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

Rzeszów, 23 February 2012

SOUTH EASTERN EUROPE

PRESIDENT'S LETTER

ASSECO SOUTH EASTERN EUROPE S.A.

Rzeszów, 23 February 2012

Dear Shareholders,

During the year of 2011, Asseco South Eastern Europe substantially reinforced its position in the South Eastern European markets and Turkey while managing to improve both EBIT and bottom-line profits. Despite unfavourable economic conditions, we successfully achieved higher operating margins primarily owing to our consistently implemented strategy to promote sales of own services and software, which increased by 27% as compared with the previous year. It should be emphasized that proprietary solutions accounted for as much as 45% of our total sales revenues in 2011.

Strategy and organization

2011 was also a consecutive year of improving and developing the organization of ASEE. Our goal was to make it possible to offer most of the ASEE Group products in all the countries in the region of our operations. Until now, in each of these countries we managed to set up the company's local resources which are able to provide clients with comprehensive services within the major business lines of ASEE. This process requires making increased expenditures but, in a longer term, these are expected to bring real benefits and a significant return on investment by gaining new contracts. It is also worth noticing that, owing to the above-mentioned investments, sales generated in our new markets surged more than 73%. In this regard, a milestone was reached by signing a contract for the implementation of our core banking system in Croatia, allowing us to substantially strengthen our position in the banking sector of this market. Particularly noteworthy is the fact that in 2011 we managed to fully integrate the products developed by our Turkish subsidiaries into the Group's portfolio of IT solutions offered to clients in the entire region.

Jump into the future

In mid-2011 we decided to intensify our activities in the area of new product development. In a fairly short time we reviewed all the existing concepts and investment initiatives and the development work on over a dozen most promising projects was commenced already in 2011. All of these projects have a significant potential. Most of the development work should be completed by the end of 2012; whereas, the selling processes will be launched a bit earlier. The first measurable results of these actions should be visible already in 2013 and 2014.

Acquisitions

The year of 2011 was marked by the buy-outs of minority interests in our subsidiaries operating in Slovenia and Bulgaria. We also acquired a small company in Bulgaria to supplement our product portfolio within card transactions. Not only did these acquisitions help expand our market presence across the region, but they were also part of the process of streamlining the organizational structure of the Group in order to ensure that Asseco South Eastern Europe holds 100% of shares in all of its subsidiaries, and to maintain direct subordination of all our major business operations to the holding company.

Significant achievements in individual segments

The main achievements within our operating activities in 2011 included:
i) in the Banking Solutions segment – continuation of the implementation of banking systems for Volksbank in Bosnia and Croatia and for Italo Romena (Veneto Banca Group) in Romania, as well as signing a partnership agreement with the American company Bankserve to sell our authentication solutions in the outsourcing model;
ii) in the Card Business segment – launch of our operations in Romania.

Last year was a period of hard work for all Employees of Asseco South Eastern Europe and its subsidiary companies and therefore, on behalf of the Management Board, I wish to express sincere appreciation for such efforts. I would also like to thank our Clients for the credit of trust they gave us as well as to our Partners for their participation in building our international group of companies and reinforcing our market position both in our region and abroad. We are also grateful to our Shareholders and Investors for their confidence in us and for supporting our initiatives. All of our 2011 accomplishments lay a solid foundation for further development in the years to come.

Piotr Jeleński

President of the Management Board of Asseco South Eastern Europe S.A.

MANAGEMENT'S REPORT ON BUSINESS OPERATIONS OF THE ASSECO SOUTH EASTERN EUROPE GROUP FOR THE YEAR ENDED 31 DECEMBER 2011

Rzeszów, 23 February 2012

MANAGEMENT'S REPORT ON BUSINESS OPERATIONS OF THE ASSECO SOUTH EASTERN EUROPE GROUP FOR THE YEAR ENDED 31 DECEMBER 2011

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1. GENERAL INFORMATION ON THE ISSUER

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

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

2. BUSINESS PROFILE OF THE ISSUER AND ITS CAPITAL GROUP

Asseco South Eastern Europe S.A. is engaged in holding operations which involve making investments in new IT companies from South Eastern Europe as well as management of the companies already incorporated into the Asseco South Eastern Europe Group.

On 28 October 2009, Asseco South Eastern Europe S.A. made its debut on the Warsaw Stock Exchange.

Asseco South Eastern Europe S.A. is the parent of the international Asseco South Eastern Europe Group established and operating in the region of South Eastern Europe.

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

- Banking Solutions,
- Card Business,
- Systems Integration.

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

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

[1] The segments of Banking Solutions and Card Business constitute the Group's total banking business.

Card Business [BAN – CARD + PG] 1

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

Systems Integration [SI]

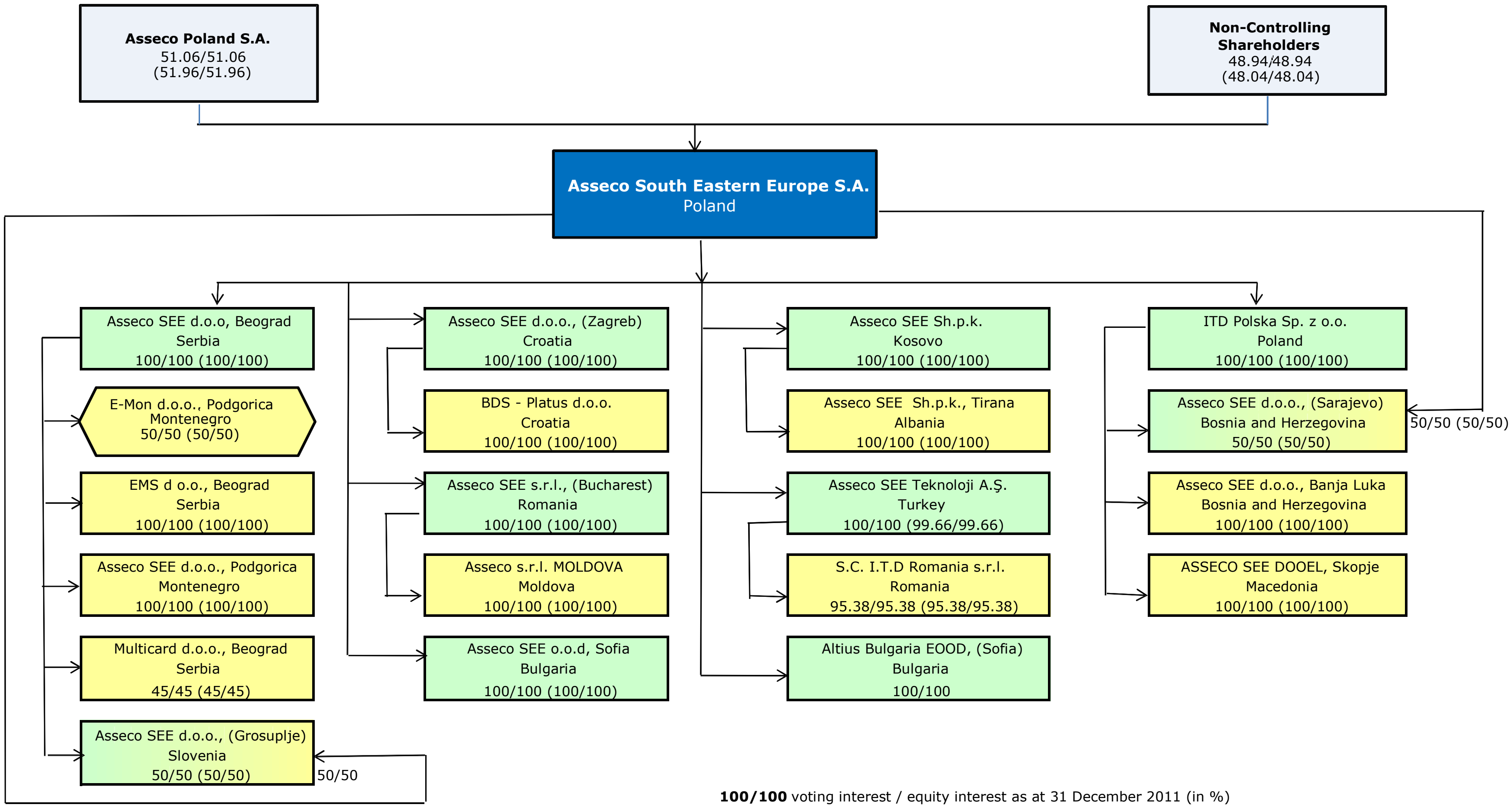
This segment is engaged in the provision of services of development of customized IT systems, especially for the needs of integration of third-party software and elements of infrastructure, as well as in the sale and installation of hardware.

Mobile Banking & Authentication [BAN – MASS]

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

3. ORGANIZATIONAL STRUCTURE OF THE ASSECO SOUTH EASTERN EUROPE GROUP

Presentation of the organizational structure of the Issuer's capital group, with indication of entities subject to consolidation.



100/100 voting interest / equity interest as at 31 December 2011 (in %)
(100/100) voting interest / equity interest as at 31 December 2010 (in %)

subsidiary company
jointly controlled company

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

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

1) On 28 October 2011, the company of Simt Cardinfo d.o.o. (Grosuplje) was renamed as Asseco SEE d.o.o. (Grosuplje).
2) On 3 January 2011, there was registered a merger of Asseco SEE d.o.o. (Zagreb) (the taking-over company) with Biro Data Servis d.o.o. (the acquired company).
3) On 15 April 2011, the company of Cardinfo BDS d.o.o. (Sarajevo) was renamed as Asseco SEE d.o.o. (Sarajevo).
4) On 6 June 2011, there was registered a merger of ITD A.Ş. (Istanbul) (the taking-over company) with EST A.Ş. (Istanbul) (the acquired company). On 18 July 2011, the company of ITD A.Ş. (Istanbul) was renamed as Asseco SEE Teknoloji A.Ş. (Istanbul).
5) On 1 December 2011, Asseco South Eastern Europe S.A. purchased a 51% stake in Asseco SEE o.o.d. (Sofia) from Asseco SEE DOOEL (Skopje). As a result of this transaction Asseco South Eastern Europe S.A. holds directly 100% of shares in Asseco SEE o.o.d. (Sofia).
6) On 13 July 2011, there was signed an agreement for the acquisition of a 50% stake in SIMT Cardinfo d.o.o. (Grosuplje). The transaction was finalized on 10 October 2011. On 28 October 2011, the company of Simt Cardinfo d.o.o. (Grosuplje) was renamed as Asseco SEE d.o.o. (Grosuplje).
7) On 19 October 2011, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of 100% of shares in the company Altius Bulgaria EOOD with the seat in Sofia.

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

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

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

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

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

4. CHANGES IN THE ORGANIZATIONAL STRUCTURE OF THE ISSUER'S GROUP

Description of changes in the organizational structure of the Issuer's capital group and rationale behind them.

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

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

In accordance with the merger agreement signed on 1 December 2010, the process of merger of two companies being under common control of Asseco South Eastern Europe S.A., namely Asseco SEE d.o.o. (Zagreb) (the taking-over company) and Biro Data Servis d.o.o. (Zagreb) (the acquired company) was finalized on 1 January 2011. The merger was registered by the District Court in Zagreb on 3 January 2011. The said transaction had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

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

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

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

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

❑ *Acquisition of a 50% stake in Asseco SEE d.o.o. (Grosuplje)*

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

❑ *Acquisition of 100% of shares in Altius Bulgaria EOOD, (Sofia)*

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

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

The company of IPSA BHM Investments d.o.o., Beograd, that was originally established on 22 November 2010 as a result of separation of a portion of assets of Asseco SEE d.o.o., Beograd, was put to liquidation on 31 October 2011. Hence, its shareholdings in subsidiary companies: Asseco SEE DOEL (Skopje), Asseco SEE d.o.o. (Sarajevo), and Asseco SEE d.o.o. (Banja Luka) were all transferred to ITD Poland Sp. z o.o.

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

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

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.

5. INFORMATION TECHNOLOGY MARKET IN SOUTH EASTERN EUROPE AND ITS FUTURE OUTLOOK

We operate in the region of South Eastern Europe, which includes 11 countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Kosovo, Macedonia, Moldova, Romania, Serbia, and Slovenia, as well as in Turkey. In the recent years this market has been an arena for an intensive inflow of foreign investments. Such investments resulted from multidimensional economic processes aiming at convergence with the free market economy of Western Europe and the anticipated inflow of the European funds. Three of the region's republics, namely Slovenia, Romania and Bulgaria are member states of the European Union. The remaining countries are nowadays at various stages of integration with the European Union (lead by Croatia which has already signed its EU accession treaty). The Asseco South Eastern Europe Group operates primarily in the markets of Croatia, Kosovo, Macedonia, Romania, Serbia, and Turkey. The Group intends to consolidate and substantially intensify its business operations also in Bosnia and Herzegovina. As far as other markets are concerned, the Group plans to gradually expand the scale of its operations by launching comprehensive offerings of products provided by all of its operating segments.

6. GROUP'S DEVELOPMENT POLICY

The Asseco South Eastern Europe Group's business is driven by two major development engines. The first is based on organic growth in the existing geographical and product markets; whereas, the second assumes expansion in such markets by way of company acquisitions. The Group's development directions are shaped primarily by the strategic assumptions adopted for its individual business units.

The Banking Solutions unit strives to expand its business in the markets of Albania, Bosnia and Herzegovina, Croatia, and Kosovo. The objective is to launch the offering of core banking systems and solutions supporting the bank distribution channels. As part of its development in Bosnia, the Group plans to reinforce its market position as a provider of software solutions for banking. Following such plans, the Group establishes in miscellaneous countries its "competence centres" that will serve as the base for provision of customer support services in the future. The Banking Solutions segment also includes the results of operations within mobile banking and authentication systems. In this area, sales revenues are increased pursuing a different strategy. First of all, the corresponding products are marketed in the whole territory of operations of the Asseco Group. This business unit focuses on setting up sales channels in all the promising markets. In South Eastern Europe, the unit is engaged in building a sales network drawing on the resources of all the Asseco South Eastern Europe Group subsidiaries. Whereas in countries outside this region, the unit strives to enter into cooperation with local business partners in order to sell its proprietary solutions through their distribution networks. At all times the technical support and production facilities of this business unit are located in Croatia.

The Card Business unit seeks opportunities for development in broadening its geographical coverage and product portfolio. The unit is engaged in building support centres in five countries including Bulgaria, Kosovo, Slovenia, Romania, and Albania with the objective to enhance its presence on these markets. In 2011, Asseco South Eastern Europe S.A. took over a company providing the POS supply and maintenance services in the Bulgarian market. This made it possible to enter the market segment where our Card Business unit has not been represented so far. Additionally, this business unit continues to look for and test new products and solutions that would match its operating profile.

The Systems Integration unit envisages its development basically by boosting its presence in various countries of the region. Growth shall be achieved through continued delivery of the latest solutions of the world's leading producers as well as through the promotion of integration services featuring proprietary solutions. Moreover, the Group makes strong endeavours to acquire competence in the implementation of the EU co-financed projects, both in the area of accession programs and structural funds.

7. KEY PRODUCTS, GOODS FOR RESALE, AND SERVICES

Description of the key products, goods for resale, and services, inclusive of information on the value and volume of sales of particular products, goods for resale, and services (if significant) or their groups, and their share in the Group's total revenue, as well as changes of the above measures during the financial year.

BANKING SOLUTIONS

The comprehensive portfolio of products and services for the banking sector creates a significant competitive advantage of the Asseco South Eastern Europe Group. The offering includes both integrated banking systems (including core banking systems), distribution channel systems (including e-banking and m-banking system featuring sophisticated authentication solutions), local payment and reporting systems, Business Intelligence tools offering risk management functionality, scoring and rating systems, regulatory compliance systems, solutions to implement the new capital accord (Basel II), etc., customer relations management (CRM) solutions, as well as installation of ATMs and POS terminals backed up with relevant support services.

Our Banking Solutions segment is also engaged in the provision of authentication solutions. These are state-of-the-art systems enabling secure authentication of bank clients, which are marketed as an integral part of core and multi-channel banking systems, or separately for the purpose of being integrated with legacy solutions or third-party software already utilized by banks.

Core Banking Systems

On Oracle platform:
- **ASEBA BI Universal Integrated Banking System,**
- **ASEBA INT Bank**
- **ASEBA abSolut**

On Microsoft platform:
- **ASEBA Pub2000**
- **Experience**

The Asseco South Eastern Europe Group offers four different core banking systems for the banking sector. Three of them are based on the **Oracle platform** (**ASEBA BI Universal Integrated Banking System, ASEBA INT Bank, and ASEBA abSolut)**, and one on the **Microsoft platform** (**ASEBA Pub2000**). Whereas, our brand new product line is called **Experience.**

ASEBA Pub2000 is an integrated application for retail and corporate banking. Owing to its integrated Product Factory function it is quite an exceptional product in the market. This functionality is a standard element of all the ASEBA Pub2000 modules. Our clients believe this product's most valuable feature is its capacity to stimulate business by generating new banking products and services, and to define or modify process workflows without altering the application. ASEBA PUB 2000 includes the following modules: retail banking, corporate banking, loans, cards management system, general ledger.

ASEBA Bi Universal Integrated Banking System is an integrated core banking system offering numerous front-end functions, optimized for retail and commercial banks conducting operations in Southern and Eastern Europe. The main modules are: cash teller, loans, deposits, domestic payments, international payments, cards management, documentary operations, securities, fiduciary, treasury back office, reporting, prevention of money laundering, fixed assets, collections, m-banking, etc.

ASEBA INT Bank is a comprehensive solution for banks. ASEBA INT Bank represents an integrated, comprehensive environment for retail and corporate banking. The possibility of real-time work combined with excellent support for decision-making processes featured by the ASEBA INT Bank system helps managers make their decisions. The service-oriented architecture and functions performed in real time considerably increase the bank's capability to access current and precise information. The integrated view of customer information and financial data with the capability of moving to the levels providing greater detail (the drill-down function) is very helpful in the decision-making process. The ASEBA INT Bank system is easily expandable and can integrate specialized Business Intelligence type applications.

ASEBA abSolut is a system of applications designed to support finance and banking operations. The system consists of the main core module and several additional modules, such as Internet banking, management information system, cards management system, insurance management system. It also includes the *ASEBA abSolut leasing* application which effectively supports operations of leasing companies. Based on the above, one may claim ASEBA abSolut represents a comprehensive IT suite supporting all the operations of any finance and banking institution.

Experience (*Experience Platform, Experience Branch* and *Experience Customer Insigh*t) – state-of-the-art banking software featuring 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.

Distribution Channels

e-banking systems:
- **ASEBA iBank**
- **ASEBA Bank@You**

Other solutions:
- **ASEBA Jimba (m-banking)**
- **ASEBA InstantCredit**
- **ASEBA Contact Center®**
- **ASEBA E-Pay®**

Distribution systems (including e-banking, m-banking, etc.) are offered together with core banking systems or separately to be integrated with the bank's legacy solutions developed independently or provided by third-party vendors. Distribution channel systems provide bank customers with alternative forms of access to products and services. We also develop and sell certain additional specialized systems for distribution channels such as solutions for customer service centers, special payment portals for public utility companies, special solutions for the retail trade sector to support credited sales to customers, etc. The offer includes multi-channel systems of e-banking: **ASEBA iBank** and **ASEBA Bank@You** as well as the specialized m-banking system **ASEBA JiMBA**. **ASEBA InstantCredit** is an ideal solution for agents wishing to offer their customers a retail loan without the need of a personal visit to a bank. This web application allows bank clients to communicate with the bank directly from their shops or offices. **ASEBA E-Pay®** is a solution offering integrated e-banking services, presentation of electronic accounts and payments, and a payment handling gateway.

Additional banking modules:

- **payment systems** (SEPA, DoPay)

- **reporting systems** (data warehouse and reporting module REPOBNR)

Additional banking modules cover payment and reporting systems adapted to local requirements of each country's banking system, and they may be sold together with core bank systems or separately. **SEPA Direct Debit** is an autonomous element of core banking software which supports direct debit of accounts within the Single Euro Payments Area (SEPA). **ASEBA DoPay** is a system for managing payments in local or foreign currencies.

The data warehouse and reporting module performs the following functions: reporting to the Central Bank, reporting to Credit Bureaus, reporting to the Financial Intelligence Office, reporting to tax authorities and preparation of data for reporting according to the new capital accord standards (Basel II). **ASEBA REPOBNR** is a comprehensive system for reporting to the Central Bank.

Business Intelligence:
- **Tezauri™**

ASEBA Tezauri™ is an integrated Business Intelligence solution for banks, which enables risk management, credit assessment through an integrated scoring system and profitability analysis, monitoring of regulatory compliance as well as implementation related solutions.

Mobile Banking and Authentication Systems

-Token technology: ASEBA S&S/CAP - **ASEBA PKI (Public Key Infrastructure / smartcards)** - **M-banking: ASEBA JiMBa** - **E-commerce security solutions**	**ASEBA S&S/CAP** is a solution which makes use of mobile tokens and SMS authentication as means of reliable two-stage authentication irrespective of the channel or application for banking services provided over the internet or telephone. **ASEBA PKI (Public Key Infrastructure / smartcards):** solution for electronic signature is a package of software modules allowing for cost-effective, easy and simple implementation of the public key and electronic signature infrastructure (with the use of smartcard tokens and USB tokens). **ASEBA JiMBA** mobile banking system offers fast and secure access to financial information and services via mobile communication devices using state-of-the-art Java technologies. The system is easily adaptable, and in effect it may be applied already in more than 50 mobile devices. The Asseco South Eastern Europe Group offers a variety of **e-commerce** solutions including: ASEBA Trides ACS, ASEBA Trides RS, LGOS, and LPGW. These solutions provide both the card issuers and merchants with a secure and unique platform for verifying the cardholder's identity.

CARD BUSINESS

Automatic teller machines (ATM) **- installation** **- maintenance** **- replacement** **Payment terminals (POS)** **- installation** **- maintenance** **- replacement** **24/7 Service Support Center**	The Asseco South Eastern Europe Group provides services of installation and maintenance of ATMs manufactured mainly by Wincor Nixdorf. As an exclusive partner of Hypercom, we offer EFT-POS terminals, from stationary models with dial-up access to mobile devices based on GSM-GPRS technology as well as all the network components, software and hardware infrastructure necessary for their connection. Maintenance services are provided for the network and hardware infrastructure as well as for software, and are available 24 hours a day for 7 days a week.

SYSTEMS INTEGRATION

Full range of integration services	The Asseco South Eastern Europe Group is a top player in the market of integration services in Kosovo, Macedonia, Romania and Serbia. The Group serves the financial, industry and public administration sectors with the following **business lines**: development of infrastructure for Microsoft software implementations, ensuring continuity of business processes, automation of operations, and software development.

Billing systems	Our billing system handles the processes of: real-time charging for network traffic; calculation of invoices; preparation of batches with invoices ready to be printed or dispatched by electronic or traditional mail; transmission of the results of calculations to other systems; drafting all the required reports to facilitate controlling functions; and monitoring of payments. This billing system is closely integrated with the CRM system, mediation system, payment management system as well as with back-office systems (for managing customers, products, tariffs, etc.). The main client using this system is Hrvatski Telekom (member of the Deutsche Telekom Group).
Invoicing and reporting systems	**Additional systems for telecommunications** sold separately from the billing system (including bespoke systems). Systems for invoicing and reporting cooperating with the Geneva billing system: (i) **Invoicing** – preparation of batches ready for printing or dispatch by electronic or traditional mail; (ii) **Reporting** – production of all the required reports (facilitating the functions of controlling and monitoring of payments, presentation of bills and billed items on web pages, etc.)

8. SELLING MARKETS

Information on the selling markets, including a division into domestic and international markets as well as information on the sources of supply of materials for production, goods for resale and services, with indication of any dependence upon one or more clients or suppliers, and in the event transactions with a single client or supplier reach at least 10% of total sales revenues – name (corporate name) of such client or supplier, their shares in total sales or deliveries, and their formal relationship with the Issuer.

The Group operates in the markets of South Eastern Europe and that is where it generated most of its sales revenues during the year ended 31 December 2011. The breakdown of sales revenues by client location is as follows: 29% - Romania, 25% - Serbia, 13% - Croatia, 12% - Macedonia, 8% - Turkey, and 13% - other South-Eastern European states and markets outside this region. During the financial year ended 31 December 2011, sales to any individual client of the Group did not exceed 10% of its total sales revenues.

The Group subsidiaries operating in particular countries have their own suppliers; therefore, the Group is not substantially dependent upon any single supplier.

9. SIGNIFICANT AGREEMENTS CONCLUDED BY THE GROUP

Information on agreements significant for the Group's operations, inclusive of those concluded by its shareholders, insurance contracts, and cooperation agreements.

Individual business projects were carried out by the Group's respective operating units.

Implementations and services in the Banking Solutions segment

The most significant contracts executed by the Banking Solutions unit provided for the implementation of proprietary software for Raiffeisen Banka in Serbia, Metohijska Banka in Kosovo, Metals Banka in Serbia, Privredna Banka in Serbia, and Podravska Banka in Croatia. The first contract involved the maintenance of a core banking system and it was worth approx. EUR 920 thousand. In Kosovo a core banking system was implemented, while the contract value reached almost EUR 820 thousand. The remaining two agreements provided for the sale of licenses and implementation of banking software, while their transaction values amounted to about PLN 720 thousand and EUR 500 thousand, respectively. Whereas, in Croatia we began the implementation of a core banking system to be completed in the first quarter of 2013, with the total contract value amounting to EUR 3,000 thousand.

The most significant contracts within mobile banking and authentication provided for the supply of authentication solutions to the UniCredit Group and Zagrebacka banka in Croatia. These transactions generated revenues of EUR 800 thousand and EUR 320 thousand, respectively.

Implementations and services in the Cards Business segment

The Card Business unit performs its most important contracts for Banka Intesa in Serbia, Postanska Banka in Croatia, NLB Tutunska Banka in Macedonia, Privredna Banka in Serbia, and for PBZ Leasing in Croatia. The first contract provided for the supply and subsequent maintenance of POS terminals and it was worth approx. EUR 750 thousand. The remaining four agreements involved the supply of ATMs, while their transaction values amounted to EUR 560 thousand, EUR 315 thousand, EUR 300 thousand, and EUR 440 thousand, respectively.

Implementations and services in the Systems Integration segment

The key revenue drivers within the Systems Integration unit are projects carried out for the National Statistical Office in Romania. Asseco SEE s.r.l. (Bucharest) supplied computer hardware worth EUR 695 thousand, created and implemented an online statistical portal for EUR 4,930 thousand, and rendered support services during the presidential elections for EUR 285 thousand. The contract executed in a consortium with Romanian SIVECO provided for the implementation of an application to be used during the presidential elections in Romania; the contract value was EUR 400 thousand. Furthermore, we sold Microsoft licenses to the Romanian company TAROM for EUR 1,454 thousand. Whereas, Asseco SEE d.o.o. (Zagreb) provided development and maintenance services on the billing system of Hrvatski Telekom, with the contract value amounting to EUR 1,315 thousand.

10. INFORMATION ON OPERATING SEGMENTS

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

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

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

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

11. INFORMATION ON GEOGRAPHICAL STRUCTURE OF FINANCIAL RESULTS

For the year ended 31 Dec. 2011 in PLN thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	2,106	14,354	3,748	62,210	6,758	17,068	55,022	6,978	133,641	116,019	8,638	35,325	461,867
Cost of sales	(1,521)	(9,162)	(2,543)	(44,409)	(5,071)	(12,937)	(40,549)	(5,364)	(104,167)	(85,242)	(7,331)	(21,911)	(340,207)
Gross profit on sales	585	5,192	1,205	17,801	1,687	4,131	14,473	1,614	29,474	30,777	1,307	13,414	121,660
Selling expenses	(238)	(839)	(352)	(4,978)	(52)	(958)	(2,841)	(751)	(9,966)	(7,890)	(74)	(3,844)	(32,783)
General administrative expenses	(204)	(1,734)	(344)	(5,008)	(236)	(1,131)	(3,856)	(553)	(6,361)	(9,017)	(592)	(4,460)	(33,496)
Net profit on sales	143	2,619	509	7,815	1,399	2,042	7,776	310	13,147	13,870	641	5,110	55,381
Other operating income	-	97	118	184	3	95	238	2	14	52	2	89	894
Other operating expenses	-	(129)	-	(297)	-	(49)	(207)	(22)	(23)	(479)	-	(167)	(1,373)
Operating profit	143	2,587	627	7,702	1,402	2,088	7,807	290	13,138	13,443	643	5,032	54,902
Financial income	24	15	2	108	19	22	418	6,077	1,118	821	2	851	9,477
Financial expenses	-	(29)	(8)	(25)	(11)	-	(132)	(1,495)	(140)	(388)	(9)	(43)	(2,280)
Gross profit on sales	167	2,573	621	7,785	1,410	2,110	8,093	4,872	14,116	13,876	636	5,840	62,099
Corporate income tax (current and deferred portions)	(17)	(91)	(36)	(1,502)	(127)	(257)	(1,050)	(13)	(2,191)	(1,453)	(104)	(605)	(7,446)
Net profit for the financial year	150	2,482	585	6,283	1,283	1,853	7,043	4,859	11,925	12,423	532	5,235	54,653

For the year ended 31 Dec. 2011 in EUR thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	509	3,467	905	15,026	1,632	4,123	13,290	1,685	32,280	28,024	2,086	8,532	111,559
Cost of sales	(367)	(2,213)	(614)	(10,727)	(1,225)	(3,125)	(9,794)	(1,296)	(25,161)	(20,589)	(1,771)	(5,292)	(82,174)
Gross profit on sales	142	1,254	291	4,299	407	998	3,496	389	7,119	7,436	315	3,240	29,386
Selling expenses	(57)	(203)	(85)	(1,202)	(12)	(231)	(686)	(181)	(2,407)	(1,908)	(18)	(928)	(7,918)
General administrative expenses	(49)	(419)	(83)	(1,210)	(57)	(273)	(931)	(134)	(1,536)	(2,179)	(143)	(1,077)	(8,091)
Net profit on sales	36	632	123	1,887	338	494	1,879	74	3,176	3,349	154	1,235	13,377
Other operating income	-	23	29	44	1	23	57	-	3	15	-	21	216
Other operating expenses	-	(31)	-	(72)	-	(12)	(50)	(5)	(6)	(116)	-	(40)	(332)
Operating profit	36	624	152	1,859	339	505	1,886	69	3,173	3,248	154	1,216	13,261
Financial income	6	4	-	26	5	5	101	1,468	270	198	-	206	2,289
Financial expenses	-	(7)	(2)	(6)	(3)	-	(32)	(361)	(34)	(94)	(2)	(10)	(551)
Gross profit on sales	42	621	150	1,879	341	510	1,955	1,176	3,409	3,352	152	1,412	14,999
Corporate income tax (current and deferred portions)	(4)	(22)	(9)	(363)	(31)	(62)	(254)	(3)	(529)	(351)	(25)	(146)	(1,799)
Net profit for the financial year	38	599	141	1,516	310	448	1,701	1,173	2,880	3,002	127	1,266	13,201

For the year ended 31 Dec. 2010 in PLN thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	**1,965**	**10,317**	**1,936**	**41,419**	**5,153**	**27,355**	**81,234**	**5,536**	**143,039**	**111,891**	**6,151**	**14,340**	**450,336**
Cost of sales	(1,534)	(6,644)	(1,516)	(26,382)	(3,735)	(23,283)	(65,919)	(4,011)	(113,768)	(81,933)	(5,463)	(8,901)	**(343,089)**
Gross profit on sales	**432**	**3,673**	**420**	**15,037**	**1,417**	**4,071**	**15,315**	**1,524**	**29,271**	**29,959**	**688**	**5,440**	**107,247**
Selling expenses	(151)	(732)	-	(2,635)	-	(1,124)	(2,189)	(202)	(9,596)	(6,313)	(106)	(1,236)	**(24,284)**
General administrative expenses	(159)	(250)	(11)	(4,493)	(272)	(1,336)	(2,987)	(560)	(6,898)	(12,771)	(339)	(2,356)	**(32,432)**
Net profit on sales	**122**	**2,691**	**409**	**7,909**	**1,145**	**1,611**	**10,139**	**763**	**12,777**	**10,874**	**243**	**1,848**	**50,531**
Other operating income	3	16	31	-	1	121	393	706	107	377	5	344	**2,104**
Other operating expenses	(19)	(11)	(29)	(262)	(11)	(5)	(304)	(96)	(38)	(530)	-	(262)	**(1,567)**
Operating profit	**106**	**2,696**	**410**	**7,647**	**1,135**	**1,727**	**10,229**	**1,373**	**12,846**	**10,722**	**248**	**1,929**	**51,068**
Financial income	9	11	8	65	20	387	243	977	1,633	412	3	(42)	**3,726**
Financial expenses	(18)	(23)	(15)	(50)	(25)	(439)	(1,275)	(478)	(196)	(721)	(14)	256	**(2,998)**
Gross profit on sales	**97**	**2,684**	**404**	**7,662**	**1,130**	**1,675**	**9,196**	**1,872**	**14,283**	**10,413**	**236**	**2,144**	**51,796**
Corporate income tax (current and deferred portions)	(20)	(165)	(46)	(1,698)	(106)	(200)	(1,280)	29	(2,342)	(1,848)	(71)	(449)	**(8,196)**
Net profit for the financial year	**77**	**2,519**	**358**	**5,964**	**1,023**	**1,475**	**7,916**	**1,902**	**11,941**	**8,566**	**165**	**1,694**	**43,600**

For the year ended 31 Dec. 2010 in EUR thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	**491**	**2,576**	**483**	**10,343**	**1,287**	**6,831**	**20,286**	**1,382**	**35,720**	**27,942**	**1,536**	**3,581**	**112,460**
Cost of sales	(383)	(1,659)	(379)	(6,588)	(933)	(5,814)	(16,462)	(1,002)	(28,411)	(20,461)	(1,364)	(2,223)	**(85,678)**
Gross profit on sales	**108**	**917**	**105**	**3,755**	**354**	**1,017**	**3,825**	**381**	**7,310**	**7,481**	**172**	**1,358**	**26,782**
Selling expenses	(38)	(182)	-	(658)	-	(281)	(547)	(50)	(2,396)	(1,576)	(27)	(309)	**(6,064)**
General administrative expenses	(40)	(63)	(3)	(1,122)	(68)	(334)	(745)	(140)	(1,723)	(3,189)	(85)	(588)	**(8,099)**
Net profit on sales	**30**	**672**	**102**	**1,975**	**286**	**402**	**2,532**	**190**	**3,191**	**2,716**	**61**	**462**	**12,619**
Other operating income	1	4	8	-	0	30	98	176	27	94	1	86	**525**
Other operating expenses	(5)	(3)	(7)	(65)	(3)	(1)	(76)	(24)	(9)	(132)	-	(66)	**(391)**
Operating profit	**26**	**673**	**102**	**1,910**	**283**	**431**	**2,554**	**343**	**3,208**	**2,677**	**62**	**482**	**12,753**
Financial income	2	3	2	16	5	97	61	244	408	103	1	(10)	**930**
Financial expenses	(4)	(6)	(4)	(12)	(6)	(110)	(318)	(119)	(49)	(180)	(4)	64	**(748)**
Gross profit on sales	**24**	**670**	**101**	**1,913**	**282**	**418**	**2,297**	**468**	**3,567**	**2,600**	**59**	**535**	**12,935**
Corporate income tax (current and deferred portions)	(5)	(41)	(12)	(424)	(27)	(50)	(320)	7	(585)	(461)	(18)	(112)	**(2,047)**
Net profit for the financial year	**19**	**629**	**89**	**1,489**	**256**	**368**	**1,977**	**475**	**2,982**	**2,139**	**41**	**423**	**10,888**

12. KEY ECONOMIC AND FINANCIAL FIGURES

Discussion of the key economic and financial figures disclosed in the annual financial statements, including in particular a description of factors and events with material impact on the Group's business operations, profits or losses reported for the financial year, as well as discussion of the Group's business development outlook at least for the next financial year.

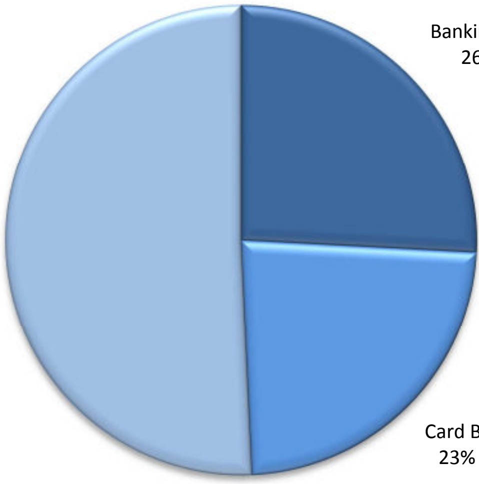
a) Structure of sales

Revenues of the Asseco South Eastern Europe Group for 12 months ended 31 December 2011 amounted to PLN 461,867 thousand and they improved by 3% as compared with sales generated last year. Such higher turnover resulted primarily from organic growth, synergy effects obtained from consolidation of organizational structures and coordination of business operations, as well as from incorporation of new undertakings into the Group in the second half of both 2010 and 2011.

Sales revenues by business units **in PLN thousands**	**3 months ended 31 Dec. 2011 (unaudited)**	**12 months ended 31 Dec. 2011 (audited)**	**3 months ended 31 Dec. 2010 (unaudited)**	**12 months ended 31 Dec. 2010 (audited)**
Banking Solutions	38,214	119,309	32,981	113,981
Card Business	37,577	108,229	31,862	74,124
Systems Integration	70,508	234,329	85,038	262,231
Unallocated	-	-	(58)	-
	146,299	**461,867**	**149,823**	**450,336**

Sales revenues by business units **in %**	**3 months ended 31 Dec. 2011 (unaudited)**	**12 months ended 31 Dec. 2011 (audited)**	**3 months ended 31 Dec. 2010 (unaudited)**	**12 months ended 31 Dec. 2010 (audited)**
Banking Solutions	26%	26%	22%	25%
Card Business	26%	23%	21%	17%
Systems Integration	48%	51%	57%	58%
Unallocated	-	-	0%	0%
	100%	**100%**	**100%**	**100%**

Breakdown of sales revenues by business units in 2011 and 2010 (%)



Implementations and services in the Banking Solutions business – 26% of revenues in 2011

Sales revenues for 12 months ended 31 December 2011 reached PLN 119,309 thousand and they increased by 5% when compared with PLN 113,981 thousand achieved in the corresponding period of 2010.

Most revenues within the business unit of implementations and services for the banking sector were generated in Serbia (46% of total sector sales). Whereas, the revenue contributions of Romania and Croatia were 23% and 21%, respectively.

The largest projects executed by this business unit have been described in item 9.

Implementations and services in the Card Business – 23% of revenues in 2011

Sales generated by the Card Business during 12 months ended 31 December 2011 amounted to PLN 108,229 thousand and they were up 46% from the year-ago level of PLN 74,124 thousand. Serbia was the key revenue driver which accounted for 35% of total sales in this sector. It was followed by Croatia and Turkey with a 25% and 12% contribution to revenues, respectively.

The largest projects executed by this business unit have been described in item 9.

Systems Integration business – 51% of revenues in 2011

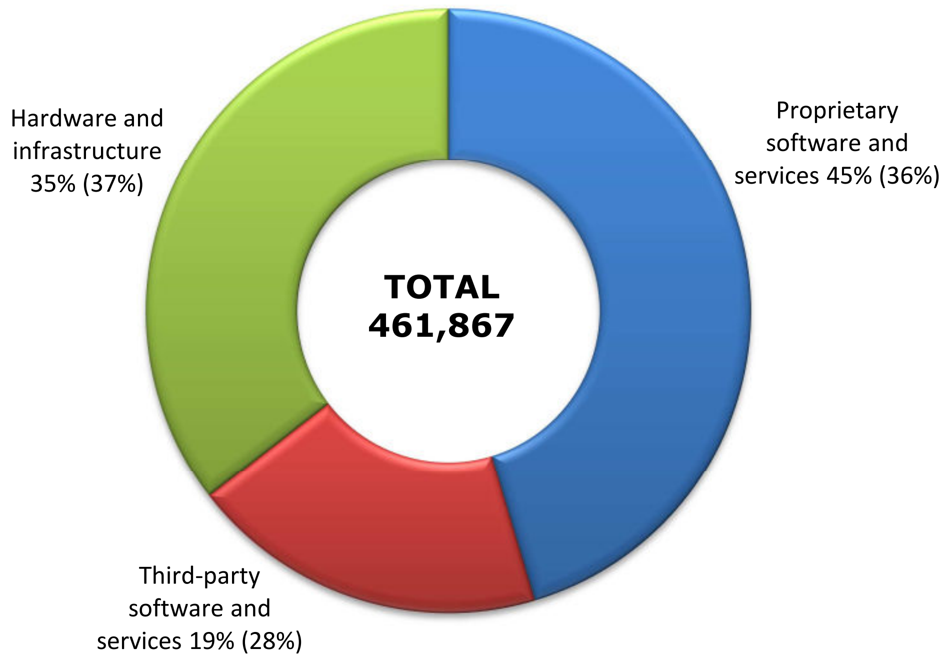
Due to the nature of integration operations, which involve chiefly development of infrastructure and resale of hardware, this business unit generates the smallest margins of profit, which are still above the average margins realized in developed markets. Taking into account low saturation of this market, the demand for such services should remain high in the foreseeable future, yet gradual squeezing of margins will become a significant risk factor in a longer term perspective.
In this sector, the highest revenues were generated in Romania, which was followed by Macedonia and Serbia.

Breakdown of sales revenues by type of products

Sales revenues by type of products	3 months ended 31 Dec. 2011 (unaudited)	12 months ended 31 Dec. 2011 (audited)	3 months ended 31 Dec. 2010 (unaudited)	12 months ended 31 Dec. 2010 (audited)
Proprietary software and services	64,751	209,548	48,112	160,178
Third-party software and services	26,965	88,442	43,737	125,617
Hardware and infrastructure	54,583	163,877	57,974	164,541
	146,299	**461,867**	**149,823**	**450,336**

In 2011 the structure of sales by type of products remained roughly unchanged in comparison to the prior year. Sales of proprietary software and services increased by 9 percentage points as portion of total revenue, which is in line with the Group's strategy. The contribution to revenues generated from third-party software and services dropped by 9 pp; whereas, the respective share of computer hardware and infrastructure remained unchanged.

The most robust revenue growth, as compared with the prior year, was recorded in the sales of proprietary software and services which were up 31% from PLN 160,178 thousand to PLN 209,548 thousand.



Breakdown of sales revenues by clients

Sales revenues by clients in PLN thousands	3 months ended 31 Dec. 2011 (unaudited)	12 months ended 31 Dec. 2011 (audited)	3 months ended 31 Dec. 2010 (unaudited)	12 months ended 31 Dec. 2010 (audited)
Banking and finance	96,222	293,944	84,513	261,709
Enterprises	40,560	120,622	41,121	134,520
Public institutions	9,517	47,301	24,189	54,107
	146,299	**461,867**	**149,823**	**450,336**

Sales revenues by clients in %	3 months ended 31 Dec. 2011 (unaudited)	12 months ended 31 Dec. 2011 (audited)	3 months ended 31 Dec. 2010 (unaudited)	12 months ended 31 Dec. 2010 (audited)
Banking and finance	66%	64%	56%	58%
Enterprises	28%	26%	27%	30%
Public institutions	6%	10%	17%	12%
	100%	**100%**	**100%**	**100%**

In 2011 the Group recorded a dynamic 12% growth in revenues from the banking and financial sector. This sector remains the Group's key revenue driver that accounted for 64% of total sales in 2011, having increased by additional 6 percentage points from 58% in 2010.

b) Financial performance in 2011

CONSOLIDATED FINANCIAL RESULTS OF THE ASSECO SOUTH EASTERN EUROPE GROUP FOR 2011

	3 months ended 31 Dec. 2011 (unaudited)	3 months ended 31 Dec. 2010 (unaudited)	Change %	12 months ended 31 Dec. 2011 (audited)	12 months ended 31 Dec. 2010 (audited)	Change %
Sales revenues	146,299	149,823	-2%	461,867	450,336	3%
Gross profit on sales	39,610	33,776	17%	121,660	107,247	13%
Net profit on sales	18,970	15,909	19%	55,381	50,531	10%
Operating profit	18,792	16,344	15%	54,902	51,068	8%
Net profit for the period reported	18,341	12,593	46%	54,653	43,600	25%
Net profit attributable to Shareholders of the Parent Company	**18,341**	**12,593**	46%	54,764	43,647	25%

In 2011 the Group's sales revenues increased by 3% year on year, which translated into an 8% growth in operating profit. Nonetheless, such increase in profitability was partially achieved owing to the capitalization of software development costs in the amount of PLN 2,821 thousand. Net profit improved by 25%, or 17 percentage points more than operating profit, due to the recognition of one-off transactions in connection with a partial reversal of liabilities arising from the acquisition of shares in EST A.Ş.
If analyzed in euros, operating profit would show an increase of 4%, while net profit would improve by 20%, both in comparison to those achieved a year ago.

CONSOLIDATED FINANCIAL RESULTS OF THE ASSECO SOUTH EASTERN EUROPE GROUP BY BUSINESS UNITS

BANKING SOLUTIONS	3 months ended 31 Dec. 2011	3 months ended 31 Dec. 2010	Change	12 months ended 31 Dec. 2011	12 months ended 31 Dec. 2010	Change
	(unaudited)	(unaudited)	%	(audited)	(audited)	%
Sales revenues	38,214	32,981	16%	119,309	113,981	5%
Gross profit on sales	13,540	11,566	17%	43,003	41,826	3%
Net profit on sales	7,383	4,139	78%	22,951	19,927	15%

Revenues generated by the Banking Solutions unit increased by 5% as compared to 2010, while its net profit on sales improved 15%.

CARD BUSINESS	3 months ended 31 Dec. 2011	3 months ended 31 Dec. 2010	Change	12 months ended 31 Dec. 2011	12 months ended 31 Dec. 2010	Change
	(unaudited)	(unaudited)	%	(audited)	(audited)	%
Sales revenues	37,577	31,862	18%	108,229	74,124	46%
Gross profit on sales	10,114	8,527	19%	32,426	21,953	48%
Net profit on sales	4,928	4,295	15%	16,722	12,700	32%

In 2011 the Card Business unit recognized a 46% increase in sales revenues, while its net profit on sales improved by 32% in comparison with 2010.

SYSTEMS INTEGRATION	3 months ended 31 Dec. 2011	3 months ended 31 Dec. 2010	Change	12 months ended 31 Dec. 2011	12 months ended 31 Dec. 2010	Change
	(unaudited)	(unaudited)	%	(audited)	(audited)	%
Sales revenues	70,508	85,038	-17%	234,329	262,231	-11%
Gross profit on sales	15,956	13,670	17%	46,231	43,468	6%
Net profit on sales	6,659	4,263	56%	15,708	17,904	-12%

Whereas, the Systems Integration unit recognized an 11% decrease in sales revenues while its net profit on sales contracted by 12%.

c) Structure of the consolidated balance sheet

Structure of assets	**31 Dec. 2011 PLN '000**	**31 Dec. 2010 PLN '000**	**31 Dec. 2011 %**	**31 Dec. 2010 %**
Non-current assets	**560,893**	**505,424**	**68%**	**69%**
Property, plant and equipment, and intangible assets	33,349	26,877	4%	4%
of which: investment property	894	843	0%	0%
Goodwill	523,149	476,399	64%	65%
Other	4,395	2,148	0%	0%
Current assets	**260,123**	**223,210**	**32%**	**31%**
Inventories	13,079	13,851	2%	2%
Trade accounts receivable and deferred expenses	91,629	75,273	11%	11%
Receivables from valuation of IT contracts	27,546	22,270	3%	3%
Cash and cash deposits	103,222	100,976	13%	14%
Other	24,647	10,840	3%	1%
TOTAL ASSETS	**821,016**	**728,634**	**100%**	**100%**

Goodwill is the main component of assets of the Asseco South Eastern Europe Group. In 2011, the carrying amount of goodwill increased as a result of acquisition of new companies, namely Altius Bulgaria EOOD (Sofia) and Asseco SEE d.o.o. (Grosuplje), as well as due to changes in foreign currency exchange rates. Receivables from valuation of IT contracts increased substantially by PLN 5,276 thousand, this is from PLN 22,270 thousand as at 31 December 2010 to PLN 27,546 thousand as at 31 December 2011. Nonetheless, the share of such receivables in total assets remained unchanged as other classes of assets increased as well and the Group's total assets are quite sizeable. Whereas, other asset components measured as portion of total assets as at 31 December 2011 remained at the levels comparable to those observed at the end of 2010.

Structure of equity and liabilities	**31 Dec. 2011 PLN '000**	**31 Dec. 2010 PLN '000**	**31 Dec. 2011 %**	**31 Dec. 2010 %**
Total shareholders' equity	**705,811**	**597,264**	**86%**	**82%**
Non-current liabilities	**6,011**	**6,968**	**1%**	**1%**
Current liabilities	**109,194**	**124,402**	**13%**	**17%**
Interest-bearing bank loans and debt securities	590	2,176	0%	0%
Trade accounts payable	37,765	36,896	5%	5%
Financial liabilities	2,120	20,981	0%	3%
Other current liabilities	68,719	64,349	8%	9%
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**821,016**	**728,634**	**100%**	**100%**

In 2011, the Group relied more on equity financing than debt financing. As at 31 December 2011, shareholders' equity accounted for 86% of total equity and liabilities, up from 82% as at 31 December 2010. Whereas, the portion represented by current liabilities decreased following a considerable decline in financial liabilities from PLN 20,981 thousand as at 31 December 2010 to PLN 2,120 thousand at the end of 2011. The amount of financial liabilities reported as at 31 December 2010 included liabilities due to the acquisition of shares in EST A.Ş. (Istanbul) amounting to PLN 15,892 thousand, and in Asseco o.o.d. (Sofia) amounting to PLN 1,881 thousand. In the period of 12 months ended 31 December 2011, such liabilities were to a large extent repaid or reversed.

d) Structure of the consolidated statement of cash flows

	12 months ended 31 Dec. 2011 PLN '000	12 months ended 31 Dec. 2010 PLN '000
Net cash provided by (used in) operating activities	43,829	62,955
Net cash provided by (used in) investing activities	(30,785)	(46,282)
Net cash provided by (used in) financing activities	(19,274)	(17,127)
Net decrease in cash and cash equivalents	(6,230)	(454)

The Group's cash inflows from operating activities declined from PLN 62,955 thousand in 2010 to PLN 43,829 thousand in 2011. Such decrease is basically a consequence of higher valuation of long-term contracts. On the other hand, the Group used 33% less cash for its investing activities than in the previous year. Lower cash flows in investing activities resulted mainly from a decrease in expenditures for company acquisitions, from PLN 53,134 thousand in 2010 to PLN 8,391 thousand in 2011. The Group used slightly more cash in its financing activities primarily due to higher dividend distributions to shareholders of Asseco South Eastern Europe S.A. of PLN 13,258 thousand in 2011, up from PLN 5,452 thousand paid in 2010.

e) Analysis of financial ratios

Profitability ratios

	3 months ended 31 Dec. 2011 (unaudited)	12 months ended 31 Dec. 2011 (audited)	3 months ended 31 Dec. 2010 (unaudited)	12 months ended 31 Dec. 2010 (audited)
Gross profit margin	27%	26%	23%	24%
EBITDA margin	15%	14%	12%	13%
Operating profit margin	13%	12%	11%	11%
Net profit margin	13%	12%	8%	10%
Return on assets (ROA)	3%	8%	2%	7%
Return on equity (ROE)	2%	7%	2%	6%

The above ratios have been computed using the following formulas:
Gross profit margin = gross profit on sales / sales
EBITDA margin = (operating profit + depreciation and amortization) / sales
Operating profit margin = operating profit / sales
Net profit margin = net profit for the period reported attributable to Shareholders of the Parent Company / sales
Return on equity (ROE) = net profit for the period reported attributable to Shareholders of the Parent Company / average annual equity attributable to Shareholders of the Parent Company
Return on assets (ROA) = net profit for the period reported attributable to Shareholders of the Parent Company / average annual assets

Gross profit margin and net profit margin both improved by 2 percentage points, while EBITDA margin and operating profit margin increased by 1 percentage point, all when compared to their equivalents achieved in 2010.

Return on equity reached 8% while return on assets equalled 7% as they both improved by 1 percentage point over their 2010 levels.

Liquidity ratios

	31 December 2011	31 December 2010
Working capital	150,929	98,808
Current liquidity ratio	2.38	1.79
Quick liquidity ratio	2.21	1.65
Absolute liquidity ratio	0.99	0.81

The above ratios have been computed using the following formulas:
Working capital = current assets - current liabilities
Current liquidity ratio = current assets / current liabilities
Quick liquidity ratio = (current assets - inventories – deferred expenses) / current liabilities
Absolute liquidity ratio = (bonds and securities held to maturity + cash and short-term bank deposits) / current liabilities

All of the liquidity ratios improved as compared with those of 2010 primarily owing to a 12% decrease of current liabilities in the balance sheet structure (from PLN 124,402 thousand as at 31 December 2010 to PLN 109,194 thousand as at 31 December 2011). This decrease was basically related to short-term financial liabilities arising from the acquisition of shares in the companies of EST A.Ş. (Istanbul) and Asseco SEE o.o.d. (Sofia), which, in the period of 12 months ended 31 December 2011, were either repaid or partially reduced (in 2011 a total financial income of PLN 3,890 thousand was recognized on such reduction of liabilities).

Debt ratios

	31 December 2011 %	31 December 2010 %
Debt ratio	14.03%	18.03%
Debt / equity ratio	0.00	0.00
Debt / (debt + equity) ratio	0.00	0.00

The above ratios have been computed using the following formulas:
Debt ratio = (long-term liabilities + short-term liabilities) / assets
Debt / equity ratio = interest-bearing bank loans and debt securities / shareholders' equity
Debt / (debt + equity) ratio = interest-bearing bank loans and debt securities / (interest-bearing bank loans and debt securities + shareholders' equity)

The total debt ratio declined by 4 percentage points as compared to its 2010 level chiefly as a result of higher equity financing and lower share of total liabilities in the balance sheet structure, which dropped from 18% as at 31 December 2010 to 14% as at 31 December 2011.

13. SIGNIFICANT EVENTS WITH IMPACT ON BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

Significant events with material impact on the Group's business operations and financial performance during the financial year or with such potential impact in the following years.

According to the Management Board, the following events have had or, in the near future, may have material impact on the Group's business operations and financial performance:

- consistently implemented market strategy of individual operating segments;
- cost reduction programs implemented in individual companies of the Group;
- average exchange rates of the functional currencies of the Group subsidiaries applied in translation to the Group's presentation currency, i.e. Polish zloty;
- recognition of a financial income of PLN 4,591 thousand by virtue of: the settlement of an estimated liability for the acquisition of EST A.Ş. (Istanbul) in the amount of PLN 3,385

thousand, a downward revision in the estimated amount of the second instalment payable for shares in Asseco SEE o.o.d. (Sofia) – PLN 505 thousand, and a downward revision in the estimated liabilities to pay out dividends from undistributed profits for the years 2009 and 2010 that were recognized by the Group pursuant to the BDS d.o.o. acquisition agreement – PLN 701 thousand;
- successful completion of potential acquisitions; and
- conclusion of each of the commercial contracts described in item 9.

14. EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE GROUP'S DEVELOPMENT

Characteristics of the external and internal factors significant for the development of the Issuer's enterprise and description of the Issuer's business development outlook at least till the end of the financial year following the financial year reported in the financial statements accompanying this annual report, taking into consideration elements of the Issuer's market strategy.

External factors affecting the Group's development

- economic growth in the region of South Eastern Europe, primarily with a view to overcoming the crisis, achieving stabilization and reasonable growth;
- condition of the IT market in the SEE region; this part of Europe remains still way underinvested in terms of information technology as compared with the West European countries;
- consolidation and development of the banking sector in the region of South Eastern Europe;
- prospects for expansion of the Group's foreign operations and its product portfolio in connection with the planned acquisitions;
- ability to capture the market niches;
- availability of the EU structural funds in Romania and Bulgaria as well as pre-accession funds in Croatia, Macedonia, and Kosovo;
- implementation of the public administration informatization processes in order to upgrade the quality and functionality of their services to international standards and especially to the European Union requirements;
- inflation and fluctuations in the foreign exchange rates (primarily of euro, but also the currencies of the countries where the Group operates);
- more and more severe competition both from the local players and international IT corporations, which is observed especially when it comes to execution of large and prestigious contracts;
- changes in the credit standing, financial liquidity, and availability of credit financing for clients;
- opportunities and risks resulting from relatively rapid technological changes and innovations in the IT market.

Internal factors affecting the Group's development

- high quality and comprehensive offering of the Asseco South Eastern Europe Group;
- research and development expenditures;
- stability and experience of the managerial staff;
- streamlining and transparency of the Group's structure;
- plenty of experience in the execution of complex IT projects involving provision of diversified services in broad geographical regions;
- effective activities of the sales and marketing force;
- opportunities for the execution of complex information technology projects carried out under long-term agreements;
- implementation of the Group's business strategy involving expansion into new foreign markets;
- successful finalization of the intended company acquisitions.

15. SIGNIFICANT RISK FACTORS AND THREATS

Description of significant risk factors, with indication of the Group's exposure to such risks.

a) Material risk factors involved in the Group's business environment

Risk related to general macroeconomic situation in South Eastern Europe

The Group runs operations in the countries of South Eastern Europe. The Group's strategy anticipates further expansion in this region as well as in other emerging markets. As a consequence of the planned growth, the Group’s business operations may be influenced by factors depending on the economic and political stability of the region. As part of our expansion we will need to cope with new competitors, new markets and new legal regulations. Development of the IT services sector is closely correlated to the overall economic situation of South-Eastern European countries where our Group operates. Our financial results are to a large extent driven by the pace of GDP growth, level of capital expenditures made by enterprises, and the inflation rate.

Risk associated with political instability in the region of South Eastern Europe

Potential changes in the governments of South-Eastern European countries may initiate periods of political instability, which may result in a reduction of public spending. The budget spending restrictions imposed by the European Union on Romania and Bulgaria may also force their governments to allocate available funds to the ongoing projects and cut their spending in other segments of economy, inclusive of the IT industry.

Risk related to intensified competition in South Eastern Europe

Information technology infrastructure and services become a more and more competitive marketplace in South Eastern Europe. With a variety of services and products in our portfolio, we are tough competition to large consulting firms, multinational technological giants, IT outsourcing companies as well as software houses, inclusive of internal IT departments of large corporations operating in the region. The IT industry undergoes rapid changes resulting from new investments made by large technology companies and acquisitions of local companies by international players. Furthermore, the largest global players, which have been so far active only in the large companies market, expand their offering with the solutions and implementation methodology dedicated to medium-sized companies.

Risk of potential legal disputes concerning copyrights

Development of the Group's operations in the market of IT products depends to a large degree on ownership of intellectual property rights, and especially copyrights to computer programs. Because of a variety of legal regulations pertaining to the protection of intellectual property applicable in the countries where our subsidiaries operate, there is a risk that in some circumstances there may be doubts as to the effectiveness of assignment of copyrights in software codes compiled by employees in favour of their employers.

Foreign currency exposure risk

The Group runs operations in many South Eastern European markets. Contracts concluded by the Group companies are denominated in miscellaneous currencies, also in currencies that are foreign to the countries where the Group operates, including the euro, American dollar, Romanian leu, Croatian kuna, Serbian dinar, Macedonian denar, and Turkish lira. Temporary fluctuations in the currency exchange rates as well as long-term trends in the currency market may impact the financial results of the Group.

b) Material risk factors involved in the Group's business operations

Risk of fluctuations in revenues and expenditures

Due to the project-driven nature of the IT business, sales revenues generated by the Group may be subject to considerable fluctuations from period to period. It is possible that in the future our operating results will fall short of the market expectations because of the impact of unfavourable factors. Moreover, due to technological changes, the Group’s existing technology and products may become obsolete and will require making sizeable new investments.

Risk of non-performance or improper performance of projects and losing the clients' trust

In each area of our business, the provision of services by the Group depends on the clients' trust and the quality of our products and services. Adequate implementation of an IT project, which has critical importance for the operating activities of our client, in most cases results in signing a long-term contract. The quality of solutions and customer service provided to our clients determines their confidence in our Group.

Risk associated with fixed-price contracts

Some contracts for provision of IT services or products concluded by the Group determine a fixed remuneration and therefore they are not settled on the time-and-material basis. If we misevaluate the resources and time required for the project performance, future salary increases, inflation or foreign exchange rates, or if we fail to perform our contractual obligations within the agreed deadline, this may have an adverse impact on the Group's financial results and cash flows.

Risk associated with gaining new IT contracts

Some of the Group's sales revenues are generated from projects won in tendering procedures organized by state institutions and companies as well as by large private enterprises. Most of such tenders are attended by leading IT companies in the region and major foreign companies, which results in a fairly high competition. Our business depends on the availability of reliable information about future investment plans, in the public and private sectors, with regard to information and telecommunications technology. Access to such information, in particular regarding the state sector, is very limited. Additionally, the lack of procedures and experience in obtaining the EU structural funds in Romania and Bulgaria may hinder our ability to achieve the expected level of growth.

Risk of becoming dependent on the key customers

The Group's business is to a great extent based on the execution of long-term projects which require a large work effort. Implementation of the key account contracts will heavily impact the level of our sales revenues in the coming years.

Risk of becoming dependent on the key suppliers

The Group's business is characterized by close cooperation with big international companies. There is a risk that the key suppliers to our Group may change their strategies for cooperation with local partners or may want to tighten their cooperation with one partner of their choice. Furthermore, they may start to offer the implementation services for their products themselves or else increase the prices of the products supplied. Cooperation with such firms as Microsoft or Oracle is exposed to this specific risk.

Risk related to the banking sector

The provision of IT solutions and services to banks and other financial institutions is one of our core businesses. The lack of stability observed in the financial sector may prompt financial institutions to decrease their investments and implement cost reductions, which may have an adverse impact on the Group's operations. Due to our particular emphasis on the financial sector, any reduction in spending on new information solutions and IT services, or limitation of promotional activities for the existing products and services on the part of our key clients would be certainly unfavourable for the Group's business. The banking sector around the world, and especially in the South Eastern European countries, undergoes intensive processes of consolidation with much attention paid to the standardization of solutions and optimization of costs at the corporate level. If headquarters of a bank group choose other global participants of the IT market as their preferred suppliers of IT technologies, this may have adverse effects for the Group's operations.

Risk related to the provision of integration services

In some of the markets where the Group operates, the providers of integration services generate higher margins of profit than in mature economies. Hence it may be expected that such margins will be squeezed once these markets become saturated.

Risk related to insolvency or misconduct of our subcontractors

In certain cases, we provide our clients with the solutions developed and completed by our subcontractors. Just as any other entrepreneurs, our subcontractors may face business or financial difficulties and become unable to fulfil their obligations towards us or our clients.

Risk related to technological changes in the industry and development of new products and services

The IT sector is characterized by rapid development of solutions and technologies. Hence, the product lifecycles in such a market are relatively short. In order to maintain a competitive advantage in this market, it is necessary to undertake research work and invest in new products. There is a risk that new solutions will be launched to the market, causing the products and services offered by the Group to become less attractive and eventually not as profitable as expected.

Risk involved in strategic investments in complementary industries, technologies, services or products as well as in strategic alliances with third parties

While implementing the Group's development strategy, we may engage in strategic investments, establish companies, undertake joint ventures and make acquisitions related to complementary industries, technologies, services or products. Despite exercising due care when selecting our business partners, we may be unable to identify a suitable partner or to manage such a venture or acquisition appropriately. As a consequence we may be exposed to typical risks involved in mergers and acquisitions.

Risk of becoming dependent on the key management personnel

Just as in majority of companies developing IT systems, highly qualified personnel and managerial staff are the main pillars of success achieved both by the Company and its Group. We operate in the information technology industry which is characterized by a high rotation of personnel. It is probable that the Group will be unable to retain its present employees or to recruit new, equally highly qualified employees in the future. In most cases, key members of the management staff are concurrently the founders of our subsidiary companies. Acquisition of new investments often depends on the business contacts obtained by the key personnel. Losing some of the key management members would have a negative impact on the Group's operations, financial position and results as well as on its future development outlook.

Risk involved in integration of the Group

The Group is exposed to a risk associated with effective integration of Asseco South Eastern Europe S.A. and its subsidiaries, especially as the Group's companies operate in various markets and in various countries. It is our strategy to integrate the subsidiary undertakings with Asseco South Eastern Europe S.A. and to make further company acquisitions in South Eastern Europe. Nonetheless, we cannot entirely exclude the risks of delays, partial completion or failure to complete the intended integration process. Apart from that, even our subsidiaries and further potentially acquired entities are successfully integrated with the Group, we may still be unable to fully integrate the products and services portfolios of particular companies, or to continue the development processes in line with our present corporate practices.

Risk related to dividends

Our potential investors should be aware of the fact that distribution of any dividends will depend on a number of factors, such as the Group's operating results, its financial standing as well as the current and anticipated demand for cash. It is the Management Board intention to allocate a portion of our net earnings to dividends; however, the Company is not in the position to guarantee that such plans will be actually executed nor to determine the amounts of future dividend payments. Furthermore, under the Shareholders Agreement concluded on 28 August 2008 between Asseco South Eastern Europe S.A., Asseco Poland S.A. and former owners of subsidiary companies, Asseco South Eastern Europe S.A. made a commitment to distribute at least 30% of the net profit in the form of dividends.

Risk related to the influence exerted by the Company's majority shareholder

As at the date of publication of this report, Asseco Poland S.A., our majority shareholder, holds 51.06% of shares in our Company. We expect that Asseco Poland S.A. will maintain its position as a majority shareholder and retain significant influence on our Company's business operations. Asseco Poland S.A. is entitled to exercise broad rights with respect to its shareholding in our Company and it must be taken into account that in the present situation Asseco Poland S.A. has a decisive impact on the Company's strategic decisions.

16. KEY FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Description of key features of the internal control and risk management systems applied by the Group in relation to the process of preparing separate and consolidated financial statements.

Both separate and consolidated financial statements are prepared in compliance with the International Accounting Standards ("IAS") as well as the International Financial Reporting Standards ("IFRS"). Responsibilities under the internal control and risk management systems, as adopted by Asseco South Eastern Europe S.A. in the process of preparing its financial statements, are performed by the Management Board, Supervisory Board, Audit Committee and other employees acting in accordance with the applicable internal procedures and regulations (such as dispositions, bylaws, instructions, job descriptions of respective employees) and other regulations. Key personnel is responsible for design, implementation and monitoring of an effective and efficient internal control system as well as for identification and review of any risk exposures. The main elements of the Company's internal control system, whose objective is to eliminate the risks involved in the preparation of financial statements, are as follows:

- ongoing controls undertaken at all the levels and organizational units of the Company as well as in its subsidiaries, which shall ensure compliance with guidelines issued by the Management Board and enable identification and appropriate response to any significant risks;

- efficient and reliable information flow system, which shall enable collection and verification of data provided by the Group companies as well as prompt response in case any deviations from the budget are detected;
- annual and semi-annual audits of separate and consolidated financial statements by an entity authorized to audit financial statements;
- audit of the annual financial statements of the Group companies by the "Big Four" audit firms;
- internal regulations specifying the duties, rights and responsibilities of individual organizational units, with particular emphasis on the staff directly engaged in the preparation of financial statements;
- protection of the Company's important information and prevention against their unauthorized disclosure;
- regular monitoring of financial directors and other staff responsible for the preparation of financial statements at the companies incorporated within the Asseco South Eastern Europe Group, with the aim to maintain control, identify any risks and threats, and to determine the required preventive actions.

Both separate and consolidated financial statements are drawn up by the Head of Group Reporting; whereas, their final content is subject to approval by the Company's Management Board which oversees all the business operations and processes.

17. MAJOR CAPITAL INVESTMENTS

Description of the structure of main capital deposits or capital investments made by the Issuer's capital group during the financial year.

In the financial year reported, Asseco South Eastern Europe Group made the following capital investments:

1) acquisition of a 0.33% stake in ITD A.Ş. seated in Turkey for USD 37 thousand;
2) acquisition of a 50% stake in SIMT Cardinfo d.o.o. (presently Asseco SEE d.o.o.) seated in Slovenia for EUR 300 thousand (on 13 July 2011);
3) acquisition of 100% of shares in Altius Bulgaria EOOD seated in Bulgaria for not more than EUR 524 thousand (on 19 October 2011).

Detailed information on the above-mentioned capital investments made in 2011 is presented in item 4 of this Management's report on business operations of the Group.

18. ORGANIZATIONAL AND EQUITY RELATIONSHIPS OF THE ISSUER

Information on the Issuer's organizational and equity relationships with other entities and identification of the Issuer's major domestic and foreign investments (in securities, financial instruments, intangibles, and real estate) inclusive of capital investments in unrelated entities as well as description of the methods of financing of such investments.

Asseco South Eastern Europe S.A. is the parent of the Asseco South Eastern Europe Group and concurrently a subsidiary of the higher-level parent company Asseco Poland S.A. The Issuer's position as well as organizational and equity relationships are presented in the chart of organizational structure of the Asseco South Eastern Europe Group included in item 3 of this Management's report on business operations of the Group.

19. RELATED PARTY TRANSACTIONS

Information on significant transactions concluded by the Issuer or its subsidiaries with their related parties that were carried out not on an arm's length basis, including a specification of the value and nature of such transactions – this obligation shall be considered fulfilled by making a reference to such information included in the financial statements.

In the period of 12 months ended 31 December 2011, Asseco South Eastern Europe S.A. or its subsidiaries did not conduct any transactions with their related parties other than on an arm's length basis.

Information on related party transactions carried out in the period of 12 months ended 31 December 2011 has been presented in explanatory note 28 to the annual consolidated financial statements of the Asseco South Eastern Europe Group.

20. AGREEMENTS FOR BANK LOANS AND BORROWINGS

Information on the agreements for bank loans and borrowings contracted or terminated during the financial year, specifying at least their amount, type and interest rate, currency and maturity.

On 30 December 2009, Asseco South Eastern Europe S.A. signed with the European Bank for Reconstruction and Development an agreement for an investment loan facility in the maximum amount of EUR 7 million. The loan interest rate equals 3M EURIBOR + margin.

The repayment deadline specified in the agreement was 31 January 2016. Both as at 31 December 2011 and 31 December 2010, the Group had no liabilities under this loan. As the Company did not draw any amounts of this loan facility till 31 December 2011, the loan agreement has been terminated as of 31 December 2011.

Information on liabilities of the Asseco South Eastern Europe Group under bank loans and borrowings contracted as at 31 December 2011 and 31 December 2010 has been presented in explanatory note 22 to the Group's annual consolidated financial statements for the year 2011.

21. LOANS GRANTED DURING THE FINANCIAL YEAR

Information on loans granted during the financial year, with special regard to loans granted to the Issuer's related entities, specifying at least their amount, type and interest rate, currency and maturity.

In 2011 Asseco South Eastern Europe S.A. did not grant any loans to any companies or to its related entities.

22. SURETIES AND GUARANTIES

Information on sureties and guaranties granted or obtained during the financial year, with special regard to sureties and guaranties extended in favour of the Issuer's related entities.

During the 12-month period ended 31 December 2011, Asseco South Eastern Europe S.A. did not grant or obtain any sureties or guaranties.

Off-balance-sheet liabilities under sureties and guaranties granted by the Asseco South Eastern Europe Group are described in item 35 of this Management's report on business operations of the Group.

23. UTILIZATION OF PROCEEDS FROM THE ISSUANCE

In the event of an issuance of securities conducted during the period reported, the Issuer shall describe how the proceeds from such issuance were utilized until the time of preparing the report on business operations.

In the period reported ended 31 December 2011, the Company's share capital was raised by the amount of PLN 9,021 thousand through the issuance of 902,119 series T shares that was registered by the District Court in Rzeszów on 28 June 2011. These shares were assigned in settlement of the second instalment of consideration for shares in EST A.Ş. (Istanbul) that were acquired in 2010.

24. EXPLANATION OF DIFFERENCES BETWEEN THE FINANCIAL RESULTS DISCLOSED IN THE ANNUAL REPORT AND PREVIOUS FINANCIAL FORECASTS FOR THE YEAR

Asseco South Eastern Europe S.A. did not publish any financial forecasts for 2011.

25. ASSESSMENT OF THE FINANCIAL RESOURCES MANAGEMENT

The assessment (including its justification) of financial resources management, with special regard to the ability to pay off liabilities incurred, and identification of potential threats and actions which the Issuer took or intends to take in order to counteract such threats.

During the 12-month period ended 31 December 2011, Asseco South Eastern Europe S.A. had no problems with timely settlement of its trade liabilities, payment of regulatory state charges, nor with fulfilling its investment commitments.

26. FEASIBILITY OF INVESTMENT PLANS

Assessment of the ability to execute the intended investment projects, inclusive of capital investments, bearing in mind the amount of funds held and taking into account the possible changes in structure of financing.

The planned acquisitions will be financed partially with the Group's spare cash and partially with proceeds from the issuance of new shares of Asseco South Eastern Europe S.A.

27. CHANGES IN THE PRINCIPLES OF COMPANY AND GROUP MANAGEMENT

In 2011 Asseco South Eastern Europe S.A. did not change the principles applied for the management of its company and capital group.

28. AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND ITS MANAGEMENT AND SUPERVISORY PERSONNEL

Any agreements concluded between the Issuer and its key management personnel which provide for payment of compensation in the event such persons resign from their position, or are dismissed without substantial cause, or are dismissed as a result of the Issuer's company merger by acquisition.

Asseco South Eastern Europe S.A. did not sign any agreements of such nature.

29. REMUNERATION DUE TO THE ISSUER'S MANAGEMENT AND SUPERVISORY PERSONNEL

The amounts of salaries, bonuses or other benefits, including those resulting from any incentive or bonus programs based on the Issuer's equity, privileged bonds, convertible bonds, subscription warrants (made in cash, in kind, or in any other form), that were paid, are payable or potentially payable, separately to each member of the Issuer's management and supervisory personnel, regardless of whether such payments were expensed or resulted from a profit distribution; in the event the Issuer is a parent company, partner in a jointly-controlled subsidiary or a major investor, it should also provide separate information on the amount of remuneration and bonuses received for performance of duties in the governing bodies of subsidiary companies – this obligation shall be considered fulfilled by providing relevant information in the financial statements and making a reference thereto.

Information on remuneration due to the Issuer's management and supervisory personnel has been disclosed in explanatory note 30 to the annual consolidated financial statements of the Asseco South Eastern Europe Group for 2011.

30. SHAREHOLDERS STRUCTURE

According to the best knowledge of the Management Board of Asseco South Eastern Europe S.A., the shareholders who both as at 23 February 2012 and 31 December 2011, either directly or through their subsidiaries, held at least a 5% voting interest at the General Meeting of Shareholders were as follows:

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

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

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

Name of shareholder	Number of shares held and votes at GMS	Equity interest and voting interest at GMS
Asseco Poland S.A.	26,494,676	51.96%
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 S.A. amounted to PLN 509,921,320 and it was divided into 50,992,132 ordinary shares with a par value of PLN 10.00 each, which entitled to 50,992,132 votes at the Company's General Meeting of Shareholders.

In the period of 12 months ended 31 December 2011, Asseco Poland S.A. reduced its equity and voting interest in Asseco South Eastern Europe S.A. from 51.96% to 51.06%, EBRD decreased its equity and voting interest in Asseco South Eastern Europe S.A. from 9.43% to 9.27%, whereas, Liatris d.o.o. reduced its equity and voting interest in Asseco South Eastern Europe S.A. from 7.43% to 7.40%, in each case as a result of the share capital increase through the issuance of series T shares that was registered by the District Court in Rzeszów on 28 June 2011.

31. SHARES HELD BY MANAGEMENT AND SUPERVISORY PERSONNEL

Disclosure of the total number and par value of shares held in the Issuer's company and in its related companies by the Issuer's management and supervisory personnel (separately for each person).

Changes in the numbers of Asseco South Eastern Europe S.A. shares held by the Company's management and supervisory staff.

Supervisory Board Members	**Number of shares held as at**			
	23 February 2012	**31 Dec. 2011**	**27 October 2011**	**31 Dec. 2010**
Adam Góral[1]	-	-	-	-
Jacek Duch	-	-	-	-
Jan Dauman			-	n/a
Andrzej Mauberg	-	-	-	-
Mihail Petreski[2]	-	-	-	-
Przemysław Sęczkowski	-	-	-	2,500
Gabriela Żukowicz	150	150	150	150

Management Board Members	**Number of shares held as at**			
	23 February 2012	**31 Dec. 2011**	**27 October 2011**	**31 Dec. 2010**
Piotr Jeleński	550	550	550	550
Rafał Kozłowski	150	150	150	150
Hatice Ayas	21,364	21,364	21,364	21,364
Calin Barseti	-	-	-	-
Miljan Mališ[3]	-	-	-	-
Miodrag Mirčetić[4]	-	-	-	-
Dražen Pehar	949,900	949,900	949,900	949,900

[1] Adam Góral, Member of the Supervisory Board of Asseco South Eastern Europe S.A. is a shareholder in Asseco Poland S.A. which in turn is a shareholder in Asseco South Eastern Europe S.A.; as at 31 December 2011 Asseco Poland S.A. held 26,494,676 shares in Asseco South Eastern Europe S.A.
[2] Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe S.A. is a shareholder in the company Liatris d.o.o. which in turn is a shareholder in Asseco South Eastern Europe S.A.; as at 31 December 2011 Liatris d.o.o. held 3,838,683 shares in Asseco South Eastern Europe S.A.
[3] Miljan Mališ, Member of the Management Board of Asseco South Eastern Europe S.A. is a shareholder in the company of Mini Invest d.o.o. which in turn is a shareholder in Asseco South Eastern Europe S.A.; as at 31 December 2010 Mini Invest d.o.o. held 835,597 shares in Asseco South Eastern Europe S.A.
[4] Miodrag Mirčetić, Member of the Management Board of Asseco South Eastern Europe S.A. is a shareholder in the company I4-INVENTION d.o.o. which in turn is a shareholder in Asseco South Eastern Europe S.A.; as at 31 December 2011 I4-INVENTION d.o.o. held 1,772,971 shares in Asseco South Eastern Europe S.A.

32. AGREEMENTS WHICH MAY RESULT IN CHANGES OF THE EQUITY INTERESTS HELD

Information on the agreements known to the Issuer (inclusive of those concluded after the balance sheet date) which may result in future changes to the equity interests held by the existing shareholders and bondholders.

According to the best knowledge of the Management Board of Asseco South Eastern Europe S.A., there are no agreements under which the equity interests held by the Company's existing shareholders would change in the future.

Information concerning any restrictions on disposal of shares, which may result in changes of the equity interests held by existing shareholders, is presented in item 7 of the Asseco South Eastern Europe's Declaration of compliance with the corporate standards.

33. AGREEMENT WITH THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

Information on the date of concluding an agreement with the entity authorized to audit financial statements, with the subject to carry out an audit or review of the Issuer's separate or consolidated financial statements, including of the effective term of such agreement.

The agreement with the entity authorized to audit financial statements, namely Ernst & Young Audit Sp. z o.o., to carry out audits of the separate and consolidated financial statements of Asseco South Eastern Europe S.A. drawn up for the period of 12 months ended 31 December 2011 was signed on 29 July 2011.

34. REMUNERATION PAID OR PAYABLE TO THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

Information on remuneration due to the entity authorized to audit financial statements has been presented in explanatory note 31 to the annual consolidated financial statements of the Asseco South Eastern Europe Group for 2011.

35. SIGNIFICANT OFF-BALANCE-SHEET ITEMS

Description of significant off-balance-sheet items by nature, purpose and value.

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

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

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

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

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

36. INFORMATION ON PENDING LEGAL PROCEEDINGS CONCERNING LIABILITIES OR RECEIVABLES OF ASSECO SOUTH EASTERN EUROPE S.A. OR ITS SUBSIDIARY COMPANIES

Indication of legal proceedings pending before any court, arbitration authority or public administration authority, including information on:

a) legal proceeding related to liabilities or receivables of the issuer or its subsidiary amounting to at least 10% of the issuer's equity, including a specification of the subject of such proceeding, value in dispute, date when the proceeding was initiated, parties to the proceeding, and the issuer's standpoint on the matter,

b) two or more legal proceedings related to liabilities and receivables amounting in aggregate to at least 10% of the issuer's equity, including a specification of the total value in dispute separately in the group of liabilities and receivables, and the issuer's standpoint on the matter; and in relation to the largest proceedings in the group of liabilities and in the group of receivables - a specification of the subject of such proceeding, value in dispute, date when the proceeding was initiated, and parties to the proceeding.

During the period reported no proceedings were instituted or pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of Asseco South Eastern Europe S.A. or its subsidiaries, whose aggregate value would equal or exceed 10% of the Company's equity.

37. INFORMATION ON THE ISSUER

Information on the issuer as required under § 92 sect. 4 of the Regulation of the Minister of Finance of 19 February 2009 regarding current and periodic information to be submitted by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2009 No. 33, item 259) is included in the declaration of compliance with the corporate governance standards.

Signatures of all Members of the Management Board of Asseco South Eastern Europe S.A. under the Management's Report on Business Operations of Asseco South Eastern Europe S.A. for the year ended 31 December 2011.

MANAGEMENT BOARD OF ASSECO SOUTH EASTERN EUROPE S.A.:

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

Rzeszów, 23 February 2012

Pursuant to the requirements under the Regulation of the Minister of Finance of 19 February 2009 regarding current and periodic information to be submitted by issuers of securities, the Management Board of Asseco South Eastern Europe S.A. hereby declares that:

- to the best of its knowledge, the annual consolidated financial statements of the Asseco South Eastern Europe Group for the year ended 31 December 2011, and the comparative data contained therein, were prepared in compliance with International Financial Reporting Standards adopted by the European Union, issued and effective as at the date of preparation of these financial statements, and furthermore that the presented data give a true, reliable and fair view of the property, financial position and financial results of the Asseco South Eastern Europe Group. The report on business operations of the Asseco South Eastern Europe Group provides a fair description of the development, achievements and economic position of the Asseco South Eastern Europe Group, inclusive of the major risks and threats to its operations.

- Ernst & Young Audit Sp. z o.o., the entity authorized to audit financial statements which audited the annual consolidated financial statements of the Asseco South Eastern Europe Group for the year ended 31 December 2011, was chosen in accordance with the provisions of the law in force, and furthermore that this entity and certified auditors, who carried out the said audit, both satisfied the conditions for expressing an impartial and independent opinion on such audit, in line with applicable regulations.

MANAGEMENT BOARD OF ASSECO SOUTH EASTERN EUROPE S.A.:

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

Rzeszów, 23 February 2012