	(485)	(637)	(7,848)
Depreciation charge for the period reported (-)	(94)	(2,096)	(1,322)	(296)	(21)	(3,829)
Disposal and liquidation (-)	-	-	-	-	(616)	(616)
Transfer from tangible assets under construction (-)	-	(331)	(185)	(165)	-	(681)
Reclassification to assets held for sale (-)	(2,695)	-	-	-	-	(2,695)
Reclassification – change in presentation (-)	-	-	(3)	(24)	-	(27)
Foreign currency differences on translation of foreign subsidiaries (+/-)	(268)	(220)	(210)	(71)	(81)	(850)
As at 31 December 2009, less depreciation	**516**	**5,026**	**3,673**	**842**	**1,335**	**11,392**
As at 1 January 2009						
Gross book value	3,777	12,769	8,114	2,239	21	26,920
Depreciation and impairment write-downs (-)	(204)	(7,998)	(4,454)	(1,432)	-	(14,088)
Net book value as at 1 January 2009	**3,573**	**4,771**	**3,660**	**807**	**21**	**12,832**
As at 31 December 2009						
Gross book value	541	12,780	8,905	2,443	1,356	26,025
Depreciation and impairment write-downs (-)	(25)	(7,754)	(5,232)	(1,601)	(21)	(14,633)
Net book value as at 31 December 2009	**516**	**5,026**	**3,673**	**842**	**1,335**	**11,392**

As at 31 December 2009, property, plant and equipment did not serve as security for any bank loans taken out.

All figures in thousands of PLN, unless stated otherwise

9. Intangible assets

for the year ended 31 December 2010 (audited)	**Cost of development work**	**Computer software**	**Patents and licences**	**Other**	**Total**
As at 1 January 2010, less amortization and impairment write-downs	**6,762**	**1,408**	**143**	**386**	**8,699**
Additions, of which:	2,191	1,229	571	89	4,080
Purchases	313	789	467	12	1,581
Obtaining control over subsidiaries	1,851	429	48	67	2,395
Reclassification – change in presentation	27	-	56	10	93
Other changes	-	11	-	-	11
Reductions, of which:	(1,388)	(699)	(158)	(110)	(2,355)
Amortization charge for the period reported (-)	(1,388)	(567)	(158)	(95)	(2,208)
Disposal and liquidation (-)	-	(39)	-	(15)	(54)
Reclassification – change in presentation (-)	-	(93)	-	-	(93)
Foreign currency differences on translation of foreign subsidiaries (+/-)	(858)	(159)	(30)	(13)	(1,060)
As at 31 December 2010, less amortization	**6,707**	**1,779**	**526**	**352**	**9,364**
As at 1 January 2010					
Gross book value	6,762	2,561	500	1,238	11,061
Amortization and impairment write-downs (-)	-	(1,153)	(357)	(852)	(2,362)
Net book value as at 1 January 2010	**6,762**	**1,408**	**143**	**386**	**8,699**
As at 31 December 2010					
Gross book value	8,092	3,998	1,412	1,555	15,057
Amortization and impairment write-downs (-)	(1,385)	(2,219)	(886)	(1,203)	(5,693)
Net book value as at 31 December 2010	**6,707**	**1,779**	**526**	**352**	**9,364**

All figures in thousands of PLN, unless stated otherwise

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

for the year ended 31 December 2009 (audited)	**Cost of development work**	**Computer software**	**Patents and licences**	**Other**	**Total**
As at 1 January 2009, less amortization and impairment write-downs	**3,529**	**1,639**	**225**	**773**	**6,166**
Additions, of which:	3,768	469	73	81	4,391
Purchases	3,768	421	73	4	4,266
Other changes	-	48	-	77	125
Reductions, of which:	-	(578)	(144)	(490)	(1,212)
Amortization charge for the period reported (-)	-	(533)	(100)	(3)	(636)
Disposal and liquidation (-)	-	(25)	-	-	(25)
Other changes (-)	-	(20)	(44)	(487)	(551)
Foreign currency differences on translation of foreign subsidiaries (+/-)	(535)	(122)	(11)	22	(646)
As at 31 December 2009, less amortization	**6,762**	**1,408**	**143**	**386**	**8,699**
As at 1 January 2009					
Gross book value	3,529	2,476	506	1,861	8,372
Amortization and impairment write-downs (-)	-	(837)	(281)	(1,088)	(2,206)
Net book value as at 1 January 2009	**3,529**	**1,639**	**225**	**773**	**6,166**
As at 31 December 2009					
Gross book value	6,762	2,561	500	1,238	11,061
Amortization and impairment write-downs (-)	-	(1,153)	(357)	(852)	(2,362)
Net book value as at 31 December 2009	**6,762**	**1,408**	**143**	**386**	**8,699**

As at 31 December 2009, intangible assets did not serve as security for any bank loans and borrowings taken out. During both the financial years 2010 and 2009, the Group made no impairment write-downs on intangible assets.

The capitalized costs of development work are primarily related to the new line of products: *Experience Platform, Experience Branch* and *Experience Customer Insight* – state-of-the-art banking software offered in the areas of distribution channels, core banking systems, and Business Intelligence solutions. The new generation products are developed with an eye to gain competitive advantage in new markets where the Group is still not represented. The new solutions also serve as a platform for the strategic unification of our current banking software lines, which is intended to enable cost savings, bring higher efficiency, and foster the exchange of know-how and resources among our teams. Introduction of a new product line that could be implemented internationally is one of the key priorities in the Group's long-term business strategy. These new solutions were launched for sale in 2009.

All figures in thousands of PLN, unless stated otherwise

10. Goodwill arising from consolidation

	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Banking Solutions	152,512	164,934
Mobile Banking & Authentication	36,249	43,674
Card Business	107,363	75,075
Systems Integration	180,275	160,184
	476,399	**443,867**

Impairment tests of consolidation goodwill

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

Goodwill resulting from acquisition of subsidiaries was tested for impairment of value as at 31 December 2010. The value of cash-generating units (to which goodwill was allocated) was determined on the basis of their recoverable value, by applying the model of discounted free cash flow to firm (FCFF).

The calculations were based on the following uniform assumptions:

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

Additionally, the Parent Company carried out a sensitivity analysis of the impairment tests conducted on goodwill arising from acquisition of shares in its subsidiary companies. In the sensitivity analysis different discount rates were used in order to determine their impact on the recoverable value of the cash-generating unit. As the terminal break-even points were higher than weighted average cost of capital observed in relevant segments, no impairment write-downs on goodwill arising from acquisition of shares in those companies were made in the period of 12 months ended 31 December 2010 nor in the 12 month period ended 31 December 2009. The results of the conducted sensitivity analysis are presented in the table below:

	Discount rate		Sales revenue growth rate	
	rate applied in the model	terminal rate	applied in the model	terminal rate
Banking Solutions	11.62%	20.03%	15.10%	1.07%
Mobile Banking & Authentication	12.25%	15.48%	12.04%	5.51%
Card Business	12.65%	13.53%	10.58%	12.62%
Systems Integration	11.05%	17.80%	6.18%	-5.87%

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

All figures in thousands of PLN, unless stated otherwise

	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Consolidation goodwill at the beginning of the period	**443,867**	**463,105**
Banking Solutions	164,934	140,523
Mobile Banking & Authentication	43,674	58,418
Card Business	75,075	98,537
Systems Integration	160,184	165,627
Change in consolidation goodwill due to acquisition of shares (+/-)	**68,899**	**6,514**
Banking Solutions	-	33,707
Mobile Banking & Authentication	-	(13,426)
Card Business	42,632	(17,585)
Systems Integration	26,267	3,818
Foreign currency differences on translation of goodwill arising from foreign subsidiaries (+/-)	**(36,367)**	**(25,752)**
Banking Solutions	(12,422)	(9,296)
Mobile Banking & Authentication	(7,425)	(1,318)
Card Business	(10,344)	(5,877)
Systems Integration	(6,176)	(9,261)
Total book value at the end of period	**476,399**	**443,867**

Increase of consolidation goodwill on acquisition of shares in the year ended 31 December 2010	Card Business	Systems Integration	Total
X-CARD Sh.p.k.	419	-	419
ITD A.Ş.	-	26,267	26,267
EST A.Ş.	23,726	-	23,726
BDS d.o.o.	14,497	-	14,497
Cardinfo BDS d.o.o.	3,990	-	3,990
	42,632	**26,267**	**68,899**

All figures in thousands of PLN, unless stated otherwise

Acquisition of X-Card Sh.p.k. (Pristina)

On 5 May 2010, Asseco SEE Sh.p.k. (Pristina) signed an agreement for acquisition of the company X-Card Sh.p.k. seated in Pristina, Kosovo. The transaction value amounted to EUR 110 thousand. The taken-over company was engaged in the provision of call-center services, sale and maintenance of ATMs and POS terminals. The process of merger of Asseco SEE Sh.p.k. (Pristina) (the taking-over company) with X-Card Sh.p.k. (Pristina) (the acquired company) was completed on 28 July 2010.

	Fair value as at the acquisition date
Non-current assets	**7**
Other fixed assets	7
Current assets	**106**
Receivables	16
Cash and short-term deposits	90
TOTAL ASSETS	**113**
Shareholders' equity	**38**
Liabilities and provisions	**75**
Liabilities	75
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**113**
Net assets value	**38**
Percentage of net assets acquired	100%
Value of net assets acquired	38
Purchase cost	**457**
Goodwill as at the acquisition date	**419**

All figures in thousands of PLN, unless stated otherwise

Acquisition of shares in ITD A.Ş. and in EST A.Ş. seated in Istanbul

On 30 July 2010, Asseco South Eastern Europe SA concluded agreements under which it acquired 99.6620% shares in ITD A.Ş. as well as 99.9970% shares in EST A.Ş., both seated in Istanbul. This transaction has been described in Note 26 to these financial statements.

As at 31 December 2010, the Group has not yet completed the process of allocation of the acquisition price because the analysis and measurement of the acquired assets and liabilities is still underway. 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 ITD A.Ş. and EST A.Ş. as at the acquisition date were as follows:

	Fair value as at the acquisition date	
	ITD A.Ş.	**EST A.Ş.**
Non-current assets	**2,510**	**2,470**
Property, plant and equipment	1,006	545
Intangible assets	498	1,913
Other fixed assets	1,006	12
Current assets	**16,598**	**3,186**
Receivables	5,805	1,712
Cash and short-term deposits	6,264	1,098
Other current assets	4,529	376
TOTAL ASSETS	**19,108**	**5,656**
Shareholders' equity	**7,724**	**4,541**
Liabilities and provisions	**11,384**	**1,115**
Liabilities	11,384	1,115
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**19,108**	**5,656**
Net assets value	**7,724**	**4,541**
Percentage of net assets acquired	**99.66%**	**100.00%**
Purchase cost	**33,965**	**28,267**
Goodwill as at the acquisition date	**26,267**	**23,726**

In connection with the acquisition of ITD A.Ş. and EST A.Ş., in the period of 12 months ended 31 December 2010, the Group recognized financial expenses of PLN 90 thousand by virtue of the acquisition related costs.

All figures in thousands of PLN, unless stated otherwise

Acquisition of shares in Biro Data Servis d.o.o. seated in Zagreb, Croatia and in Cardinfo BDS d.o.o. seated in Sarajevo, Bosnia and Herzegovina.

On 13 September 2010, Asseco South Eastern Europe SA concluded agreements under which it acquired a 100% stake in Biro Data Servis d.o.o. (BDS d.o.o.) seated in Zagreb as well as a 50% stake in Cardinfo BDS d.o.o. seated in Sarajevo. 50% of shares in Cardinfo BDS d.o.o. had been already held by IPSA BHM Investments d.o.o. Beograd and therefore, following the above-mentioned transaction, Asseco South Eastern Europe SA obtained control over Cardinfo BDS d.o.o. as it holds, directly and indirectly, 100% of shares in that company. Both the transactions have been described in Note 26 to these consolidated financial statements.

As at 31 December 2010, the Group has not yet completed the process of allocation of the acquisition price because the analysis and measurement of the acquired assets and liabilities is still underway. 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 recognized provisional values of identifiable assets and liabilities of BDS d.o.o. and Cardinfo BDS d.o.o. as at the acquisition date were as follows:

	Fair value as at the acquisition date	
	BDS d.o.o.	Cardinfo BDS d.o.o.
Non-current assets	**1,479**	**430**
Property, plant and equipment, and intangible assets	992	430
Other fixed assets	487	-
Current assets	**6,257**	**3,096**
Receivables	2,791	715
Inventories	832	526
Cash and short-term deposits	1,780	1,358
Other current assets	854	497
TOTAL ASSETS	**7,736**	**3,526**
Shareholders' equity	**5,271**	**1,919**
Liabilities and provisions	**2,465**	**1,607**
Liabilities	2,465	1,607
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**7,736**	**3,526**
Net assets value	**5,271**	**1,919**
Percentage of net assets acquired	100%	50%
Equity interest held before	0%	50%
Value of equity interest held before	-	1,277
Purchase cost	**19,768**	**4,632**
Goodwill as at the acquisition date	**14,497**	**3,990**
Liabilities due to dividend payment	**2,507**	**262**

Having taken control over the assets and liabilities of BDS d.o.o. (Zagreb) and Cardinfo BDS d.o.o. (Sarajevo), the Group assumed liabilities to pay out dividends as disclosed in those companies' balance sheets made as at the date of obtaining control. Furthermore, the Group recognized liabilities to pay out dividends from undistributed profits for the years 2009 and 2010 in all the cases where such dividend payments to former shareholders are provided for in the company acquisition agreement. The above table presents the aggregate amounts of liabilities that were assumed and additionally recognized in connection with obtaining control over the said companies.

All figures in thousands of PLN, unless stated otherwise

In connection with the acquisition of BDS d.o.o. (Zagreb) and Cardinfo BDS d.o.o. (Sarajevo), in the period of 12 months ended 31 December 2010, the Group recognized financial expenses of PLN 52 thousand by virtue of the acquisition related costs.

11. Inventories

	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Materials and components used in implementation of IT systems (at purchase cost)	1,852	4,346
Computer hardware and software licenses for resale	8,153	12,714
Finished products (at purchase cost / production cost)	-	3,238
Goods for resale in transit	998	1,078
Spare parts	2,495	2,270
Other	353	1,551
	13,851	**25,197**

In the period of 12 months ended 31 December 2010 the Group made revaluation write-downs on inventories in the total amount of PLN 1,314 thousand while it reversed revaluation write-downs of PLN 1,528 thousand. Whereas, in the period of 12 months ended 31 December 2009 the Group made revaluation write-downs on inventories in the total amount of PLN 907 thousand while it reversed revaluation write-downs of PLN 122 thousand.

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

As at 31 December 2009, inventories did not serve as security for any bank loans taken out by the Group; nevertheless, they were used to back up bank guarantee facilities in the amount of PLN 3,075 thousand. As at 31 December 2009, off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with inventories and receivables amounted to PLN 8,483 thousand.

12. Short-term receivables

Short-term receivables **Trade accounts receivable**	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Trade accounts receivable, of which:	74,355	55,841
From related companies	-	-
from other companies	74,355	55,841
Revaluation write-down on doubtful accounts receivable (-)	(3,152)	(2,740)
	71,203	**53,101**

Trade accounts receivable are not interest-bearing.

All figures in thousands of PLN, unless stated otherwise

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

As at 31 December 2009, current receivables and future receivables in the amount of PLN 4,040 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2009, there were no liabilities under bank loans secured with such assets; however, the Group recognized off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with inventories and receivables in the amount of PLN 8,483 thousand.

Below is presented the aging analysis of trade accounts receivable as at 31 December 2010 and 31 December 2009.

	Total	**Not due yet**	**< 30 days**	**30 – 90 days**	**90 – 180 days**	**>180 days**
31 Dec. 2010	71,203	57,146	9,768	1,121	2,686	482

	Total	**Not due yet**	**< 30 days**	**30 – 90 days**	**90 – 180 days**	**>180 days**
31 Dec. 2009	53,101	44,988	4,539	2,516	601	457

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

	Year 2010 (audited)	**Year 2009 (audited)**
Revaluation write-downs as at 1 January	2,740	1,402
Increases due to mergers and company take-overs	1,147	748
Established	2,615	2,367
Reversed (-)	(2,050)	(773)
Utilized (-)	(1,154)	(1,048)
Foreign currency differences on translation of foreign subsidiaries (+/-)	(146)	44
Revaluation write-downs as at 31 December	**3,152**	**2,740**

All figures in thousands of PLN, unless stated otherwise

Receivables on taxes, import tariffs, social security and other regulatory payments	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Value added tax	460	5,059
Corporate income tax (CIT)	1,327	1,459
Other	202	299
	1,989	**6,817**

Receivables on value added tax, as presented in these consolidated financial statements as at 31 December 2009, refer to the right of Asseco South Eastern Europe SA to apply for reimbursement of such amounts to its bank account. On 12 August 2010, the Parent Company received binding tax interpretations regarding its right to deduct the amount VAT paid on the IPO-related costs. Based on the above the Company applied to the internal revenue office for reimbursement of such value added tax. Hence, the amount of PLN 5,033 thousand was received in the Company's bank account on 25 October 2010.

Other receivables	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Receivables from non-invoiced deliveries	4,124	5,504
Advance payments to other suppliers	1,264	1,080
Receivables from employees	84	-
Receivables from subsidies	898	-
Other receivables	1,091	2,269
	7,461	**8,853**

Receivables relating to non-invoiced deliveries result from the sale of third-party licenses and maintenance services, for which invoices have not yet been issued for the whole period of licensing or provision of maintenance services. As at 31 December 2010, other receivables included, among others, the amounts of subsidies receivable that were granted to ITD A.S. (Istanbul) by *Türkiye Bilimsel ve Teknolojik Araştırma Kurumu ("TÜBİTAK")* over the agency of *Teknoloji İzleme ve Değerlendirme Başkanlığı ("TİDEB")*. *TÜBİTAK* is a leading institution engaged in the management, financing and organization of research and development work in Turkey.

13. Cash and cash equivalents, restricted cash

	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Cash at bank and in hand	60,071	83,775
Short-term deposits	40,852	20,759
Cash equivalents	49	17
Cash being transferred	4	-
	100,976	**104,551**
Restricted cash	567	184

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

All figures in thousands of PLN, unless stated otherwise

Short-term deposits did not serve as security for any bank guarantees (of due performance of contracts and tender deposits) neither at 31 December 2010 nor at 31 December 2009.

As at 31 December 2010, restricted cash served as security for bank guarantees (of due performance of contracts and tender deposits) in the amount of PLN 369 thousand as well as security for bank loans in the amount of PLN 198 thousand.

Whereas, as at 31 December 2009, restricted cash served as security for bank guarantees (of due performance of contracts and tender deposits) in the amount of PLN 184 thousand as well as security for bank loans.

14. Deferred expenses

Short-term	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Maintenance services	2,737	2,637
Prepaid insurance	170	135
Prepaid subscriptions	55	222
Prepaid rents	52	20
Prepaid consulting services	67	78
Other prepaid services	302	-
Expenses related to issuance of shares, company acquisitions and non-cash contributions	-	42
Other	699	884
Revaluation charges on deferred expenses	(12)	-
	4,070	**4,018**

Both as at 31 December 2010 and 31 December 2009, deferred expenses included primarily the costs of maintenance services amounting to PLN 2,737 thousand and PLN 2,637 thousand, respectively, that will be successively expensed in the future periods.

All figures in thousands of PLN, unless stated otherwise

15. Share capital

Share capital			31 December 2010 (audited)		31 December 2009 (audited)	
Shares	**Series**	**Par value per share**	**Number of shares**	**Value of shares**	**Number of shares**	**Value of shares**
Ordinary registered shares	A*	0.1	5,000,000	500	5,000,000	500
Ordinary registered shares	B*	0.1	5,000,000	500	5,000,000	500
Ordinary registered shares	C*	0.1	2,567,000,900	256,700	2,567,000,900	256,700
Ordinary registered shares	D	10	25,770,009	257,700	25,770,009	257,700
Ordinary registered shares	E	10	956,447	9,565	956,447	9,565
Ordinary registered shares	F	10	1,475,509	14,755	1,475,509	14,755
Ordinary registered shares	G	10	2,708,378	27,084	2,708,378	27,084
Ordinary registered shares	H	10	1,062,030	10,620	1,062,030	10,620
Ordinary registered shares	I	10	1,770,609	17,706	1,770,609	17,706
Ordinary registered shares	J	10	1,714,209	17,142	1,714,209	17,142
Ordinary registered shares	K	10	4,590,470	45,905	4,590,470	45,905
Ordinary registered shares	L	10	2,100,000	21,000	2,100,000	21,000
Ordinary registered shares	M	10	4,810,880	48,109	4,810,880	48,109
Ordinary registered shares	N	10	1,078,909	10,789	1,078,909	10,789
Ordinary registered shares	P	10	1,524,269	15,242	-	-
Ordinary registered shares	R	10	592,941	5,929	-	-
Ordinary registered shares	S	10	837,472	8,375	-	-
			50,992,132	**509,921**	**48,037,450**	**480,375**

* Following a reverse stock split of series D shares

All figures in thousands of PLN, unless stated otherwise

During the period reported, the Company's share capital was increased by the amount of PLN 29,546 thousand through the issuance of 2,954,682 new ordinary shares, with a par value of PLN 10 each, in the following portions:

- issuance of series P shares with the total par value of PLN 15,242 thousand, registered by the District Court in Rzeszów on 22 January 2010. As at 31 December 2009 the said issuance was disclosed in the line "subscribed unregistered share capital".
- issuance of series R shares with the total par value of PLN 5,929 thousand, registered by the District Court in Rzeszów on 8 November 2010;
- issuance of series S shares with the total par value of PLN 8,375 thousand, registered by the District Court in Rzeszów on 8 November 2010.

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

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

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

The Shareholders who as at 31 December 2009, either directly or through their subsidiary companies, held at least a 5% voting interest at the Company's General Meeting of Shareholders were as follows:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and voting interest at GMS
Asseco Poland SA	26,494,676	55.15%
EBRD	4,810,880	10.01%
Liatris d.o.o.	3,842,683	8.00%
Other shareholders	12,889,211	26.84%
	48,037,450	**100.00%**

As at 31 December 2009 the share capital of Asseco South Eastern Europe SA amounted to PLN 480,374,500 and was divided into 48,037,450 ordinary shares with a par value of PLN 10.00 each, which entitled to 48,037,450 votes at the Company's General Meeting of Shareholders.

During the period of 12 months ended 31 December 2010, Asseco Poland SA decreased its equity interest as well as its voting interest at the General Meeting of Shareholders of Asseco South Eastern Europe SA from 55.15% to 51.96%.

All figures in thousands of PLN, unless stated otherwise

16. Share premium and revaluation capital

Shareholders' equity includes share premium in the amount of PLN 30,395 thousand arising from the issuances of shares of series L, M and N, which was decreased by the incurred share issuance costs of PLN 3,605 thousand (recognized in 2009) as well as share premium in the amount of PLN 11,759 thousand arising from the issuance of shares of series P, R and S, which was decreased by the incurred share issuance costs of PLN 84 thousand (recognized in 2010). The share premium was additionally increased by the amount of PLN 396 thousand due to the reversal of a provision for issuance related expenses, and decreased by other costs of PLN 36 thousand.

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

During the period of 12 months ended 31 December 2009, the Company recognized in other comprehensive income the amount of PLN 1,069 thousand arising from the valuation of a hedging instrument, and transferred the total amount of PLN 51 thousand from equity to the value of investments in the companies of Asseco SEE Sh.p.k. (former Pronet Sh.p.k.) and Probass S.A.

17. Non-controlling interests

	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
At the beginning of the period	**102**	**1,651**
Share in profits of subsidiary companies	(47)	9,103
Settlement of swap transactions	-	(9,000)
Recognition of profit attributable to non-controlling interests	140	-
Foreign currency differences on translation of foreign subsidiaries	10	193
Changes in the Group structure	(205)	(1,845)
At the end of the period	**-**	**102**

On 23 September 2010, Asseco South Eastern Europe SA signed an agreement whereby it acquired a 49% non-controlling interest in Asseco SEE o.o.d., Sofia, in which 51% of shares had been already held by Asseco SEE DOOEL, Skopje. Following that transaction Asseco South Eastern Europe SA has become the owner of 100% of shares (held directly and indirectly) in that Bulgarian company. The acquisition price of that non-controlling interest amounted to PLN 1,951 thousand. On this transaction the Asseco South Eastern Europe Group recognized a capital gain of PLN 1,812 thousand.

All figures in thousands of PLN, unless stated otherwise

18. Provisions

	Provision for warranty repairs and returns	Provision for post-employment benefits	Other provisions	Total
As at 1 January 2010 (audited)	**715**	**91**	**1,278**	**2,084**
Provisions established during the year	3,212	-	2,547	**5,759**
Obtaining control over subsidiaries	383	71	96	**550**
Provisions utilized (-)	(51)	(34)	(10)	**(95)**
Provisions reversed (-)	(477)	(12)	(2,390)	**(2,879)**
Foreign currency differences on translation of foreign subsidiaries (+/-)	(4)	-	(25)	**(29)**
As at 31 December 2010 (audited)	**3,778**	**116**	**1,496**	**5,390**
Short-term	3,778	91	1,205	**5,074**
Long-term	-	25	291	**316**
As at 31 December 2009 (audited)	**715**	**91**	**1,278**	**2,084**
Short-term	715	-	1,177	**1,892**
Long-term	-	91	101	**192**

Provision for warranty repairs

The provision established for the costs of warranty repairs corresponds to provision of own software guarantee services as well as to handling of the guarantee maintenance services being provided by the producers of hardware that was delivered to the Group's customers.

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 2010, other provisions include primarily a provision in the amount of PLN 1,229 thousand that Asseco South Eastern Europe SA established for a potential income tax liability in connection with the ongoing court proceedings concerning the classification of costs related to the public issuance of shares as tax deductible.

As at 31 December 2009, this provision amounted to PLN 1,177 thousand.

19. Long-term and short-term financial liabilities

Long-term	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Liabilities due to acquisition of non-controlling interests in subsidiaries (put options)	1,052	9,658
Liabilities due to acquisition of shares	2,219	-
Finance lease commitments	491	659
	3,762	**10,317**

All figures in thousands of PLN, unless stated otherwise

Both as at 31 December 2010 and 31 December 2009, the Group carried a long-term liability under the put options held by non-controlling shareholders in Multicard d.o.o., Beograd. Such liability corresponds to the estimated present value of future payment for the remaining stake of shares in the above-mentioned company. Determination of fair value of the liability resulting from the possible exercise of stock put options was based on the following several assumptions. The Group assumes the stock put options will be exercised by all the minority shareholders, and as a consequence the Group will acquire a 100% share in profits. The concluded stock option agreement stipulates that the future payment shall be equal to the amount of audited net profit for the calendar year preceding the option exercise year, multiplied by a contractually predefined fixed rate. Net profit assumed for measurement of the aforesaid liability has been based on the most up-to-date financial forecasts for the current year and future periods. This foreign-currency liability has been restated in Polish zlotys at the exchange rates established by the National Bank of Poland on 31 December 2010 and 31 December 2009, and it amounted to PLN 1,052 thousand and PLN 9,658 thousand, respectively.

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

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

Short-term	**31 Dec. 2010** (audited)	**31 Dec. 2009** (audited)
Liabilities due to dividend payment	2,769	5,920
Finance lease commitments	439	528
Liabilities due to acquisition of shares	17,773	2,761
	20,981	**9,209**

Liabilities due to dividend payment disclosed as at 31 December 2010 and 31 December 2009 were recognized by virtue of dividends payable to former shareholders of subsidiary companies. As at 31 December 2010, liabilities due to dividend payment totalled PLN 2,769 thousand and they included liabilities assumed when obtaining control over the assets and liabilities of BDS d.o.o. and Cardinfo BDS d.o.o. as well as additional liabilities to pay out dividends from undistributed profits for the years 2009 and 2010 that were recognized by the Group in all the cases where such payments to former shareholders were provided for in the relevant company acquisition agreement.

Liabilities due to acquisition of shares disclosed as at 31 December 2010 include a liability due to the acquisition of shares in EST A.Ş. in the amount of PLN 18,111 thousand (long-term portion: PLN 2,219 thousand, short-term portion: PLN 15,892 thousand), which results from the company acquisition agreement and corresponds to additional payments to former EST A.Ş. shareholders, to be made either in the form of cash (in the amount of PLN 7,019 thousand) and/or issuance of ASEE shares (with the value of PLN 11,092 thousand), provided that EST A.Ş. achieves the specified target levels of net profit for the years 2010 and 2011. Furthermore, liabilities due to acquisition of shares presented as at 31 December 2010 comprise PLN 1,881 thousand payable for the acquisition of a 49% stake in Asseco SEE o.o.d. (Sofia) by Asseco South Eastern Europe SA.
As at 31 December 2009, the Group recognized a liability in the amount of PLN 2,761 thousand by virtue of the acquisition of shares in Asseco SEE Sh.p.k. seated in Pristina, Kosovo.

All figures in thousands of PLN, unless stated otherwise

20. Interest-bearing bank loans and debt securities issued

Short-term loans	Name of entity	Maximum debt in PLN thousands as at 31 Dec. 2010	Maximum debt in PLN thousands as at 31 Dec. 2009	Effective interest rate %	Currency	Repayment date	Utilization as at 31 Dec. 2010 (audited)	Utilization as at 31 Dec. 2009 (audited)
Bank account overdraft facility	NLB Tutunska Banka AD Skopje	65	67	19.5%	MKD	2010-12-31	32	16
Bank account overdraft facility	NLB Tutunska Banka AD Skopje	13	13	15%	MKD	2010-12-31	1	1
Bank account overdraft facility	Alpha Bank Unirii Branch	7,922	8,201	3M LIBOR +margin; 3M BUBOR +margin	multi-currency	2011-04-15	-	-
Bank account overdraft facility	Nova Ljubljanska Banka	-	1,643	10.80%	EUR	2010-11-23	-	-
		8,000	**9,924**				**33**	**17**

Other short-term loans	Name of entity	Maximum debt in PLN thousands as at 31 Dec. 2010	Maximum debt in PLN thousands as at 31 Dec. 2009	Effective interest rate %	Currency	Repayment date	Utilization as at 31 Dec. 2010 (audited)	Utilization as at 31 Dec. 2009 (audited)
Operating loan facility	Komercijalna Banka Beograd	1,575	n/a	8.9%	RSD	2011-10-13	1,575	n/a
Operating loan facility	Garanti Bank Levent/Istanbul Branch	98	n/a	0%	TRY	2011-01-05	98	n/a
Operating loan facility	Komercijalna Banka AD Banja Luka	-	105	12.25%	EUR	2010-06-30	-	105
Auto financing loan	Yapi Kredi Bankasi A.Ş.	35	n/a	8.1%	TRY	2014-02-28	35	n/a
Loan	Liatris d.o.o. & I4 Invention d.o.o.	-	4,104	0%	RSD	2010-12-31	-	3,136
Loan	Non-controlling shareholders	-	37	7%	BGN	2010-10-13	-	37
Loan	Non-controlling shareholders	-	37	7%	BGN	2010-10-12	-	37
Loan	Non-controlling shareholders	-	47	7%	BGN	2010-10-14	-	47
Loan	Türkiye Teknoloji Geliştirme Vakfi	435	n/a	0%	EUR	2012-07-01	435	n/a
		2,143	**4,330**				**2,143**	**3,362**

All figures in thousands of PLN, unless stated otherwise

Long-term loans	Name of entity	Maximum debt in PLN thousands as at 31 Dec. 2010	Maximum debt in PLN thousands as at 31 Dec. 2009	Effective interest rate %	Currency	Repayment date	Utilization as at 31 Dec. 2010 (audited)	Utilization as at 31 Dec. 2009 (audited)
Investment loan facility	European Bank for Reconstruction and Development	27,722	28,757	3M EURIBOR + margin	EUR	2016-01-31	-	-
Loan	Türkiye Teknoloji Geliştirme Vakfi	240	n/a	0%	EUR	2012-07-01	240	n/a
Loan	Türkiye Teknoloji Geliştirme Vakfi	192	n/a	0%	EUR	2012-07-01	192	n/a
Auto financing loan	Yapi Kredi Bankasi A.Ş.	88	n/a	8.1%	TRY	2014-02-28	88	n/a
		28,242	**28,757**				**520**	**-**

All figures in thousands of PLN, unless stated otherwise

As at 31 December 2010, total liabilities of the Asseco South Eastern Europe Group under all the bank loans and borrowings taken out and debt securities issued aggregated at PLN 2,696 thousand. As at 31 December 2009, the Group's debt totalled PLN 5,359 thousand, of which PLN 1,980 thousand represented liabilities relating to assets classified as held for sale.

As at 31 December 2010, total funds available to the Asseco South Eastern Europe Group under bank account overdraft facilities, operating and investment loan facilities, and borrowings reached approx. PLN 38,385 thousand (inclusive of the EBRD financing after making a pledge on shares in subsidiaries), as compared with PLN 43,011 available as at the end of 2009.

As at the end of the period reported, the Group has drawn PLN 33 thousand from bank overdraft facilities vs. PLN 17 thousand utilized as at the end of the prior year.

The Group's liabilities under other bank loans and borrowings amounted to PLN 2,663 thousand as at 31 December 2010 and to PLN 3,362 thousand as at 31 December 2009.

Both as at 31 December 2010 and 31 December 2009, tangible fixed assets and intangible assets did not serve as security for any bank loans contracted by the Group.

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

As at 31 December 2009, inventories did not serve as security for any bank loans taken out by the Group; nevertheless, they were used to back up bank guarantee facilities in the amount of PLN 3,075 thousand. As at 31 December 2009, off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with inventories and receivables amounted to PLN 8,483 thousand.

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

As at 31 December 2009, current receivables and future receivables in the amount of PLN 4,040 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2009, there were no liabilities under bank loans secured with such assets; however, the Group recognized off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with receivables and inventories in the amount of PLN 8,483 thousand.

As at 31 December 2010, restricted cash with the book value of PLN 198 thousand served as security for a bank loan taken out. As at 31 December 2010, liabilities by virtue of this loan amounted to PLN 192 thousand.

Additionally, as at 31 December 2009, assets classified as held for sale with the book value of PLN 2,695 thousand served as security for a bank loan taken out. Liability by virtue of that loan as at 31 December 2009 amounted to PLN 1,980 thousand and has been presented in a separate line of the balance sheet.

21. Short-term trade accounts payable and other liabilities

Short-term trade accounts payable	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
To related companies	61	965
To other companies	36,835	32,701
	36,896	**33,666**

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

Liabilities on taxes, import tariffs, social security and other regulatory payments	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Value added tax	10,084	5,809
Corporate income tax (CIT)	1,358	2,205
Personal income tax (PIT)	698	422
Social Insurance Institution (ZUS)	1,358	790
Other	333	104
	13,831	**9,330**

Other current liabilities	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Liabilities to employees relating to salaries and wages	1,353	738
Liabilities due to non-invoiced deliveries	1,593	2,813
Trade prepayments received	22,266	6,887
Other liabilities	946	498
	26,158	**10,936**

All figures in thousands of PLN, unless stated otherwise 73

22. Accrued expenses and deferred income

Short-term accrued expenses	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Provision for unused annual leaves	605	72
Provision for the employee bonuses	8,033	5,605
Provision for non-invoiced costs	1,456	3,238
Provision for the audit of financial statements	447	708
	10,541	**9,623**

Accrued expenses comprise mainly provisions for unused annual leaves, provisions for salaries and wages of the current period to be paid out in future periods which result from the bonus schemes applied by the Asseco South Eastern Europe Group, as well as provisions for the current operating expenses which have been incurred but not yet invoiced.

Short-term deferred income	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Maintenance services	5,402	5,822
Prepaid consulting services	1,093	908
Prepayments received	1,846	5,743
Other	36	238
	8,377	**12,711**

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

23. Implementation contracts

In the years 2010 and 2009, the Asseco South Eastern Europe Group executed a number of 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 2010 and 2009 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.

All figures in thousands of PLN, unless stated otherwise

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

	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Costs incurred due to execution of IT contracts (-)	(13,385)	(33,157)
Profit (loss) on execution of IT contracts	**22,845**	**14,270**
Invoiced sales revenues from execution of IT contracts	13,815	38,158
Receivables arising from valuation of IT contracts	22,270	9,650
Liabilities arising from valuation of IT contracts (-)	(368)	(985)
Foreign currency differences on translation of foreign subsidiaries	513	604

24. Finance lease commitments

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

Leasing of cars and equipment	**31 Dec. 2010 (audited)**	**31 Dec. 2009 (audited)**
Minimum lease payments		
in the period shorter than 1 year	485	590
in the period from 1 to 5 years	547	687
in the period longer than 5 years	-	-
Future minimum lease payments	**1,032**	**1,277**
Future interest expense	(99)	(90)
Present value of finance lease commitment	**933**	**1,187**
in the period shorter than 1 year	431	528
in the period from 1 to 5 years	502	659
in the period longer than 5 years	-	-

25. Contingent liabilities

During the 12 months ended 31 December 2010, neither the Issuer nor any of its subsidiaries granted any sureties to secure loans and borrowings or any payment guarantees to any single entity or its subsidiary, where the aggregate value of all the existing sureties or guarantees extended in favour of such entity would equal at least 10% of the Issuer's equity.

Within its commercial activities the Asseco South Eastern Europe Group uses bank guarantees, letters of credit, contract performance guarantees as well as tender deposits as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. As at 31 December 2010, the related contingent liabilities equalled PLN 11,997 thousand, while as at 31 December 2009 they amounted to PLN 15,002 thousand.

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

All figures in thousands of PLN, unless stated otherwise

Whereas, as at 31 December 2009, inventories with the book value of PLN 3,075 thousand as well as current and future receivables in the amount of PLN 4,040 thousand served as security for bank guarantee facilities. As at 31 December 2009, the related contingent liabilities amounted to PLN 8,343 thousand.

As at 31 December 2010, restricted cash up to the amount of PLN 369 thousand served as security for the bank guarantees (of due performance of contracts and tender deposits).

As at 31 March 2009, restricted cash up to the amount of PLN 184 thousand served as security for the bank guarantees (of due performance of contracts and tender deposits).

As at 31 December 2010, Asseco SEE d.o.o., Beograd had a liability to purchase equipment and intangible assets for the amount of PLN 877 thousand, while as at 31 December 2009 it was PLN 1,350 thousand.

As the Group companies rent office space, both as at 31 December 2010 and 31 December 2009, the Group was a party to a number of rental, leasing and other contracts of similar nature, resulting in the following future payments:

Liabilities under lease of space	**31 Dec. 2010** (audited)	**31 Dec. 2009** (audited)
In the period up to 1 year	11,527	9,531
In the period from 1 to 5 years	33,929	26,399
	45,456	**35,930**

Liabilities under operating lease of property, plant and equipment	**31 Dec. 2010** (audited)	**31 Dec. 2009** (audited)
In the period up to 1 year	524	236
In the period from 1 to 5 years	734	582
	1,258	**818**

All figures in thousands of PLN, unless stated otherwise

26. Information on related companies

The table below presents the Asseco South Eastern Europe Group structure along with equity interests and voting interests at the general meetings of shareholders/partners as at 31 December 2010:

	Country of registration	Voting interest 31 Dec. 2010	Voting interest 31 Dec. 2009	Equity interest 31 Dec. 2010	Equity interest 31 Dec. 2009
Asseco South Eastern Europe SA	Poland				
Asseco SEE s.r.l., (Bucharest) 1)	Romania	100.00%	100.00%	100.00%	100.00%
Asseco s.r.l. MOLDOVA	Moldova	100.00%	n/a	100.00%	n/a
Asseco SEE d.o.o., Beograd 2)	Serbia	100.00%	100.00%	100.00%	100.00%
Asseco SEE DOOEL, Skopje 3)	Macedonia	n/a	100.00%	n/a	100.00%
Asseco SEE o.o.d., Sofia 4)	Bulgaria	n/a	51.00%	n/a	51.00%
Pexim Solutions d.o.o., Banja Luka	Bosnia & Herzegovina	n/a	100.00%	n/a	100.00%
E-Mon d.o.o., Podgorica	Montenegro	50.00%	50.00%	50.00%	50.00%
eMS d.o.o., Beograd	Serbia	100.00%	100.00%	100.00%	100.00%
Asseco SEE d.o.o., Podgorica 5)	Montenegro	100.00%	100.00%	100.00%	100.00%
SIMT Cardinfo d.o.o. (Grosuplje)	Slovenia	50.00%	50.00%	50.00%	50.00%
Cardinfo BDS d o.o. (Sarajevo)	Bosnia & Herzegovina	n/a	50.00%	n/a	50.00%
Multicard d o.o., Beograd	Serbia	45.00%	45.00%	45.00%	45.00%
Ibis a.d. Banja Luka	Bosnia & Herzegovina	n/a	100.00%	100.00%	100.00%
Enovčanik a.d., Beograd	Serbia	n/a	28.00%	n/a	28.00%
Asseco SEE d.o.o. (Zagreb) 6)	Croatia	100.00%	100.00%	100.00%	100.00%
Asseco SEE Sh.p.k. (Pristina) 7)	Kosovo	100.00%	100.00%	100.00%	100.00%
Asseco SEE Sh.p.k., Tirana 8)	Albania	100.00%	100.00%	100.00%	100.00%
Biro Data Servis d.o.o. (Zagreb)	Croatia	100.00%	n/a	100.00%	n/a
BDS-Platus d.o.o.	Croatia	100.00%	n/a	100.00%	n/a
Cardinfo BDS d o.o. (Sarajevo)	Bosnia & Herzegovina	50.00%	n/a	50.00%	n/a
EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. (Istanbul)	Turkey	100.00%	n/a	100.00%	n/a
ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. (Istanbul)	Turkey	99.66%	n/a	99.66%	n/a
SC I.T.D Romania s.r.l.	Romania	95.38%	n/a	95.38%	n/a
Asseco SEE o.o.d., Sofia 4)	Bulgaria	49.00%	n/a	49.00%	n/a
ITD Polska Sp. z o.o. (Warsaw)	Poland	100.00%	n/a	100.00%	n/a
IPSA BHM INVESTMENTS d.o.o., Beograd 9)	Serbia	100.00%	n/a	100.00%	n/a
Asseco SEE DOOEL, Skopje 3)	Macedonia	100.00%	n/a	100.00%	n/a
Asseco SEE o.o.d., Sofia 4)	Bulgaria	51.00%	n/a	51.00%	n/a
Cardinfo BDS d o.o. (Sarajevo)	Bosnia & Herzegovina	50.00%	n/a	50.00%	n/a
Ibis a.d. Banja Luka	Bosnia & Herzegovina	100.00%	n/a	100.00%	n/a
Pexim Solutions d.o.o., Banja Luka	Bosnia & Herzegovina	100.00%	n/a	100.00%	n/a

1) On 15 October 2009, the subsidiary Net Consulting s.r.l. changed its corporate name into Asseco South Eastern Europe s.r.l., which was subsequently replaced by Asseco SEE s.r.l. (Bucharest) on 29 December 2009. The merger between the companies of Asseco SEE s.r.l. (the taking-over company) and Fiba Software s.r.l. (the acquired company) was recognized as at 31 December 2009. On 1 June 2010, there was registered a merger of Asseco SEE s.r.l. (the taking-over company) with Probass S.A. (the acquired company);

All figures in thousands of PLN, unless stated otherwise

2) On 23 November 2009, the subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o. Beograd. On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. Beograd (the taking-over company) with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company);
3) On 25 January 2010, the subsidiary Pexim DOOEL, Skopje was renamed as Asseco SEE DOOEL, Skopje;
4) On 12 October 2010, Pexim Solutions o.o.d. was renamed as Asseco SEE o.o.d., Sofia;
5) On 10 August 2010, Cardinfo Montenegro d.o.o., Podgorica was renamed as Asseco SEE d.o.o., Podgorica;
6) On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o. (Zagreb). On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. (the taking-over company) with Arbor Informatika d.o.o. (the acquired company);
7) On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (Pristina). On 28 July 2010, there was registered a merger of Asseco SEE Sh.p.k. (Pristina) with its subsidiary X-Card Sh.p.k. (Pristina);
8) On 8 January 2010, Pronet Albania Sh.p.k was renamed as Asseco SEE Sh.p.k., Tirana;
9) IPSA BHM Investments d.o.o. was established on 22 November 2010 as a result of separation of a portion of assets of Asseco SEE d.o.o. Beograd. On 9 December 2010 the shareholding in this company was transferred as a non-cash contribution to ITD Polska Sp. z o.o.

The parent of Asseco South Eastern Europe SA is Asseco Poland SA (the higher-level parent company). As at 31 December 2010, Asseco Poland SA held a 51.96% stake in the share capital of Asseco South Eastern Europe SA.

Within the Group's organizational structure the companies of E-Mon d.o.o. (Podgorica) and SIMT Cardinfo d.o.o. (Grosuplje) are treated as co-subsidiaries and therefore are consolidated under the proportionate method. Whereas, Enovčanik a.d., Beograd used to be an associated company. 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 acquisition of Multicard d.o.o., under which Asseco SEE d.o.o., Beograd is entitled to buy out the remaining non-controlling interests, the company of Multicard d.o.o. is treated as a subsidiary and is subject to full consolidation.

Both as at 31 December 2010 and 31 December 2009, voting interests the Group was entitled to exercise in its subsidiary companies were proportional to the Group's equity interests in these entities.

Changes in the Asseco South Eastern Europe Group structure:

During the period of 12 months ended 31 December 2010, the following changes in the Group composition were observed:

❑ Mergers of subsidiary companies under the integration of the Group's organizational structure:

Under the strategy for integration of the organizational structure of the Asseco South Eastern Europe Group, we have completed business combination processes in individual countries where the Group runs its operations. The mergers of subsidiary companies had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

As at the time of amalgamation, the parent Asseco South Eastern Europe SA was either the sole or majority shareholder in all the merged companies. Due to the nature of the combination of businesses under common control, such mergers were accounted for by acquirers as a uniting of interests. In the uniting-of-interests method, the individual items of respective assets, equity and liabilities as well as revenues and expenses of the combined companies are aggregated, using the balances as at the merger date which have been previously adjusted to consistent valuation approach and after elimination of any mutual transactions. All the merger transactions involved the acquisition of assets, rights and obligations of the acquired company by the taking-over company that was each time accompanied by an increase of the share capital of the taking-over company.

Merger of companies in Romania

On 28 September 2009, the Plan of Merger between the companies of Asseco SEE s.r.l. (Bucharest) (the taking-over company, former Net Consulting s.r.l.) and Fiba Software s.r.l. (the acquired company) was approved. According to the Merger Plan, the merger was executed by transferring all the assets, rights and obligations of Fiba Software s.r.l. to Asseco SEE s.r.l. (Bucharest) in exchange for an increase of the share capital of Asseco SEE s.r.l. (Bucharest). In connection with the merger Asseco SEE s.r.l. (Bucharest) issued 308 merger shares with a par value of RON 1,500 each, thereby increasing its share capital by RON 462 thousand, from RON 1,500 thousand to RON 1,962 thousand. Additionally, a share premium of RON 3,776 thousand was recognized. The share exchange ratio was determined taking into account the book value of shares of each company, which was measured on the basis of net assets value. Following the merger, the acquired company of Fiba Software s.r.l. was dissolved without liquidation.

On 15 October 2009, the subsidiary Net Consulting s.r.l. changed its corporate name into Asseco South Eastern Europe s.r.l., which was subsequently replaced by Asseco SEE s.r.l. (Bucharest) on 29 December 2009. The merger of subsidiaries, namely Asseco SEE s.r.l. (Bucharest) and Fiba Software s.r.l., was recognized as at 31 December 2009. The merger was officially registered on 5 January 2010.

As at the merger date of those companies, Asseco South Eastern Europe SA was the sole shareholder in Fiba Software s.r.l. and the majority shareholder in Asseco SEE s.r.l. (Bucharest). At that time, one share in Asseco SEE s.r.l. (Bucharest) was still held by Asseco Poland SA. On 17 February 2010, Asseco South Eastern Europe SA signed an agreement with Asseco Poland SA for acquisition of the above-mentioned one share. The transaction price equalled RON 1,500 and it corresponded to the par value on share.

On 25 February 2010, the General Meeting of Shareholders of Probass S.A. consented to the merger of that company (the acquired company) with Asseco SEE s.r.l. (Bucharest) (the taking-over company). The Plan of Merger between those companies was signed on 18 March 2010. The merger was registered on 1 June 2010. The acquired company of Probass S.A. was dissolved without liquidation. As at the merger date, Asseco South Eastern Europe SA was the sole shareholder in Asseco SEE s.r.l. (Bucharest) and the majority shareholder in Probass S.A. At that time, one share in Probass S.A. was still held by Asseco Poland SA. An agreement for acquisition of the above-mentioned one share was signed on 29 June 2010.

Merger of companies in Serbia

On 25 December 2009, shareholders of Asseco SEE d.o.o., Beograd (the taking-over company) passed a resolution on the merger with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company). Subsequently, on 28 December 2009, the Management Boards of the three above-mentioned companies signed the Merger Agreement under which Asseco SEE d.o.o., Beograd took over all the assets, rights and obligations of the acquired companies.

On 23 November 2009, the subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o., Beograd. The merger of Asseco SEE d.o.o., Beograd with Pexim Cardinfo d.o.o. and Antegra d o.o. was registered on 4 January 2010.

Merger of companies in Croatia

On 30 November 2009, Asseco SEE d.o.o. (Zagreb) (former Logos d.o.o.) signed a Merger Agreement with Arbor Informatika d.o.o. Under this agreement Arbor Informatika d.o.o. (the acquired company) made a commitment to transfer all of its assets, rights and obligations to Asseco SEE d.o.o. (Zagreb) (the taking-over company). The provisions of the agreement took effect on 1 January 2010. Following the merger, the acquired company was dissolved without liquidation. The merger of Asseco SEE d.o.o. (Zagreb) with Arbor Informatika d.o.o. was registered by the Registry Court in Zagreb on 4

January 2010 and therefore the following resolutions of the General Meeting of Shareholders became effective:

- The share capital of Asseco SEE d.o.o. (Zagreb) was increased by HRK 400 thousand (equivalent of the amount of share capital of the company Arbor Informatika d.o.o. before the merger) up to the total amount of HRK 2,446 thousand;
- The compositions of the Management Board and Supervisory Board of Asseco SEE d.o.o. (Zagreb) were changed.
- The corporate name of Logos d.o.o. was changed to Asseco SEE d.o.o. (Zagreb).

❑ ***Sale of shares in Pexim-Tirane Sh.p.k., a subsidiary of Asseco SEE DOOEL, Skopje, and merger of Asseco SEE Sh.p.k, Tirana (former Pronet Albania Sh.p.k.) with Pexim-Tirane Sh.p.k.***

On 28 December 2009, the companies of Asseco SEE DOOEL, Skopje (former Pexim DOOEL, Skopje) and Asseco SEE Sh.p.k., Tirana (former Pronet Albania Sh.p.k., a subsidiary of Asseco SEE Sh.p.k. (Pristina)) signed an agreement for sale of shares in Pexim-Tirane Sh.p.k. According to the agreement, ownership of those shares was transferred to the buyer on 1 January 2010. The process of merger of Asseco SEE Sh.p.k., Tirana (the taking-over company) with Pexim-Tirane Sh.p.k. (the acquired company) was completed on 29 December 2010. The said transaction had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

❑ ***Liquidation of the associated Enovčanik A.D.***

In 2010, an associated company of Asseco SEE d.o.o., Beograd, namely Enovčanik a.d. seated in Belgrade was liquidated. This company used to be engaged in development of databases.

❑ ***Acquisition of X-Card Sh.p.k. by Asseco SEE Sh.p.k. seated in Kosovo and subsequent merger of these companies***

On 5 May 2010, Asseco SEE Sh.p.k. (Pristina) signed an agreement for acquisition of the company X-Card Sh.p.k. seated in Pristina, Kosovo. The transaction value amounted to EUR 110 thousand. The acquired company was engaged in the provision of call-centre services, sale and maintenance of ATMs and POS terminals. The process of merger of Asseco SEE Sh.p.k. (Pristina) (the taking-over company) with its subsidiary X-Card Sh.p.k. (Pristina) (the acquired company) was finalized on 28 July 2010. This business combination had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

❑ ***Acquisition of shares in ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. seated in Istanbul, Turkey and in EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. seated in Istanbul, Turkey***

On 30 July 2010, Asseco South Eastern Europe SA concluded an agreement under which it acquired 99.6620% shares ("ITD Shares") in ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. seated in Istanbul ("ITD") and 99.9970% shares ("EST Shares") in EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. seated in Istanbul ("EST").

70.6191% of ITD Shares were purchased in a cash transaction for the total amount not exceeding EUR 6.1 million. Whereas the remaining 29.0429% of ITD Shares were acquired in exchange for the newly issued 837,472 shares in Asseco South Eastern Europe SA. 99.9970% of EST Shares were purchased in a cash transaction for the total amount not exceeding EUR 2.5 million. Furthermore, in the Shares Purchase Agreement, Asseco South Eastern Europe SA committed itself to make additional payments to EST shareholders, either in the form of cash and/or issuance of ASEE shares, provided that EST achieves the specified levels of net profit for the years 2010 and 2011. The cash payments for ITD Shares and EST Shares were financed with own funds of Asseco South

Eastern Europe SA. The acquisition-date value of cash and cash equivalents in the acquired companies amounted to PLN 7,362 thousand, restated at the exchange rate published by the National Bank of Poland.

In connection with the above-mentioned acquisition of companies, Asseco South Eastern Europe SA issued 837,472 shares of series S.

❑ ***Acquisition of one share in Asseco SEE s.r.l. (Bucharest) from Asseco Poland SA***

On 29 June 2010, Asseco South Eastern Europe SA signed an agreement with Asseco Poland SA for acquisition of 1 (one) share in Asseco SEE s.r.l. (Bucharest) at the par value of RON 1,500. Theretofore, due to specific requirements of the Romanian law, Asseco South Eastern Europe SA held 99.9% of shares in the said company. The transaction was registered by the Registry Court in Romania on 2 August 2010. As per the agreement, on that date the ownership of one share being subject of the transaction was effectively transferred to Asseco South Eastern Europe SA.

❑ ***Acquisition of shares in Biro Data Servis d.o.o. seated in Zagreb, Croatia and in Cardinfo BDS d.o.o. seated in Sarajevo, Bosnia and Herzegovina.***

On 13 September 2010, Asseco South Eastern Europe SA concluded an agreement under which it acquired a 100% stake in Biro Data Servis d.o.o. seated in Zagreb ("BDS d.o.o.") as well as a 50% stake in Cardinfo BDS d.o.o. seated in Sarajevo.

The shares in Biro Data Servis d.o.o., Zagreb were purchased from a natural person. 60% of shares were acquired for EUR 2,880 thousand paid in cash. The remaining 40% of shares were acquired in exchange for 474,353 newly issued shares of Asseco South Eastern Europe SA.

The shares in Cardinfo BDS d.o.o., Sarajevo were purchased from a natural person. 30% of shares were acquired for EUR 805 thousand paid in cash. The remaining 20% of shares were acquired in exchange for 118,588 newly issued shares of Asseco South Eastern Europe SA.

As at 31 December 2010, the remaining 50% stake in Cardinfo BDS d.o.o., Sarajevo was owned by IPSA BHM Investments d.o.o., Beograd, a direct subsidiary of ITD Polska Sp. z o.o.

The cash payments for shares in the companies of BDS d.o.o. and Cardinfo BDS d.o.o. were financed with own funds of Asseco South Eastern Europe SA.

In connection with the above-mentioned acquisition of companies, Asseco South Eastern Europe SA issued 592,941 shares of series R.

❑ ***Acquisition of shares in Asseco SEE o.o.d., Sofia***

On 23 September 2010, Asseco South Eastern Europe SA signed an agreement whereby it acquired a 49% stake in Pexim Solutions o.o.d., in which 51% of shares had been already held by Asseco SEE DOOEL, Skopje. Following that transaction Asseco South Eastern Europe SA has become the owner of 100% of shares (held directly and indirectly) in that Bulgarian company. This company is engaged in maintenance of ATM networks as well as in the provision of other services within the payment cards segment.

On 12 October 2010, Pexim Solutions o.o.d. was renamed as Asseco SEE o.o.d.
On this transaction the Asseco South Eastern Europe Group recognized a capital gain of PLN 1,812 thousand. Furthermore, as at 31 December 2010 the Group recognized a liability PLN 1,881 thousand due to the acquisition of a 49% stake in Asseco SEE o.o.d., Sofia by Asseco South Eastern Europe SA.

❑ Establishing a subsidiary company Asseco SEE s.r.l., (Moldova) by Asseco SEE, (Bucharest)

In the third quarter of 2010, Asseco South Eastern Europe SA was notified about the registration of Asseco SEE s.r.l. (Moldova), a subsidiary of Asseco SEE s.r.l. (Bucharest), that was made on 11 June 2010. The newly established company shall develop its business within the banking and finance segment as well as in the integration of systems.

❑ Transaction of sale / acquisition of shares in ITD Polska Sp. z o.o.

On 2 November 2010, the companies of ITD A.Ş. (Istanbul) and Asseco South Eastern Europe SA signed an agreement to sell/buy 771 shares in ITD Polska Sp. z o.o. (a subsidiary of ITD A.Ş. Istanbul) whose share capital amounts to PLN 1,272,256 and is divided into 772 shares with a par value of PLN 1,648 each. The transaction value amounted to TRY 290 thousand (Turkish liras). The agreement to buy 1 additional share in ITD Polska Sp. z o.o. was signed on 2 November 2010. The transaction value amounted to TRY 375.65 (Turkish liras). The selling party was Coşkun Ural, whereas the buyer was Asseco South Eastern Europe SA. As a result of these transactions, Asseco South Eastern Europe SA has become a direct owner of 100% of shares in ITD Polska Sp. z.o.o. The said transaction had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

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

On 22 November 2010, IPSA BHM Investments d.o.o. was established as a result of the separation of a portion of assets of Asseco SEE d.o.o. Beograd, a company organized under the laws of Serbia which, at the separation date, was a wholly-owned subsidiary of Asseco South Eastern Europe SA.
The separated assets of Asseco SEE d.o.o. Beograd that were transferred to the newly established IPSA comprised shareholdings in the following companies:
- 100% of shares in Pexim Solutions d.o.o. seated in Banja Luka, Bosnia and Herzegovina;
- 100% of shares in IBIS a.d. Banja Luka, Bosnia and Herzegovina;
- 50% of shares in Cardinfo BDS d.o.o, Sarajevo, Bosnia and Herzegovina;
- 100% of shares in Asseco SEE DOEL, Skopje, Macedonia.
The said transaction had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

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

On 9 December 2010, the District Court for the Capital City of Warsaw issued a decision on registration of a new amount of the share capital of ITD Polska Sp. z o.o. seated in Warsaw that reached PLN 125,651,760. The share capital of ITD Polska Sp. z o.o. was increased on 29 November 2010 based on the Resolution on increase of the share capital and amendment of the Articles of Association ("Resolution") that was passed by the Extraordinary General Meeting of ITD Polska Sp. z o.o. or, as a matter of fact, by Asseco South Eastern Europe SA being its sole shareholder.
Pursuant to the Resolution, the share capital of ITD Polska Sp. z o.o. was increased by the amount of PLN 124,379,504 through the issuance of 75,473 new shares with a par value of PLN 1,648 each (the "Shares").
All the Shares were acquired by Asseco South Eastern Europe SA following its Statement to acquire Shares dated 29 November 2010 (the " Statement").
All the newly issued Shares were paid by Asseco South Eastern Europe SA with a non-cash contribution (the "Contribution") in the form of 1 share representing 100% of

the share capital of IPSA BHM Investments d.o.o., a company organized under the laws of Serbia and seated in Belgrade, with a par value of RSD 6,205,310.15 (equivalent to EUR 58,079.59 as translated at the applicable mid exchange rate published by the National Bank of Serbia, effective on 16 November 2010), with the book value of PLN 124,379,504.
Such valuation of the Contribution resulted from the market value measurement of the assets of IPSA BHM Investments d.o.o. The said transaction had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

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

Related party transactions

The value of transactions conducted between the Asseco South Eastern Europe Group and Asseco Poland SA (a shareholder with significant influence over the Group) as well as with other related companies of the Asseco Group during 12-month periods ended on 31 December of 2010 and 2009, and outstanding balances of receivables and liabilities arising from such transactions respectively as at 31 December 2010 and 31 December 2009 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:					
___	*2010*	14	706	–	42
	2009	–	2,468	–	1,828
Other related parties:					
___	*2010*	–	37	–	4
	2009	–	–	–	–

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

The value of transactions conducted by the Asseco South Eastern Europe Group with or through the Key Management Personnel (members of Management and Supervisory Boards) of the Group companies during 12-month periods ended on 31 December of 2010 and 2009, and outstanding balances of receivables and liabilities arising from such transactions respectively as at 31 December 2010 and 31 December 2009 are presented in the table below:

All figures in thousands of PLN, unless stated otherwise

Related party		Sales to related companies	Purchases from related companies	Receivables from related companies	Liabilities to related companies
Key management personnel (members of Management Boards) of the Group:					
	2010	224	17,844	-	4,782
	2009	-	24,105	-	3,914
Key management personnel (members of Supervisory Boards) of the Group:					
	2010	33	2,842	1	6
	2009	-	2,617	-	-

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

Additionally, as at 31 December Asseco SEE Sh.p.k. used bank guarantee facilities in the amount of PLN 4,752 thousand 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 the Asseco South Eastern Europe SA:

During the 12-month period ended 31 December 2010, Asseco SEE d.o.o. Beograd incurred the space rental costs of PLN 6,077 thousand that were paid to its related entities MHM d.o.o., Beograd[2], DM3 d.o.o., Beograd[2] and Mini Invest d.o.o., Beograd[3].

During the 12-month period ended 31 December 2010, Asseco SEE DOEL, Skopje incurred the space rental costs of PLN 514 thousand that were paid to MPS d.o.o., Skopje[4].

In the period of 12 months ended 31 December 2009, Asseco SEE d.o.o., Beograd (former Pexim d.o.o.) and its related entities MHM d.o.o.[2] and DM3 d.o.o.[2] carried out a transaction concerning rental of space for the total amount of PLN 6,219 thousand.

Additionally, in the period of 12 months ended 31 December 2009, Asseco SEE DOEL, Skopje incurred the space rental costs of PLN 129 thousand, directly and indirectly through the company of MPS d.o.o., Skopje[4].

In the period of 12 months ended 31 December 2009, Pexim Cardinfo d.o.o. incurred expenses of PLN 753 thousand in favour of Mini Invest d.o.o., Beograd3.

[2] Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe SA is a shareholder in Liatris d.o.o. which as at 31 December 2010 held a 7,53% equity interest in Asseco South Eastern Europe SA (as at 31 December 2009: 8%). Mihail Petreski and Liatris d.o.o. hold 40% of shares in MHM d.o.o. as well as 50% of shares in DM3 d.o.o. Furthermore, President of the Management Board of Asseco South Eastern Europe SA holds indirectly a 15% stake in MHM d.o.o. through his wholly-owned Kompania Petyhorska d.o.o. Whereas, 20% of shares in MHM d.o.o. are held by I4 Invention d.o.o. which is also a shareholder in Asseco South Eastern Europe SA. 100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, President of the Management Board Asseco SEE d.o.o., Beograd and Member of the Management Board of Asseco South Eastern Europe SA;
[3] Miljan Mališ, Member of the Management Board of Asseco South Eastern Europe SA is a shareholder in Mini Invest d.o.o. which in turn is a shareholder in Asseco South Eastern Europe SA;
[4] Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe SA is the sole shareholder in MPS d.o.o., Skopje.

All figures in thousands of PLN, unless stated otherwise 84

"Swap transactions" (conducted in 2009)

These "swap transactions" were entered into by related entities mentioned below:

1. Asseco Poland SA;
2. Liatris d.o.o. (whose shareholder is Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe SA); in exchange for non-cash contribution of shares in its subsidiaries, Liatris d o.o. received 3,842,683 shares in Asseco South Eastern Europe SA with a par value of PLN 10 each;
3. Mini Invest d.o.o. (whose shareholder is Miljan Malis, Member of the Management Board of Asseco South Eastern Europe SA); in exchange for non-cash contribution of shares in its subsidiary, Mini Invest d o.o. received 839,597 shares in Asseco South Eastern Europe SA with a par value of PLN 10 each;
4. I4-Invention d.o.o. (whose shareholder is Miodrag Mirčetić, Member of the Management Board of Asseco South Eastern Europe SA); in exchange for non-cash contribution of shares in its subsidiary, I4-Invention d o.o. received 1,776,971 shares in Asseco South Eastern Europe SA with a par value of PLN 10 each.

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

In addition, members of the Management Board and companies related through members of the Management Board and Supervisory Board of Asseco South Eastern Europe SA received PLN 700 thousand in dividends from Asseco South Eastern Europe SA.

Until the date of approval of these consolidated financial statements, Asseco South Eastern Europe SA 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.

As a result of transactions conducted in the prior reporting periods, as at 31 December 2009 the Group carried a liability towards the companies of Liatris d.o.o. and I4 Invention d.o.o., by virtue of a non-interest-bearing loan of PLN 3,136 thousand. Whereas, as at 31 December 2010 this liability has been already extinguished. 100% of shares in Liatris d.o.o. are owned by Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe SA. The company I4 Invention d.o.o. is a shareholder in Asseco South Eastern Europe SA; whereas, Member of the Management Board of Asseco South Eastern Europe SA, namely Miodrag Mirčetić is a shareholder in I4 Invention d.o.o.

27. Employment

Average Group workforce in the reporting period	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Management Board of the Parent Company*	7	6
Management Boards of the Group companies	27	18
Production departments	585	490
Maintenance departments	206	189
Sales departments	91	69
Administration departments	151	129
Other employees	13	25
	1,080	**926**

The Group workforce as at	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Management Board of the Parent Company*	7	6
Management Boards of the Group companies	27	22
Production departments	623	538
Maintenance departments	246	191
Sales departments	102	76
Administration departments	173	142
Other employees	16	25
	1,194	**1,000**

* In 2009 members of the Management Board of Asseco South Eastern Europe SA were not employed by the Parent Company. All of them performed their functions by virtue of an assignment from the Supervisory Board; whereas, in the period reported ended 31 December 2010, Piotr Jeleński and Rafał Kozłowski acted as members of the Management Board of Asseco South Eastern Europe SA on the basis of work contracts. The remaining members of the Company's Management Board performed their functions under an assignment.

Numbers of employees in the Group companies as at	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Asseco South Eastern Europe SA	10	2
Asseco SEE s.r.l., (Bucharest) 1)	176	188
Asseco SEE d.o.o., Beograd 2)	479	481
Asseco SEE d.o.o. (Zagreb) 3)	83	82
Asseco SEE Sh.p.k. (Pristina) 4)	85	86
Biro Data Servis d.o.o. (Zagreb)	70	n/a
EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. (Istanbul)	44	n/a
ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. (Istanbul)	45	n/a
ITD Polska Sp. z o.o. (Warsaw)	17	n/a
IPSA BHM INVESTMENTS d.o.o., Beograd 5)	45	31
Asseco SEE DOOEL, Skopje	140	130
	1,194	**1,000**

1) The merger between the companies of Asseco SEE s.r.l. (Bucharest) (former Net Consulting s.r.l.; the taking-over company) and Fiba Software s.r.l. (the acquired company) was registered on 5 January 2010; whereas, for accounting purposes it was recognized as at 31 December 2009. On 1 June 2010, there was registered a merger of Asseco SEE s.r.l. (the taking-over company) with Probass S.A. (the acquired company). For the sake of comparability, employment data of both the merged companies as at 31 December 2009 have been presented in aggregate.

All figures in thousands of PLN, unless stated otherwise

2) On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. Beograd (former Pexim d.o.o.; the taking-over company) with the companies of Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company). For the sake of comparability, employment data of both the merged companies as at 31 December 2009 have been presented in aggregate and subsequently adjusted by the number of employees of IPSA BHM Investments d.o.o., Beograd (established on 22 November 2010 as a result of separation of a portion of assets of Asseco SEE d.o.o. Beograd).
3) On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. (Zagreb) (former Logos d.o.o.; the taking-over company) with Arbor Informatika d.o.o. (the acquired company). For the sake of comparability, employment data of both the merged companies as at 31 December 2009 have been presented in aggregate.
4) On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (Pristina).
5) IPSA BHM Investments d.o.o., Beograd was established on 22 November 2010 as a result of separation of a portion of assets of Asseco SEE d.o.o. Beograd.

28. Remuneration of Members of the Management Board and Supervisory Board of the Parent Company and its subsidiaries

The table below presents remuneration payable to individual Members of the Management Board and the Supervisory Board of the Parent Company for performing their functions during 2010 and 2009.

Remuneration for the period of	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Management Board		
Piotr Jeleński – President of the Management Board	1,068	-
Rafał Kozłowski – Vice President of the Management Board	361	-
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	-	-
Supervisory Board		
Adam Góral – Chairman of the Supervisory Board	-	-
Jacek Duch – Member of the Supervisory Board	-	-
Andrzej Mauberg – Member of the Supervisory Board	-	-
Mihail Petreski – Member of the Supervisory Board	-	-
Przemysław Sęczkowski – Member of the Supervisory Board	-	-
Gabriela Żukowicz – Member of the Supervisory Board	-	-
Total	**1,429**	**-**

In the year ended 31 December 2009, the Parent Company did not pay any remuneration or net profit bonuses to members of its management and supervisory bodies. Members of the Management Board of Asseco South Eastern Europe SA were not employed by the Company and the costs of their remuneration were subject to reinvoicing.

The following table disclosed the amounts of remuneration received by members of the Management Board and Supervisory Board of Asseco South Eastern Europe SA for 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. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Management Board – subsidiary companies	**2,454**	**2,175**

Total remuneration paid or payable to all members of the Management and Supervisory Boards of subsidiary and associated companies of the Asseco South Eastern Europe Group in the year ended 31 December 2010 amounted to PLN 7,555 thousand.

All figures in thousands of PLN, unless stated otherwise

Whereas, in the year ended 31 December 2009, such remunerations totalled PLN 7,087 thousand.

29. 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 2010 and 31 December 2009, in breakdown by type of service:

Type of service	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Obligatory audit of the annual financial statements	**215**	**222**

30. Equity management

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

The Group manages its equity structure which is altered in response to changing economic conditions. In order to maintain or adjust its equity structure, the Group may change its dividend payment policy, return some capital to its shareholders or issue new shares. During the last two years ended 31 December 2010 and 31 December 2009, the Group did not introduce any changes to its objectives, principles and processes adopted in this area.

Equity management	31 December 2010 (audited)	31 December 2009 (audited)
Interest-bearing loans and borrowings	2,176	3,379
Trade accounts payable and other liabilities	98,234	64,126
Minus cash and cash equivalents (-)	(100,976)	(104,551)
Net debt	**(566)**	**(37,046)**
Shareholders' equity	597,264	578,611
Total equity	597,264	578,611
Equity and net debt	**596,698**	**541,565**
Leverage ratio	**-0.09%**	**-6.84%**

All figures in thousands of PLN, unless stated otherwise

31. Hedges of cash flows

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

In the period of 12 months ended 31 December 2010, the Group recognized PLN 829 thousand in its revaluation capital. In the period reported there occurred no events that might decrease the probability of making the hedged future payments. The table below presents information on the applied hedging instruments along with their fair values and maturities of the related payments.

In the corresponding period of 12 months ended 31 December 2009, the Group did not apply hedge accounting.

Hedged item	Hedged risk	Hedging instrument	Fair value of hedging instrument	Maturity of cash flows
Cash flows	Foreign currency	Cash	6,713	2010-2014

All figures in thousands of PLN, unless stated otherwise

32. Objectives and principles of financial risk management

The Asseco South Eastern Europe Group is exposed to a number of risks arising either from the macroeconomic situation of the countries where the Group companies operate as well as from microeconomic situation in individual companies. The main external factors that may have an adverse impact on the Group's financial performance are: (i) fluctuations in foreign currency exchange rates versus the Polish zloty, and (ii) changes in official interest rates. The financial results are also indirectly affected by the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and the inflation rate. Whereas, the internal factors with potential negative bearing on the Group's performance are: (i) risk related to the increasing cost of work, (ii) risk arising from underestimation of the project costs when entering into contracts, and (iii) risk of concluding a contract with a dishonest customer.

Foreign currency exposure risk

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

Interest rate risk

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

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

Measurement: The Group companies measure their exposure to the interest rate risk by preparing statements of the total amounts resulting from all the financial instruments based on a variable interest rate. Additionally, the Group companies maintain records of debt planned to be incurred during the next 12 months, and in case of long-term instruments – for the period of their maturity.

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

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

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

Credit risk

The Group concludes transactions only with well-known companies with a good credit rating. All customers applying for deferred payments are subject to the procedures of preliminary verification of their creditworthiness. Furthermore, current monitoring of receivables makes it possible to eliminate the risk of uncollectible receivables almost entirely.

In relation to other financial assets, such as cash and cash equivalents, financial assets available for sale and some financial derivatives, the Group's credit risk results from the contracting party inability to settle their payments, whereas the maximum exposure to such risk is limited to the book value of such financial instruments.

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

Financial liquidity risk

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

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

The following table shows the Group's trade accounts payable as at 31 December 2010 and 31 December 2009, by maturity period based on the contractual undiscounted payments.

Aging structure of trade accounts payable	31 Dec. 2010 (audited)		31 Dec. 2009 (audited)	
	amount	Structure	amount	structure
Liabilities due already	6,039	16.3%	6,118	18.0%
Liabilities falling due within 3 months	30,546	82.2%	27,150	80.1%
Liabilities falling due within 3 to 12 months	311	0.8%	398	1.2%
Liabilities falling due after 1 year	259	0.7%	225	0.7%
	37,155	**100.0%**	**33,891**	**100.0%**

The tables below present the aging structure of other financial liabilities as well as off-balance-sheet liabilities arising from bank guarantees and guarantee bonds as at 31 December 2010 and 31 December 2009.

As at 31 December 2010 (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**
Finance lease commitments	138	353	534	-	**1,025**
Liabilities arising from bank guarantees and guarantee bonds (off-balance-sheet)	2,778	7,156	1,788	275	**11,997**
	2,916	**7,509**	**2,322**	**275**	**13,022**

As at 31 December 2009 (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**
Loans	28	3,229	-	-	**3,257**
Finance lease commitments	228	362	687	-	**1,277**
Liabilities arising from bank guarantees and guarantee bonds (off-balance-sheet)	2,139	11,363	1,500	-	**15,002**
	2,395	**14,954**	**2,187**	**-**	**19,536**

All figures in thousands of PLN, unless stated otherwise

Effects of reducing the foreign currency risk

The analysis of sensitivity of trade accounts payable and receivable as well as of cash at foreign currency bank accounts to fluctuations in the exchange rates of the American dollar against the functional currencies of the Group companies indicates a potential loss of PLN 54 thousand in case the dollar depreciates 10% versus such functional currencies. Likewise, if euro depreciates 10% versus the functional currencies of the Group companies, the Group will potentially lose PLN 693 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 747 thousand. In contrast, if the dollar and euro appreciated versus those functional currencies, the Group would recognize an additional gain of PLN 747 thousand. Management Board of the Parent Company decided to apply hedge accounting in relation to future capital transactions. Cash and cash deposits denominated in euro are used as hedging instruments.

Trade accounts receivable and payable, and foreign currency bank accounts as at 31 December 2010 (audited)	**Amount exposed to risk**	**Impact on financial results of the Group**	
		(10%)	**10%**
EUR:			
Trade accounts receivable	5,822	(382)	382
Trade accounts payable	10,836	896	(896)
Foreign currency bank accounts	25,294	(1,207)	1,207
Balance	**41,952**	**(693)**	**693**
USD:			
Trade accounts receivable	3,681	(368)	368
Trade accounts payable	12,260	1,226	(1,226)
Foreign currency bank accounts	9,117	(912)	912
Balance	**25,058**	**(54)**	**54**

Trade accounts receivable and payable, and foreign currency bank accounts as at 31 Dec. 2009 (unaudited)	**Amount exposed to risk**	**Impact on financial results of the Group**	
		(10%)	**10%**
EUR:			
Trade accounts receivable	9,191	(618)	618
Trade accounts payable	4,974	497	(497)
Foreign currency bank accounts	55,779	(973)	973
Balance	**69,944**	**(1,094)**	**1,094**
USD:			
Trade accounts receivable	122	(1)	1
Trade accounts payable	7,058	706	(706)
Foreign currency bank accounts	807	(8)	8
Balance	**7,987**	**697**	**(697)**

All figures in thousands of PLN, unless stated otherwise

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. The sensitivity of interest rate exposure was analyzed using the percentage deviations of +/- 15%.

33. Financial instruments

Fair value

As at 31 December 2009 the Group held the following financial assets measured at fair value:

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

	Book value 31 Dec. 2009	Level 1 i)	Level 2 ii)	Level 3 iii)
Financial assets carried at fair value through profit or loss				
Shares in companies listed on regulated markets	-	-	-	-
Financial assets available for sale				
Shares in companies listed on regulated markets	79	79	-	-

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

The book values of financial assets and liabilities held by the Group as at 31 December 2010 and 31 December 2009 did not significantly differ from their fair values.

During both the years ended 31 December 2010 and 31 December 2009, none of the financial instruments held was reclassified from level 1 to level 2, or from level 2 to level 3, in the fair value measurement hierarchy.

All figures in thousands of PLN, unless stated otherwise

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

Year ended 31 Dec. 2010 (audited)	Category according to IAS 39	Interest income (expense):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Gain (loss) on revaluation	Other	Total
Financial assets							
Financial assets available for sale (long-term)	AFS	14	-	-	-	-	14
Other financial assets (short-term)		137	-	-	(2)	-	135
Trade accounts receivable and other receivables	L&R	-	(103)	(521)	-	-	(624)
Cash and cash equivalents	FVTPL	2,200	115	-	-	-	2,315
Financial liabilities							
Interest-bearing bank loans and borrowings	**OFLaAC**	**(81)**	**11**	**-**	**-**	**-**	**(70)**
Other liabilities (long-term), of which:	**OFLaAC**	**(206)**	**(719)**	**9**	**(230)**	**-**	**(1,146)**
Liabilities under finance leases and hire-purchase contracts		(92)	(3)	-	-	-	(95)
Trade accounts payable and other liabilities	OFLaAC	(114)	(716)	9	(230)	-	(1,051)
Total		**2,064**	**(696)**	**(512)**	**(232)**	**-**	**624**

Year ended 31 Dec. 2009 (audited)	Category according to IAS 39	Interest income (expense):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Gain (loss) on revaluation	Other	Total
Financial assets							
Financial assets available for sale (long-term)	AFS	-	-	-	5	1	6
Other financial assets (short-term)		15	-	-	-	-	15
Trade accounts receivable and other receivables	L&R	1	1,637	1,594	-	-	3,232
Cash and cash equivalents	FVTPL	1,533	149	-	-	-	1,682
Financial liabilities							
Interest-bearing bank loans and borrowings	**OFLaAC**	**(76)**	**-**	**-**	**-**	**-**	**(76)**
Other liabilities (long-term), of which:	**OFLaAC**	**(122)**	**(457)**	**-**	**-**	**47**	**(532)**
Liabilities under finance leases and hire-purchase contracts		(118)	-	-	-	-	(118)
Trade accounts payable and other liabilities	OFLaAC	(4)	(457)	-	-	47	(414)
Total		**1,351**	**1,329**	**1,594**	**5**	**48**	**4,327**

All figures in thousands of PLN, unless stated otherwise

34. Capital expenditures

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

Whereas, in the year ended 31 December 2009, the Group made capital expenditures of PLN 70,397 thousand, of which PLN 9,820 thousand were spent for non-financial fixed assets.

Cost of acquisition of shares in subsidiary companies as disclosed in the statement of cash flows	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Asseco SEE d.o.o., Beograd	-	206
Asseco SEE d.o.o. (Zagreb)	-	3,152
Asseco SEE s.r.l.	99	32,412
Asseco SEE Sh.p.k.	2,427	23,024
ITD A.Ş. (Istanbul)	25,138	-
EST A.Ş. (Istanbul)	9,730	-
Biro Data Servis d.o.o. (Zagreb)	11,976	42
Cardinfo BDS d o.o. (Sarajevo)	3,314	-
X-Card Sh.p.k. (Pristina)	448	-
Asseco s.r.l. MOLDOVA	2	-
Multicard d.o.o., Beograd	-	100
E-Mon d.o.o., Podgorica	-	1,641
	53,134	**60,577**

Cost of acquisition of non-controlling interests as disclosed in the statement of cash flows	31 Dec. 2010 (audited)	31 Dec. 2009 (audited)
Asseco SEE o.o.d., Sofia	**62**	**-**

35. Significant events after the balance sheet date

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

In accordance with the merger agreement signed on 1 December 2010, the process of merger of two companies being under common control of Asseco South Eastern Europe SA, namely Asseco SEE d.o.o., Zagreb (the taking-over company) and Biro Data Servis d.o.o., Zagreb (the acquired company) was finalized on 1 January 2010. The merger was registered by the District Court in Zagreb on 3 January 2011.

As a result of the court registration, the following resolutions passed by the General Meeting of Shareholders on 1 December 2010 became effective:

- The share capital of Asseco SEE d.o.o. (Zagreb) was increased by the amount of HRK 2,054 thousand up to the total of HRK 4,500 thousand;
- Compositions of the Management Board and Supervisory Board have been changed.

All figures in thousands of PLN, unless stated otherwise 95

In the period from 31 December 2010 till the date of approval of these consolidated financial statements, this is until 16 March 2011, there did not occur any other significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of the Asseco South Eastern Europe Group.

36. Significant events related to prior years

Until the date of preparing these consolidated financial statements for the year ended 31 December 2010, this is until 16 March 2011, there occurred no significant events related to prior years, which have not but should have been included in the accounting books.