SOUTH EASTERN EUROPE

# Semi-Annual Report of the Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2010

Rzeszów, 25 August 2010

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO SOUTH EASTERN EUROPE GROUP FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2010 INCLUDING THE REPORT OF INDEPENDENT CERTIFIED AUDITORS

**Rzeszów, 25 August 2010**

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO SOUTH EASTERN EUROPE GROUP INCLUDING THE REPORT OF INDEPENDENT CERTIFIED AUDITORS FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2010

**Contents** **Page**

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO SOUTH EASTERN EUROPE GROUP INCLUDING THE REPORT OF INDEPENDENT CERTIFIED AUDITORS FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2010

These interim condensed consolidated financial statements were authorized for publication by the Management Board of Asseco South Eastern Europe SA on 25 August 2010.

Management Board of Asseco South Eastern Europe SA:

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

Person responsible for maintaining the accounting books:

Lucyna Pieniążek

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

| | | 6 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|---|
| | | **PLN'000** | **PLN'000** | **EUR'000** | **EUR'000** |
| I. | Sales revenues | 192,627 | 224,661 | 48,106 | 49,721 |
| II. | Operating profit | 21,489 | 31,586 | 5,367 | 6,991 |
| III. | Pre-tax profit | 21,042 | 31,960 | 5,255 | 7,073 |
| IV. | Net profit for the period reported | 17,847 | 27,865 | 4,457 | 6,167 |
| V. | Net profit attributable to Shareholders of the Parent Company | **17,984** | **20,187** | **4,491** | **4,468** |
| VI. | Net cash provided by (used in) operating activities | 14,776 | 14,272 | 3,690 | 3,159 |
| VII. | Net cash provided by (used in) investing activities | (1,697) | (8,163) | (424) | (1,807) |
| VIII. | Net cash provided by (used in) financing activities | (5,845) | (9,702) | (1,460) | (2,147) |
| IX. | Cash and cash equivalents at the end of period | 110,848 | 39,258 | 26,737 | 8,783 |
| X. | Basic earnings per ordinary share attributable to Shareholders of the Parent Company | 0.36 | 0.69 | 0.09 | 0.15 |
| XI | Diluted earnings per ordinary share attributable to Shareholders of the Parent Company | 0.36 | 0.69 | 0.09 | 0.15 |

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

- items of the interim condensed consolidated profit and loss account and statement of cash flows were translated into Euro at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
  - for the period from 1 January 2010 to 30 June 2010: EUR 1 = PLN 4.0042
  - for the period from 1 January 2009 to 30 June 2009: EUR 1 = PLN 4.5184

- the Group's cash and cash equivalents as at the end of period reported and the corresponding period of the previous year have been translated into Euro at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
  - exchange rate effective on 30 June 2010: EUR 1 = PLN 4.1458
  - exchange rate effective on 30 June 2009: EUR 1 = PLN 4.4696

All figures in thousands of zlotys (PLN), unless stated otherwise

# INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT THE ASSECO SOUTH EASTERN EUROPE GROUP

| | Note | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|---|
| **Sales revenues** | 1 | **100,329** | **192,627** | **110,032** | **224,661** |
| **Cost of sales (-)** | 2 | **(76,198)** | **(146,954)** | **(83,581)** | **(170,473)** |
| **Gross profit on sales** | | **24,131** | **45,673** | **26,451** | **54,188** |
| Selling expenses (-) | 2 | (4,659) | (9,624) | (4,706) | (9,115) |
| General administrative expenses (-) | 2 | (8,127) | (15,200) | (7,111) | (13,931) |
| **Net profit on sales** | | **11,345** | **20,849** | **14,634** | **31,142** |
| Other operating income | 3 | 679 | 979 | 665 | 900 |
| Other operating expenses (-) | 3 | (151) | (339) | (289) | (456) |
| **Operating profit** | | **11,873** | **21,489** | **15,010** | **31,586** |
| Financial income | 4 | 829 | 1,647 | 1,804 | 2,074 |
| Financial expenses (-) | 4 | (1,028) | (2,094) | (701) | (1,700) |
| **Pre-tax profit** | | **11,674** | **21,042** | **16,113** | **31,960** |
| Corporate income tax (current and deferred portions) | 5 | (1,939) | (3,195) | (1,936) | (4,095) |
| **Net profit for the period reported** | | **9,735** | **17,847** | **14,177** | **27,865** |
| Attributable to: | | | | | |
| **Shareholders of the Parent Company** | | **9,811** | **17,984** | **11,743** | **20,187** |
| **Non-controlling interests** | | (76) | (137) | 2,434 | 7,678 |

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

| | | | | | |
|---|---|---|---|---|---|
| Basic consolidated earnings per share from continuing operations for the period reported | 6 | 0.20 | 0.36 | 0.36 | 0.69 |
| Diluted consolidated earnings per share from continuing operations for the period reported | 6 | 0.20 | 0.36 | 0.36 | 0.69 |

All figures in thousands of zlotys (PLN), unless stated otherwise

# INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME THE ASSECO SOUTH EASTERN EUROPE GROUP

| | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| **Net profit for the period reported** | **9,735** | **17,847** | **14,177** | **27,865** |
| **Other comprehensive income:** | | | | |
| Hedges of cash flows | 2,206 | 301 | - | - |
| Foreign currency translation differences on subsidiary companies | 18,309 | (15,240) | (6,503) | 13,428 |
| Financial assets available for sale | - | - | (87) | (87) |
| Other | (117) | (117) | 159 | 159 |
| **Total other comprehensive income** | **30,133** | **2,791** | **7,746** | **41,365** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | | | |
| **Attributable to:** | | | | |
| *Shareholders of the Parent Company* | 30,235 | 2,954 | 5,367 | 33,589 |
| *Non-controlling interests* | (102) | (163) | 2,379 | 7,776 |

All figures in thousands of zlotys (PLN), unless stated otherwise

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
# THE ASSECO SOUTH EASTERN EUROPE GROUP

| ASSETS | Note | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|---|
| **Fixed assets** | | **452,265** | **467,213** |
| Property, plant and equipment | 8 | 10,737 | 11,392 |
| Investment property | | 872 | 889 |
| Intangible assets | 8 | 7,748 | 8,699 |
| Goodwill arising from consolidation | 9 | 429,953 | 443,867 |
| Investments in associated undertakings valued under the equity method | | - | 33 |
| Financial assets available for sale | | 45 | 48 |
| Long-term loans | | 31 | 33 |
| Deferred income tax assets | | 2,524 | 2,233 |
| Long-term deferred expenses | | 355 | 19 |
| **Current assets** | | **221,063** | **213,205** |
| Inventories | | 13,908 | 25,197 |
| Deferred expenses | 10 | 3,883 | 4,018 |
| Trade accounts receivable | 11 | 60,673 | 53,101 |
| Corporate income tax recoverable | 11 | 900 | 1,459 |
| Receivables from the State budget | 11 | 6,682 | 5,358 |
| Receivables relating to valuation of IT contracts | | 16,453 | 9,650 |
| Other receivables | 11 | 7,149 | 8,853 |
| Financial assets available for sale | | 30 | 31 |
| Financial assets held to maturity | | 251 | 575 |
| Short-term loans | | 114 | 228 |
| Restricted cash | 12 | 172 | 184 |
| Cash and short-term deposits | 12 | 110,848 | 104,551 |
| **Fixed assets classified as held for sale** | **18** | **2,473** | **2,695** |
| **TOTAL ASSETS** | | **675,801** | **683,113** |

All figures in thousands of zlotys (PLN), unless stated otherwise

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
# THE ASSECO SOUTH EASTERN EUROPE GROUP

| SHAREHOLDERS' EQUITY AND LIABILITIES | Note | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|---|
| **Shareholders' equity (attributable to Shareholders of the Parent Company)** | | **575,975** | **578,509** |
| Share capital | 13 | 495,617 | 480,375 |
| Share premium | | 37,409 | 26,790 |
| Subscribed unregistered share capital | | - | 25,897 |
| Other reserve capitals | | (93) | 24 |
| Revaluation capital | | (768) | (1,069) |
| Foreign currency translation differences on subsidiary companies | | (22,461) | (7,247) |
| Prior years' retained earnings (deficit) and current net profit | | 66,271 | 53,739 |
| **Non-controlling interests** | | **41** | **102** |
| **Total shareholders' equity** | | **576,016** | **578,611** |
| **Long-term liabilities** | | **12,327** | **10,791** |
| Deferred income tax provisions | | 1,450 | 33 |
| Long-term provisions | 17 | 90 | 192 |
| Long-term financial liabilities | 14 | 10,320 | 10,317 |
| Long-term deferred income | | 56 | 24 |
| Other long-term liabilities | | 411 | 225 |
| **Current liabilities** | | **85,565** | **91,731** |
| Interest-bearing bank credits, loans and debt securities | 15 | 2,454 | 3,379 |
| Trade accounts payable | 16 | 31,720 | 33,666 |
| Corporate income tax payable | 16 | 697 | 2,205 |
| Liabilities to the State budget | 16 | 6,840 | 7,125 |
| Financial liabilities | 14 | 7,838 | 9,209 |
| Liabilities relating to valuation of IT contracts | | 420 | 985 |
| Other liabilities | 16 | 13,549 | 10,936 |
| Short-term provisions | 17 | 5,459 | 1,892 |
| Deferred income | 17 | 7,824 | 12,711 |
| Accrued expenses | 17 | 8,764 | 9,623 |
| **Liabilities directly related to fixed assets classified as held for sale** | **18** | **1,893** | **1,980** |
| **TOTAL LIABILITIES** | | **99,785** | **104,502** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **675,801** | **683,113** |

All figures in thousands of zlotys (PLN), unless stated otherwise

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

for 6 months ended 30 June 2010, for 6 months ended 30 June 2009, and for 12 months ended 31 December 2009

| | Note | Share capital | Share premium | Subscribed unregistered share capital | Other reserve capitals | Revaluation on capital | Foreign currency translation differences on subsidiary companies | Prior years' retained earnings (deficit) and current net profit | Shareholders' equity attributable to Shareholders of the Parent Company | Non-controlling interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2010** | | **480,375** | **26,790** | **25,897** | **24** | **(1,069)** | **(7,247)** | **53,739** | **578,509** | **102** | **578,611** |
| | | | | | | | | | **-** | | **-** |
| **Total comprehensive income for the period reported** | | **-** | **-** | **-** | **(117)** | **301** | **(15,214)** | **17,984** | **2,954** | **(163)** | **2,791** |
| Recognition of profit attributable to non-controlling interests | | - | - | - | - | - | - | - | **-** | 102 | **102** |
| Issuance of series P shares | | 15,242 | 10,655 | (25,897) | - | - | - | - | **-** | - | **-** |
| Dividend | | - | - | - | - | - | - | (5,452) | **(5,452)** | - | **(5,452)** |
| Other | | - | (36) | - | - | - | - | - | **(36)** | - | **(36)** |
| **As at 30 June 2010 (unaudited)** | 13 | **495,617** | **37,409** | **-** | **(93)** | **(768)** | **(22,461)** | **66,271** | **575,975** | **41** | **576,016** |

All figures in thousands of zlotys (PLN), unless stated otherwise

| | Share capital | Share premium | Subscribed unregistered share capital | Other reserve capitals | Revaluation capital | Foreign currency translation differences on subsidiary companies | Prior years' retained earnings (deficit) and current net profit | Shareholders' equity attributable to Shareholders of the Parent Company | Non-controlling interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2009** | **257,700** | **-** | **-** | **-** | **7** | **23,684** | **15,462** | **296,853** | **1,651** | **298,504** |
| **Total comprehensive income for the period reported** | **-** | **-** | **-** | **-** | **72** | **13,330** | **20,187** | **33,589** | **7,776** | **41,365** |
| Recognition of contingent liabilities to non-controlling interests | - | - | - | - | - | - | - | **-** | (7,436) | **(7,436)** |
| Issuance of series E shares | 9,565 | - | - | - | - | - | - | **9,565** | - | **9,565** |
| Issuance of series F shares | 14,755 | - | - | - | - | - | - | **14,755** | - | **14,755** |
| Issuance of series G shares | 27,084 | - | - | - | - | - | - | **27,084** | - | **27,084** |
| Issuance of series H shares | 10,620 | - | - | - | - | - | - | **10,620** | - | **10,620** |
| Issuance of series I shares | 17,706 | - | - | - | - | - | - | **17,706** | - | **17,706** |
| Issuance of series J shares | 17,142 | - | - | - | - | - | - | **17,142** | - | **17,142** |
| Issuance of series K shares | 45,905 | - | - | - | - | - | - | **45,905** | - | **45,905** |
| Issuance of series L shares | 21,000 | 8,400 | (29,400) | - | - | - | - | **-** | - | **-** |
| **As at 30 June 2009 (unaudited)** | **421,477** | **8,400** | **(29,400)** | **-** | **79** | **37,014** | **35,649** | **473,219** | **1,991** | **475,210** |

All figures in thousands of zlotys (PLN), unless stated otherwise

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

for 6 months ended 30 June 2010, for 6 months ended 30 June 2009, and for 12 months ended 31 December 2009

| | Note | Share capital | Share premium | Subscribed unregistered share capital | Other reserve capitals | Revaluation on capital | Foreign currency translation differences on subsidiary companies | Prior years' retained earnings (deficit) and current net profit | Shareholders' equity attributable to Shareholders of the Parent Company | Non-controlling interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2009** | | **257,700** | **-** | **-** | **-** | **7** | **23,684** | **15,462** | **296,853** | **1,651** | **298,504** |
| **Total comprehensive income for the period reported** | | **-** | **-** | **-** | **-** | **(1,076)** | **(30,931)** | **38,277** | **6,270** | **9,295** | **15,565** |
| Settlement of swap transactions | | - | - | - | - | - | - | - | **-** | (9,000) | **(9,000)** |
| Changes in the Group structure | | - | - | - | 24 | - | - | - | **24** | (1,844) | **(1,820)** |
| Issuance of series E shares | | 9,565 | - | - | - | - | - | - | **9,565** | - | **9,565** |
| Issuance of series F shares | | 14,755 | - | - | - | - | - | - | **14,755** | - | **14,755** |
| Issuance of series G shares | | 27,084 | - | - | - | - | - | - | **27,084** | - | **27,084** |
| Issuance of series H shares | | 10,620 | - | - | - | - | - | - | **10,620** | - | **10,620** |
| Issuance of series I shares | | 17,706 | - | - | - | - | - | - | **17,706** | - | **17,706** |
| Issuance of series J shares | | 17,142 | - | - | - | - | - | - | **17,142** | - | **17,142** |
| Issuance of series K shares | | 45,905 | - | - | - | - | - | - | **45,905** | - | **45,905** |
| Issuance of series L shares | | 21,000 | 8,400 | - | - | - | - | - | **29,400** | - | **29,400** |
| Issuance of series M shares | | 48,109 | 11,766 | - | - | - | - | - | **59,875** | - | **59,875** |
| Issuance of series N shares | | 10,789 | 6,624 | - | - | - | - | - | **17,413** | - | **17,413** |
| Issuance of series P shares | | - | - | 25,897 | - | - | - | - | **25,897** | - | **25,897** |
| **As at 31 December 2009 (audited)** | 13 | **480,375** | **26,790** | **25,897** | **24** | **(1,069)** | **(7,247)** | **53,739** | **578,509** | **102** | **578,611** |

All figures in thousands of zlotys (PLN), unless stated otherwise

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
# THE ASSECO SOUTH EASTERN EUROPE GROUP

| | Note | 6 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|
| **Cash flows - operating activities** | | | |
| Pre-tax profit from continuing operations | | **21,042** | **31,960** |
| **Total adjustments:** | | **(3,360)** | **(15,490)** |
| Depreciation and amortization | | 3,073 | 2,238 |
| Change in inventories | | 10,653 | 17,939 |
| Change in receivables | | (21,587) | (21,163) |
| Change in liabilities | | 5,893 | (6,962) |
| Change in deferred and accrued expenses | | (4,249) | (6,865) |
| Change in provisions | | 2,725 | (539) |
| Interest income and expense | | (786) | (552) |
| Gain on foreign exchange differences | | 908 | 524 |
| Gain (loss) on investing activities | | 15 | (206) |
| Other | | (5) | 96 |
| **Net cash generated from operating activities** | | **17,682** | **16,470** |
| Corporate income tax paid | | (2,906) | (2,198) |
| **Net cash provided by (used in) operating activities** | | **14,776** | **14,272** |
| **Cash flows - investing activities** | | | |
| Disposal of tangible fixed assets and intangible assets | | 375 | 140 |
| Acquisition of tangible fixed assets and intangible assets | | (2,985) | (4,689) |
| Acquisition of subsidiary and associated companies | | (2,458) | (3,475) |
| Cash and cash equivalents of acquired subsidiary companies | | 252 | 407 |
| Disposal of shares in subsidiary and associated companies | | 1,551 | - |
| Disposal of financial assets held to maturity | | 560 | 1,163 |
| Acquisition of financial assets held to maturity | | (245) | (2,212) |
| Loans granted | | (14) | (254) |
| Loans collected | | 134 | - |
| Interest received | | 1,133 | 757 |
| **Net cash provided by (used in) investing activities** | | **(1,697)** | **(8,163)** |

All figures in thousands of zlotys (PLN), unless stated otherwise

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

| | Note | 6 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|
| **Cash flows - financing activities** | | | |
| Proceeds from bank credits and loans | | - | 3,276 |
| Repayment of bank credits and loans | | (908) | (217) |
| Finance lease commitments paid | | (212) | (313) |
| Dividends paid out to non-controlling shareholders | | (4,106) | (12,231) |
| Interest paid | | (363) | (217) |
| Other | | (256) | - |
| **Net cash provided by (used in) financing activities** | | **(5,845)** | **(9,702)** |
| Net increase (decrease) in cash and cash equivalents | | 7,234 | (3,593) |
| Net foreign exchange differences | | (937) | 1,736 |
| Cash and cash equivalents as at 1 January | | 104,551 | 41,115 |
| **Cash and cash equivalents as at 30 June** | 12 | **110,848** | **39,258** |

All figures in thousands of zlotys (PLN), unless stated otherwise

# SUPPLEMENTARY INFORMATION AND EXPLANATIONS

## I. GENERAL INFORMATION

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

The parent Asseco South Eastern Europe SA seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007 as a joint stock company called Asseco Adria SA. On 11 July 2007, the Company was registered in XII Commercial Department of the National Court Register at the District Court in Rzeszów, under the number 0000284571. The Parent Company has been assigned the statistical number REGON 180248803. On 11 February 2008, the Parent Company's corporate name was changed from Asseco Adria SA to Asseco South Eastern Europe SA. On 18 March 2010, the Company moved its corporate headquarters from 80 Armii Krajowej Av., Rzeszów to 14 Olchowa St., Rzeszów.

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

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

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

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

The parent of Asseco South Eastern Europe SA is Asseco Poland SA (the higher-level parent company). As at 30 June 2010, Asseco Poland SA held a 53.46% stake in the share capital of Asseco South Eastern Europe SA.

These interim condensed consolidated financial statements cover the period of 6 months ended 30 June 2010 and contain comparative data for the period of 6 months ended 30 June 2009 in case of the statement of comprehensive income, statement of changes in equity and statement of cash flows; and comparative data as at 31 December 2009 in case of the balance sheet. The profit and loss account as well as notes to the profit and loss account cover the period of 3 months ended 30 June 2010 and contain comparative data for the period of 3 months ended 30 June 2009; these data were not subject to a review by certified auditors.

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

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

| | Country of registration | Voting interest | | Equity interest | |
|---|---|---|---|---|---|
| | | 30 June 2010 | 31 Dec. 2009 | 30 June 2010 | 31 Dec. 2009 |
| **Asseco South Eastern Europe SA** | Poland | | | | |
| **Asseco SEE s.r.l., (Bucharest) 1)** | Romania | 100% | 100% | 100% | 100% |
| **Asseco SEE d.o.o., Beograd** 2) | Serbia | 100% | 100% | 100% | 100% |
| Asseco SEE DOOEL, Skopje 3) | Macedonia | 100% | 100% | 100% | 100% |
| Pexim Solutions o.o.d., Sofia | Bulgaria | 51% | 51% | 51% | 51% |
| Pexim Solutions d.o.o., Banja Luka | Bosnia & Herzegovina | 100% | 100% | 100% | 100% |
| E-Mon d.o.o., Podgorica | Montenegro | 50% | 50% | 50% | 50% |
| eMS d.o.o., Beograd | Serbia | 100% | 100% | 100% | 100% |
| Cardinfo Montenegro d.o.o., Podgorica | Montenegro | 100% | 100% | 100% | 100% |
| SIMT Cardinfo d.o.o. (Ljubljana) | Slovenia | 50% | 50% | 50% | 50% |
| Cardinfo BDS d o.o. (Sarajevo) | Bosnia & Herzegovina | 50% | 50% | 50% | 50% |
| Multicard d o.o., Beograd | Serbia | 45% | 45% | 45% | 45% |
| Ibis a.d., Banja Luka | Bosnia & Herzegovina | 100% | 100% | 100% | 100% |
| Enovčanik a.d., Beograd | Serbia | n/a | 28% | n/a | 28% |
| **Asseco SEE d.o.o. (Zagreb)** 4) | Croatia | 100% | 100% | 100% | 100% |
| **Asseco SEE Sh.p.k. (Pristina)** 5) | Kosovo | 100% | 100% | 100% | 100% |
| Asseco SEE Sh.p.k., Tirana 6) | Albania | 100% | 100% | 100% | 100% |
| Pexim-Tirane Sh.p.k. | Albania | 100% | 100% | 100% | 100% |
| X-Card Sh.p.k. (Pristina) | Kosovo | 100% | n/a | 100% | n/a |

1) On 15 October 2009, the subsidiary Net Consulting s.r.l. changed its corporate name into Asseco South Eastern Europe s.r.l., which was subsequently replaced by Asseco SEE s.r.l. (Bucharest) on 29 December 2009. The merger between the companies of Asseco SEE s.r.l. (the taking-over company) and Fiba Software s.r.l. (the acquired company) was recognized as at 31 December 2009. On 1 June 2010, there was registered a merger of Asseco SEE s.r.l. (the taking-over company) with Probass S.A. (the acquired company).
2) On 23 November 2009, the subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o. Beograd. On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. Beograd (the taking-over company) with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company).
3) On 25 January 2010, the subsidiary Pexim DOOEL, Skopje was renamed as Asseco SEE DOOEL, Skopje.
4) On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o. (Zagreb). On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. (the taking-over company) with Arbor Informatika d.o.o. (the acquired company).
5) On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (Pristina).
6) On 8 January 2010, Pronet Albania Sh.p.k was renamed as Asseco SEE Sh.p.k., Tirana.

Within the Group's organizational structure the following companies are treated as co-subsidiaries: E-Mon d.o.o., Podgorica, SIMT Cardinfo d.o.o. (Ljubljana), and Cardinfo BDS d.o.o. (Sarajevo) and consolidated with proportional method. Whereas, Enovčanik a.d., Beograd used to be an associated company. The remaining companies incorporated within the Group are treated as subsidiaries to which full method of consolidation is applied.

As at 30 June 2010, Asseco Poland SA held 1 (one) share in Asseco SEE s.r.l. (Bucharest).

Both as at 30 June 2010 and 31 December 2009, voting interests the Group was entitled to exercise in its subsidiary companies were proportional to the Group's equity interests in these entities.

All figures in thousands of zlotys (PLN), unless stated otherwise

With regard to the call options embedded in the agreement for acquisition of Multicard d.o.o., Beograd 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., Beograd is treated as a subsidiary and is subject to full consolidation.

## CHANGES IN THE GROUP STRUCTURE

During the period of 6 months ended 30 June 2010, the following changes in the Group composition were observed:

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

Under the strategy for integration of the organizational structure of the Asseco South Eastern Europe Group, we have completed business combination processes in individual countries where the Group runs its operations.

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

***Merger of companies in Romania***

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

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

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

On 25 February 2010, the General Meeting of Shareholders of Probass S.A. consented to the merger of that company (the acquired company) with Asseco SEE s.r.l. (Bucharest) (the taking-over company). The Plan of Merger between those companies was signed on 18 March 2010. The merger was registered on 1 June 2010. The acquired company of Probass S.A. was dissolved without liquidation. As at the merger date, Asseco South Eastern Europe SA was the sole shareholder in Asseco SEE s.r.l. (Bucharest) and the majority shareholder in Probass S.A. At that time, one share in Probass S.A. was still held by Asseco Poland SA. An agreement for acquisition of the above-mentioned one share was signed on 29 June 2010 and it became effective after the balance sheet date. This transaction has been described in Note 27 to the condensed consolidated financial statements.

***Merger of companies in Serbia***

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

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

***Merger of companies in Croatia***

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

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

***❑ Sale of shares in Pexim Tirane Sh.p.k., a subsidiary of Asseco SEE DOOEL, Skopje***

On 28 December 2009, the companies of Asseco SEE DOOEL, Skopje (former Pexim DOOEL, Skopje) and Asseco SEE Sh.p.k., Tirana (former Pronet Albania Sh.p.k., a subsidiary of Asseco SEE Sh.p.k. (Pristina)) signed an agreement for sale of shares in Pexim Tirane Sh.p.k. According to the agreement, ownership of those shares was transferred to the buyer on 1 January 2010.

***❑ Liquidation of the associated Enovčanik a.d., Beograd***

During the 6 months ended 30 June 2010, an associated company of Asseco SEE d.o.o., Beograd, namely Enovčanik a.d. seated in Belgrade was liquidated. This company used to be engaged in development of databases.

### ❑ *Acquisition of X-Card Sh.p.k. (Pristina) by Asseco SEE Sh.p.k. seated in Pristina, Kosovo*

On 5 May 2010, Asseco SEE Sh.p.k. (Pristina) signed an agreement for acquisition of the company X-Card Sh.p.k. seated in Pristina, Kosovo. The transaction value amounted to EUR 110 thousand. The acquired company is engaged in the provision of call-center services, sale and maintenance of ATMs and POS terminals. At present the companies of X-Card Sh.p.k. (Pristina) and Asseco SEE Sk.p.k. (Pristina) undergo a merger process.

## III. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis for preparation of interim condensed consolidated financial statements

These interim condensed consolidated financial statements were prepared in compliance with the International Financial Reporting Standards ("IFRS"), and in particular in accordance with the International Accounting Standard 34 Interim Financial Reporting, and IFRS adopted by the European Union. As at the date of approving publication of these financial statements, given the ongoing process of implementing the IFRS standards in the European Union as well as the Group's operations, in the scope of accounting principles applied by the Group there is no difference between the IFRS that came into force and the IFRS endorsed by the EU.

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

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

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

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

These interim condensed consolidated financial statements were prepared on the going-concern basis, assuming the Group will continue its business activities in the foreseeable future. These interim condensed consolidated financial statements were prepared on a going-concern basis, assuming the Company and its subsidiary and associated will continue their business activities in the foreseeable future.

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

### 2. Major accounting principles

The major accounting principles adopted by the Asseco South Eastern Europe Group have been described in the consolidated financial statements for the year ended 31 December 2009, which were published on 16 March 2010 and are available at the Issuer's website: http://www.asseco-see.com/pl. These interim condensed consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and therefore they should be read together with the Group's consolidated financial statements for the year ended 31 December 2009.

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

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

  The amended IAS 27 requires all changes in the ownership interest in a subsidiary (that do not result in a loss of control) to be accounted for as transactions with owners. As a consequence such transactions will not give rise to any goodwill nor will they result in the recognition of any profit or loss. In addition, the Standard modifies the way of allocation of losses incurred by subsidiary entities, and determines the accounting treatment required for loss of control over a subsidiary. Amendments to IFRS 3 and IAS 27 will affect the future acquisitions or losses of control over subsidiary entities as well as transactions conducted with non-controlling shareholders. The required changes have been introduced to our accounting policy prospectively. So far these changes had no significant impact on the Group's financial position or its financial results. In our case such changes applied primarily to the goodwill arising from put options, and to the allocation of losses to non-controlling interests.
- IAS 39 *Financial Instruments: Recognition and Measurement: Eligible Hedged Items* – effective as of 1 July 2009. The amendments address the designation of a one-sided risk in a hedged item, as well as identifying inflation as a hedged risk or portion in particular situations. Adoption of this amendment affected neither the Group's financial position nor its financial performance.
- Interpretation IFRIC 17 *Distributions of Non–cash Assets to Owners* – effective as of 1 July 2009. The Interpretation provides guidance on the accounting treatment of transactions whereby assets other than cash are distributed as reserves or dividends to shareholders. This interpretation did not affect the Group's financial position nor its financial results.
- *Improvements to IFRS 2008* – in May 2008 the International Accounting Standards Board (IASB) issued the first set of improvements to its published standards. The amendments adopted by the Group as of 1 January 2010 include:
  - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. This amendment clarifies that if a subsidiary entity is qualified as held for sale all of its assets and liabilities should be classified as held for sale, even if after the sale transaction the parent entity retains a non-controlling interest in the subsidiary. The amendment shall be applied prospectively and it has no impact on the Group's financial position nor on its financial results.
- *Improvements to IFRS 2009 – in April 2009 IASB issued the second collection of amendments to its published standards basically in order to eliminate any wording inconsistencies and uncertainties.* Individual standards are subject to various transitional provisions. Adoption of the above-mentioned amendments resulted in changing the Group's accounting principles (policy); however, it had no impact on the Group's financial position and its financial performance.

- IFRS 8 *Operating Segments*. The amendment clarifies that an entity is required to disclose the segment assets and liabilities only if a measure of such assets and liabilities is regularly reported to the chief operating decision maker. As the Company's chief operating decision maker does review the assets and liabilities by segments, the Group continues to disclose such required information in Section IV of these condensed consolidated financial statements.
- IAS 36 *Impairment of Assets*. The amendment clarifies that the largest permitted unit to which goodwill (arising from business combination) should be allocated for the purposes of impairment testing is an operating segment as defined by IFRS 8, before the aggregation of segments for reporting purposes. This amendment did not influence the Group's financial statements as the subject to our annual impairment testing are segments before aggregation.
- IAS 39 *Financial Instruments: Recognition and Measurement*. The amendment clarifies that a loan prepayment option should be considered closely related to the host debt contract, if its exercise price reimburses the lender for an amount up to the approximate present value of lost interest for the remaining term of the host contract. Amendments to IAS 39 had no impact on the Group's accounting principles (policy), financial position or its financial results.

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

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

The Group did not decide on early adoption of any other standard, interpretation or amendment which has been published but has not yet become effective.

## 3. Estimates

In the period of 6 months ended 30 June 2010, no substantial changes were introduced to the way of making estimates.

## 4. Professional judgement

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

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

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

The Group executes a number of contracts for construction and implementation of information technology systems. The contractual cash flows are denominated in foreign currencies. Valuation of IT contracts requires that future operating cash flows are determined in order to arrive at the fair value of income and expenses and to provide the fair value of the embedded currency derivatives, as well as it requires measurement of the progress of contract execution. The progress of contract execution shall be measured as a relation of costs already incurred (provided such costs contribute to the progress of work) to the total costs planned, or as a portion of man-days worked out of the total work-effort required.

Assumed future operating cash flows are not always consistent with the agreements with customers or suppliers due to modifications of IT projects implementation schedules. As at 30 June 2010, receivables from the valuation of IT contracts amounted to PLN 16,453 thousand, while liabilities due to such valuation equalled PLN 420 thousand.

### *ii. Rates of depreciation and amortization*

The level of depreciation and amortization rates is determined on the basis of anticipated period of useful economic life of the components of tangible and intangible assets. The Group verifies the adopted periods of useful life on an annual basis, taking into account the current estimates.

### *iii. Goodwill – impairment test*

The Management Board of the Parent Company performed an impairment test on goodwill, as at 31 December 2009, that resulted from acquisition of subsidiary companies as well as from mergers. This task required making estimates of the value in use of cash-generating units to which goodwill is allocated. The value in use is estimated by determination of the future cash flows expected to be achieved from the cash-generating unit and determination of a discount rate to be subsequently used in order to calculate the net present value of those cash flows. As at 30 June 2010, goodwill arising from acquisition of subsidiary companies amounted to PLN 429,953 thousand as compared with PLN 443,867 thousand reported as at 31 December 2009.

As at 30 June 2010, the Company revised its assumptions for the impairment test performed on goodwill as at 31 December 2009. In particular we checked whether the assumed financial results to be achieved in 2010 by individual cash-generating units are not materially different from their actual financial performance in the first half of 2010, and whether internal or external factors did not cause a deterioration of the financial forecasts for the next years. Because no indications of impairment were detected in any of the analyzed cases, the Parent Company did not carry out any impairment test as at 30 June 2010. However, impairment testing will be performed as at 31 December 2010, even if there are no indications of impairment.

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

As at 30 June 2010 as well as 31 December 2009, the Group recognized liabilities by virtue of future payments to non-controlling shareholders in the company of Multicard d.o.o., Beograd. Determination of the amount of such liabilities required making estimates of the company’s financial results. As at 30 June 2010, such liabilities equalled PLN 9,255 thousand, while as at 31 December 2009 they were PLN 9,658 thousand.

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

In the period of 6 months ended 30 June 2010, the Group recognized deferred income tax assets (net of deferred income tax provision). Due to the lack of an unambiguous interpretation of the tax regulations currently in force, the Parent Company did not recognize the entire balance of deferred income tax assets related to the prior years' losses.

Based on the current financial budget and applicable tax regulations, the Group's management believes that future utilization of deferred tax assets recognized in the amount of PLN 2,524 thousand is very likely.

## 5. Seasonal nature of business

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

## IV. INFORMATION ON OPERATING SEGMENTS

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

a) Banking Software,
b) Mobile & Authentication Solutions,
c) Card Business,
d) Systems Integration.

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

*Banking Software*

The Banking Software segment deals with integrated banking systems, and primarily core banking systems. The Asseco South Eastern Europe Group offers core banking systems operating either on the Oracle platform (ASEBA Banking Intranet and ASEBA INTBANK) or on the Microsoft platform (ASEBA Pub2000). Furthermore, the Group is engaged in the development of a new core banking system called Experience. In the period reported, we completed a pilot implementation of the system for one client and signed implementation agreements with the next two clients.
Additionally, the integrated systems include solutions dedicated for specific distribution channels, such as e-banking, as well as local systems for management of payments, reporting, Business Intelligence tools offering risk management functionality, scoring and rating systems, regulatory compliance systems, etc.

*Mobile & Authentication Solutions*

The Mobile & Authentication Solutions segment deals with systems enabling the secure authentication of bank clients and IT system users. These solutions are marketed as an integral part of the core and multi-channel banking systems offered by Group companies or separately for the purpose of being integrated with the IT solutions or third-party software already utilized by banks. Our offering features the authentication technologies making use of mobile tokens, SMS, PKI (Public Key Infrastructure)/chip cards (*smartcards*) as electronic signature devices. Furthermore, we offer the ASEBA JiMBA mobile banking system and a variety of e-commerce solutions.

*Card Business*

This segment is engaged in the sale and maintenance of ATMs and POS terminals as well as in provision of the related support services. Furthermore, this segment provides 'top–up' services, i.e. distribution of services offered by third-party vendors based on proprietary IT solutions, using the network of ATMs and POS terminals (e.g. phone card recharging, bill payments).

*Systems Integration*

This segment deals with the integration of third-party software and elements of infrastructure as well as with the sale of hardware.

*Geographical breakdown of sales*

During the first 6 months of 2010, the Group generated 32% of its sales revenues in Romania, 31% in Serbia, 16% in Macedonia, 8% in Kosovo, and 7% in Croatia. The above shares in total sales were determined taking into account the countries where particular revenue generating companies are seated.

| For 6 months ended 30 June 2010 and as at 30 June 2010 (unaudited) | Banking Software | Mobile & Authentication Solutions | Card Business | Systems Integration | Unallocated | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **Sales revenues:** | **45,419** | **10,743** | **25,511** | **115,534** | **1,065** | **(5,645)** | **192,627** |
| Sales to external customers | 43,690 | 10,194 | 24,970 | 113,773 | - | - | 192,627 |
| Inter/intra segment sales | 1,729 | 549 | 541 | 1,761 | 1,065 | (5,645) | - |
| **Gross profit (loss) on sales** | **16,372** | **3,069** | **7,836** | **17,510** | **886** | **-** | **45,673** |
| Selling expenses | (2,042) | (530) | (1,068) | (5,984) | - | - | (9,624) |
| General administrative expenses | (5,624) | (1,261) | (2,000) | (4,430) | (1,885) | - | (15,200) |
| **Net profit (loss) on sales** | **8,706** | **1,278** | **4,768** | **7,096** | **(999)** | **-** | **20,849** |
| Segment assets, of which: | 193,160 | 50,165 | 81,225 | 214,694 | 228 | 136,329 | 675,801 |
| *goodwill from consolidation* | *158,201* | *44,565* | *69,581* | *157,606* | - | - | *429,953* |
| *property, plant and equipment* | *3,331* | *563* | *2,890* | *3,725* | *228* | - | *10,737* |
| *intangible assets* | *6,796* | *15* | *724* | *213* | - | - | *7,748* |
| *trade accounts receivable* | *11,071* | *3,783* | *4,553* | *41,266* | - | - | *60,673* |
| receivables relating to valuation of IT contracts | *13,429* | *938* | *14* | *2,072* | - | - | *16,453* |
| Inventories | *332* | *301* | *3,463* | *9,812* | - | - | *13,908* |
| Other | - | - | - | - | - | *136,329* | *136,329* |
| **Segment expenditures for tangible and intangible assets** | **(834)** | **(55)** | **(932)** | **(641)** | **(231)** | **-** | **(2,693)** |

Assets that are not allocated to any operating segment as at 30 June 2010 include the following items: cash (PLN 110,848 thousand), receivables from the State budget (PLN 7,582 thousand) and other receivables (PLN 7,149 thousand), deferred income tax assets (PLN 2,524 thousand), and other assets (PLN 8,226 thousand). Segment expenses and income do not include the management services provided by the Parent Company to its subsidiaries (which are subsequently eliminated in the consolidation process) nor any of the other operating expenses and income, financial expenses and income, or income taxes.

All figures in thousands of zlotys (PLN), unless stated otherwise

| **For 6 months ended 30 June 2009 and as at 30 June 2009 (unaudited)** | **Banking Software** | **Mobile & Authentication Solutions** | **Card Business** | **Systems Integration** | **Unallocated** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| **Sales revenues:** | **39,835** | **15,496** | **29,686** | **140,419** | **-** | **(775)** | **224,661** |
| Sales to external customers | 39,143 | 15,496 | 29,636 | 140,386 | - | - | 224,661 |
| Inter/intra segment sales | 692 | - | 50 | 33 | - | (775) | - |
| **Gross profit (loss) on sales** | **17,840** | **5,854** | **9,120** | **21,374** | **-** | **-** | **54,188** |
| Selling expenses | (1,648) | (409) | (1,134) | (5,924) | - | - | (9,115) |
| General administrative expenses | (5,737) | (1,630) | (1,857) | (4,019) | (688) | - | (13,931) |
| **Net profit (loss) on sales** | **10,455** | **3,815** | **6,129** | **11,431** | **(688)** | **-** | **31,142** |
| Segment assets, of which: | 144,615 | 55,641 | 86,117 | 208,989 | 62,100 | - | 557,462 |
| *goodwill from consolidation* | *110,322* | *47,770* | *72,709* | *146,001* | - | - | *376,802* |
| *property, plant and equipment* | *6,863* | *832* | *1,873* | *3,808* | - | - | *13,376* |
| *intangible assets* | *3,980* | *2* | *1,018* | *3,457* | - | - | *8,457* |
| *trade accounts receivable* | *7,043* | *5,998* | *4,607* | *46,177* | - | - | *63,825* |
| *receivables relating to valuation of IT contracts* | *16,060* | *838* | - | - | - | - | *16,898* |
| *Inventories* | *347* | *201* | *5,910* | *9,546* | - | - | *16,004* |
| *Other* | - | - | - | - | *62,100* | - | *62,100* |
| **Segment expenditures for tangible and intangible assets** | **(1,891)** | **(102)** | **(582)** | **(1,918)** | **-** | **-** | **(4,493)** |

Assets that are not allocated to any operating segment as at 30 June 2009 include the following items: cash (PLN 39,257 thousand), receivables from the State budget (PLN 6,939 thousand) and other receivables (PLN 4,409 thousand), deferred income tax assets (PLN 3,260 thousand), and other assets (PLN 8,235 thousand). Segment expenses and income do not include any of the other operating expenses and income, financial expenses and income, or income taxes.

All figures in thousands of zlotys (PLN), unless stated otherwise

In the first half of 2010, our key revenue driver was the Banking Software segment which generated PLN 45,419 thousand of sales, 14% more than in the corresponding period last year. In the first half of 2010, Banking Software accounted for 24% of total sales and it was up 6 percentage points from the level of 18% observed in the first half of 2009.

In the first half of 2010, the Card Business segment generated revenues of PLN 25,511 thousand and they declined 14% from PLN 29,686 thousand reported a year ago. The share of this segment in total sales remained unchanged at 13%.

In the period of 6 months ended 30 June 2010, the Systems Integration segment achieved sales of PLN 115,534 thousand, falling short 18% of the last year's level of PLN 140,419 thousand.

Whereas, sales revenues achieved by the segment of implementations and services within Mobile & Authentication Solutions amounted to PLN 10,743 thousand and they were 31% weaker than in the corresponding period of 2009 (PLN 15,496 thousand).

| **As at 31 December 2009 (audited)** | **Banking Software** | **Mobile & Authentication Solutions** | **Card Business** | **Systems Integration** | **Unallocated** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| Segment assets, of which: | 193,442 | 51,070 | 89,378 | 218,016 | 131,207 | - | 683,113 |
| *goodwill from consolidation* | *164,934* | *43,674* | *75,075* | *160,184* | - | - | *443,867* |
| *property, plant and equipment* | *3,973* | *687* | *2,543* | *4,189* | - | - | *11,392* |
| *intangible assets* | *4,160* | *22* | *999* | *3,518* | - | - | *8,699* |
| *trade accounts receivable* | *10,850* | *6,647* | *4,815* | *30,789* | - | - | *53,101* |
| *receivables relating to valuation of IT contracts* | *8,485* | - | - | *1,165* | - | - | *9,650* |
| *Inventories* | *1,040* | *40* | *5,946* | *18,171* | - | - | *25,197* |
| *Other* | - | - | - | - | *131,207* | - | *131,207* |
| **Segment expenditures for tangible and intangible assets** | **(3,923)** | **(265)** | **(1,739)** | **(3,893)** | **-** | **-** | **(9,820)** |

Assets that are not allocated to any operating segment as at 31 December 2009 include the following items: cash (PLN 104,551 thousand), receivables from the State budget (PLN 6,817 thousand) and other receivables (PLN 8,853 thousand), deferred income tax assets (PLN 2,233 thousand), and other assets (PLN 8,753 thousand).

All figures in thousands of zlotys (PLN), unless stated otherwise

# V. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Breakdown of sales revenues

| Sales revenues by type of business | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Proprietary software and services | 32,872 | 63,232 | 28,961 | 60,541 |
| Third-party software and services | 25,214 | 48,012 | 32,720 | 54,642 |
| Computer hardware and infrastructure | 35,152 | 68,345 | 40,681 | 93,513 |
| Outsourcing | 6,782 | 12,729 | 7,520 | 14,744 |
| Other sales | 309 | 309 | 150 | 1,221 |
| | **100,329** | **192,627** | **110,032** | **224,661** |

In the first half of 2010, sales revenues of the Asseco South Eastern Europe Group amounted to PLN 192,627 thousand and they decreased by 14% when compared with those achieved in the corresponding period last year (PLN 224,661 thousand). Weaker sales are a consequence of unfavourable economic situation in the South Eastern European markets observed in the wake of the European crisis.

Another factor with a decreasing effect on our sales was the observed appreciation of Polish zloty both in relation to euro and currencies of the South Eastern European countries. While in the first half of 2009, the average EUR/PLN exchange rate equalled 4.52, in the corresponding period of this year it dropped substantially to the level of 4.00. If our sales revenues were presented in euro, the decline between the first 6 months of 2010 and 2009 would equal just 3%.

All figures in thousands of zlotys (PLN), unless stated otherwise

| Sales revenues by sectors | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Banking and finance | 58,347 | 109,585 | 67,494 | 139,490 |
| Enterprises | 34,576 | 67,075 | 20,167 | 51,532 |
| Public institutions | 7,406 | 15,967 | 22,371 | 33,639 |
| | **100,329** | **192,627** | **110,032** | **224,661** |

In the first half-year 2010, the Group generated 57% of its sales revenues from the sector of banking and finance. As compared with the corresponding period of 2009, the sector's share in total sales decreased by 5 percentage points as the value of sales dropped 21% (to PLN 109,585 thousand down form PLN 139,490 thousand posted for 6 months ended 30 June 2009). The key revenue drivers in the banking and finance sector were our contracts executed for Raiffeisen Banka a.d. - Belgrade, Privredna Banka a.d., Beograd, Banca Comerciala INTESA SANPAOLO Romania S.A., Banca Comerciala EXIMBANK – Gruppo Veneto Banca S.A., and SoGe Ohridska Banka.

On the other hand, in the first half of 2010 the Group managed to improve its sales to the enterprises sector. Sales revenues from this sector reached PLN 67,075 thousand or 35% of our total turnover; whereas, in the corresponding period of 2009 sales to enterprises amounted to PLN 51,532 thousand and represented 23% of the total turnover. In the enterprises sector the highest revenues were achieved from our contracts with Makedonski Telekom A.D. Skopje, Fujitsu Technology Solutions GmbH Munchen Suc. Romania, and Hewlett-Packard Europe Finance Ltd. Romania.

In the first half of 2010, the Group's sales to public institutions were PLN 15,967 thousand and they declined by 53% as compared with PLN 33,639 thousand generated in the first half-year 2009. Concurrently, the share of this sector in total sales decreased to 8% from the level of 15% observed in the first half of 2009.

All figures in thousands of zlotys (PLN), unless stated otherwise

## 2. Breakdown of operating costs

| | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Materials and energy used (-) | (908) | (1,697) | (563) | (1,432) |
| Third-party work (-) | (10,038) | (17,151) | (8,166) | (15,633) |
| Salaries (-) | (19,100) | (38,605) | (17,461) | (35,350) |
| Employee benefits (-) | (3,686) | (6,958) | (3,296) | (6,004) |
| Depreciation and amortization (-) | (1,573) | (3,073) | (1,125) | (2,238) |
| Taxes and charges (-) | (189) | (362) | (119) | (233) |
| Business trips (-) | (697) | (2,043) | (880) | (1,937) |
| Other (-) | (1,136) | (3,611) | 32 | (305) |
| | **(37,327)** | **(73,500)** | **(31,578)** | **(63,132)** |
| **Cost of sales:** | **(76,198)** | **(146,954)** | **(83,581)** | **(170,473)** |
| *production cost (-)* | (24,541) | (48,676) | (19,761) | (40,086) |
| *cost of merchandise, materials and third-party work sold (COGS) (-)* | (51,657) | (98,278) | (63,820) | (130,387) |
| **Selling expenses (-)** | **(4,659)** | **(9,624)** | **(4,706)** | **(9,115)** |
| **General administrative expenses (-)** | **(8,127)** | **(15,200)** | **(7,111)** | **(13,931)** |

## 3. Other operating income and expenses

| **Other operating income** | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Gain on disposal of tangible fixed assets | 648 | 648 | - | 84 |
| Reversal of other provisions | - | - | - | 78 |
| Compensations received | 31 | 74 | 225 | 239 |
| Other | - | 257 | 440 | 499 |
| | **679** | **979** | **665** | **900** |

| **Other operating expenses** | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Loss on disposal of tangible fixed assets (-) | (2) | (29) | (13) | (5) |
| Liquidation costs of tangible fixed assets, intangible assets, and inventories (-) | - | (58) | - | - |
| Charitable contributions for unrelated companies (-) | (54) | (110) | (20) | (49) |
| Costs of post-accident repairs (-) | (58) | (99) | - | - |
| Other (-) | (37) | (43) | (256) | (402) |
| | **(151)** | **(339)** | **(289)** | **(456)** |

All figures in thousands of zlotys (PLN), unless stated otherwise

## 4. Financial income and expenses

| **Financial income** | **3 months ended 30 June 2010 (unaudited)** | **6 months ended 30 June 2010 (unaudited)** | **3 months ended 30 June 2009 (unaudited)** | **6 months ended 30 June 2009 (unaudited)** |
|---|---|---|---|---|
| Interest income on loans granted, debt securities and bank deposits | 773 | 1,145 | 335 | 746 |
| Other interest income | 6 | 44 | 15 | 38 |
| Gain on foreign exchange differences | 14 | 387 | 1,288 | 852 |
| Discounting of settlements | 26 | 61 | 166 | 164 |
| Other financial income | 10 | 10 | - | 274 |
| | **829** | **1,647** | **1,804** | **2,074** |

| **Financial expenses** | **3 months ended 30 June 2010 (unaudited)** | **6 months ended 30 June 2010 (unaudited)** | **3 months ended 30 June 2009 (unaudited)** | **6 months ended 30 June 2009 (unaudited)** |
|---|---|---|---|---|
| Interest expense on bank credits, loans and debt securities (-) | (10) | (86) | (53) | (105) |
| Other interest expenses (-) | (30) | (36) | (7) | (7) |
| Bank fees and commissions | (79) | (79) | (42) | (42) |
| Loss on foreign exchange differences (-) | (883) | (1,822) | - | (1,126) |
| Interest expenses on financial leasing (-) | (21) | (39) | (30) | (73) |
| Loss on disposal of investments in subsidiary companies (-) | - | (27) | - | - |
| Other financial expenses (-) | (5) | (5) | (569) | (347) |
| | **(1,028)** | **(2,094)** | **(701)** | **(1,700)** |

All figures in thousands of zlotys (PLN), unless stated otherwise

## 5. Corporate income tax

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

| | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Current portion of corporate income tax and prior years adjustments | (1,357) | (2,399) | (2,058) | (4,217) |
| Deferred portion of corporate income tax | (582) | (796) | 122 | 122 |
| *related to occurrence or reversal of temporary differences* | *(582)* | *(796)* | *(9)* | *(9)* |
| **Income tax expense as disclosed in the profit and loss account, of which:** | **(1,939)** | **(3,195)** | **(1,936)** | **(4,095)** |
| *Corporate income tax attributable to continuing operations* | (1,939) | (3,195) | (1,936) | (4,095) |

Regulations applicable to the value added tax, corporate income tax, personal income tax or social security contributions are subject to frequent amendments, thereby often depriving the taxpayers of a possibility to refer to well established regulations or legal precedents. The current regulations in force include ambiguities which may give rise to different opinions and legal interpretations on the taxation regulations either between companies and public administration, or between the public administration bodies themselves. Taxation and other settlements (for instance customs duty or currency payments) may be controlled by administration bodies that are entitled to impose considerable fines, and the amounts of so determined liabilities must be paid with high interest. In effect the amounts disclosed in the financial statements may be later changed, after the taxes payable are finally determined by the taxation authorities.

All figures in thousands of zlotys (PLN), unless stated otherwise

## 6. Earnings per share

| | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| **Consolidated earnings per share for the period reported attributable to Shareholders of Asseco South Eastern Europe SA (in PLN):** | | | | |
| Basic consolidated earnings per share from continuing operations for the period reported | 0.20 | 0.36 | 0.36 | 0.69 |
| Diluted consolidated earnings per share from continuing operations for the period reported | 0.20 | 0.36 | 0.36 | 0.69 |

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

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

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

| | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| **Consolidated net profit for the period reported attributable to Shareholders of Asseco South Eastern Europe SA** | **9,811** | **17,984** | **11,743** | **20,187** |
| Average weighted number of ordinary shares outstanding, used for calculation of basic earnings per share | 49,561,719 | 49,561,719 | 33,067,476 | 29,418,742 |
| Dilution factors | - | - | - | - |
| **Adjusted average weighted number of ordinary shares, used for calculation of diluted earnings per share** | **49,561,719** | **49,561,719** | **33,067,476** | **29,418,742** |

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

All figures in thousands of zlotys (PLN), unless stated otherwise

## 7. Information on dividends paid out or declared

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

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

The dividend was paid out after the balance sheet date.

## 8. Property, plant and equipment, and intangible assets

### *Property, plant and equipment*

In the period of 6 months ended 30 June 2010 the Group purchased tangible fixed assets for PLN 2,048 thousand (vs. PLN 2,049 thousand spent during the first 6 months of 2009).

Furthermore, in the period of 6 months ended 30 June 2010 the Group sold tangible fixed assets with the net value of PLN 184 thousand (vs. PLN 102 thousand during 6 months ended 30 June 2009).

During the 6-month periods ended both 30 June 2010 and 30 June 2009 the Group did not recognize any impairment write-downs on its property, plant and equipment.

### *Intangible assets*

In the period of 6 months ended 30 June 2010 the Group purchased intangible assets for PLN 645 thousand (vs. PLN 2,444 thousand spent during the first 6 months of 2009).

Furthermore, in the period of 6 months ended 30 June 2010 the Group sold intangible assets with the net value of PLN 10 thousand; whereas, no intangible assets were sold during the first 6 months of 2009.

During the 6-month periods ended both 30 June 2010 and 30 June 2009 the Group did not recognize any impairment write-downs on its intangible assets.

Both as at 30 June 2010 and 31 December 2009, property, plant and equipment and intangible assets did not serve as security for any bank credits and loans taken out.

## 9. Goodwill arising from consolidation

| | 30 June 2010<br>(unaudited) | 31 Dec. 2009<br>(audited) |
|---|---|---|
| Banking Software | 158,201 | 164,934 |
| Mobile & Authentication Solutions | 44,565 | 43,674 |
| Card Business | 69,581 | 75,075 |
| Systems Integration | 157,606 | 160,184 |
| | **429,953** | **443,867** |

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

| | 30 June 2010<br>(unaudited) | 31 Dec. 2009<br>(audited) |
|---|---|---|
| **Consolidation goodwill at the beginning of the period** | **443,867** | **463,105** |
| Banking Software | 164,934 | 140,523 |
| Mobile & Authentication Solutions | 43,674 | 58,418 |
| Card Business | 75,075 | 98,537 |
| Systems Integration | 160,184 | 165,627 |
| **Change in consolidation goodwill due to acquisition of shares (+/-)** | **419** | **6,514** |
| Banking Software | - | 33,707 |
| Mobile & Authentication Solutions | - | (13,426) |
| Card Business | 419 | (17,585) |
| Systems Integration | - | 3,818 |
| **Foreign currency differences on translation of goodwill arising from foreign subsidiaries (+/-)** | **(14,333)** | **(25,752)** |
| Banking Software | (6,733) | (9,296) |
| Mobile & Authentication Solutions | 891 | (1,318) |
| Card Business | (5,913) | (5,877) |
| Systems Integration | (2,578) | (9,261) |
| **Total book value at the end of period** | **429,953** | **443,867** |

All figures in thousands of zlotys (PLN), unless stated otherwise

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

On 5 May 2010, Asseco SEE Sh.p.k. (Pristina) signed an agreement for acquisition of the company X-Card Sh.p.k. seated in Pristina, Kosovo. The transaction value amounted to EUR 110 thousand. The acquired company is engaged in the provision of call-center services, sale and maintenance of ATMs and POS terminals. At present the companies of X-Card Sh.p.k. (Pristina) and Asseco SEE Sk.p.k. (Pristina) undergo a merger process.

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

All figures in thousands of zlotys (PLN), unless stated otherwise

## 10. Deferred expenses

| Short-term | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Maintenance services | 2,688 | 2,637 |
| Prepaid insurance | 166 | 135 |
| Prepaid subscriptions | 19 | 222 |
| Prepaid rents | 14 | 20 |
| Prepaid consulting services | 388 | 78 |
| Expenses related to issuance of shares, company acquisitions and non-cash contributions | - | 42 |
| Other | 620 | 884 |
| Revaluation charges on deferred expenses | (12) | - |
| | **3,883** | **4,018** |

Both as at 30 June 2010 and 31 December 2009, deferred expenses included primarily the costs of maintenance services amounting to PLN 2,688 thousand and PLN 2,637 thousand, respectively, that will be successively expensed in the future periods.

## 11. Short-term receivables

### Short-term receivables

| Trade accounts receivable | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Trade accounts receivable, of which: | 63,589 | 55,841 |
| Receivables from related companies | - | - |
| Receivables from other companies | 63,589 | 55,841 |
| Revaluation write-down on doubtful accounts receivable (-) | (2,916) | (2,740) |
| | **60,673** | **53,101** |

Trade accounts receivable are not interest-bearing.

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

As at 30 June 2010, current receivables and future receivables in the amount of PLN 2,846 thousand served as security for bank credits and bank guarantee facilities. As at 30 June 2010, there were no liabilities under bank credits secured with such assets; however, the Group recognized off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with inventories and receivables in the amount of PLN 7,036 thousand.

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

All figures in thousands of zlotys (PLN), unless stated otherwise

| Receivables on taxes, import tariffs, social security and other regulatory payments | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Value added tax | 6,515 | 5,059 |
| Corporate income tax (CIT) | 900 | 1,459 |
| Other | 167 | 299 |
| | **7,582** | **6,817** |

Receivables on value added tax, as presented in these consolidated financial statements as at 30 June 2010 and 31 December 2009, refer to the right of Asseco South Eastern Europe SA to apply for reimbursement of such amounts to its bank account. On 12 August 2010, the Parent Company received binding tax interpretations regarding its right to deduct the amount VAT paid on the IPO-related costs.

| Other receivables | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Receivables from non-invoiced deliveries | 3,900 | 5,504 |
| Advance payments to other suppliers | 1,910 | 1,080 |
| Receivables from employees | 5 | - |
| Other receivables | 1,334 | 2,269 |
| | **7,149** | **8,853** |

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

## 12. Cash and cash equivalents, restricted cash

| | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Cash at bank and in hand | 31,447 | 83,775 |
| Short-term deposits | 79,324 | 20,759 |
| Cash equivalents | 23 | 17 |
| Cash being transferred | 54 | - |
| | **110,848** | **104,551** |
| Restricted cash | 172 | 184 |

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

Short-term deposits did not serve as security for any bank guarantees (of due performance of contracts and tender deposits) neither at 30 June 2010 nor at 31 December 2009.

Restricted cash served as security for the bank guarantees (of due performance of contracts and tender deposits) both as at 30 June 2010 and 31 December 2009.

All figures in thousands of zlotys (PLN), unless stated otherwise

## 13. Share capital

| Share capital | | Par value per share | 30 June 2010 (unaudited) | | 31 Dec. 2009 (audited) | |
|---|---|---|---|---|---|---|
| **Shares** | **Series** | | **Number of shares** | **Value of shares** | **Number of shares** | **Value of shares** |
| Ordinary registered shares | A* | 0.1 | 5,000,000 | 500 | 5,000,000 | 500 |
| Ordinary registered shares | B* | 0.1 | 5,000,000 | 500 | 5,000,000 | 500 |
| Ordinary registered shares | C* | 0.1 | 2,567,000,900 | 256,700 | 2,567,000,900 | 256,700 |
| Ordinary registered shares | D | 10 | 25,770,009 | 257,700 | 25,770,009 | 257,700 |
| Ordinary registered shares | E | 10 | 956,447 | 9,565 | 956,447 | 9,565 |
| Ordinary registered shares | F | 10 | 1,475,509 | 14,755 | 1,475,509 | 14,755 |
| Ordinary registered shares | G | 10 | 2,708,378 | 27,084 | 2,708,378 | 27,084 |
| Ordinary registered shares | H | 10 | 1,062,030 | 10,620 | 1,062,030 | 10,620 |
| Ordinary registered shares | I | 10 | 1,770,609 | 17,706 | 1,770,609 | 17,706 |
| Ordinary registered shares | J | 10 | 1,714,209 | 17,142 | 1,714,209 | 17,142 |
| Ordinary registered shares | K | 10 | 4,590,470 | 45,905 | 4,590,470 | 45,905 |
| Ordinary registered shares | L | 10 | 2,100,000 | 21,000 | 2,100,000 | 21,000 |
| Ordinary registered shares | M | 10 | 4,810,880 | 48,109 | 4,810,880 | 48,109 |
| Ordinary registered shares | N | 10 | 1,078,909 | 10,789 | 1,078,909 | 10,789 |
| Ordinary registered shares | P | 10 | 1,524,269 | 15,242 | - | - |
| | | | **49,561,719** | **495,617** | **48,037,450** | **480,375** |

* Following a reverse stock split of series D shares

In the period reported the Company's share capital was increased by the amount of PLN 15,242 thousand through the issuance of 1,524,269 series P shares that was registered by the District Court in Rzeszów on 22 January 2010. As at 31 December 2009 the said issuance was disclosed in the line "subscribed unregistered share capital".

All figures in thousands of zlotys (PLN), unless stated otherwise

## 14. Long-term and current financial liabilities

| Long-term | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Liabilities due to acquisition of non-controlling interests in subsidiaries (put options) | 9,255 | 9,658 |
| Liabilities due to acquisition of shares | 456 | - |
| Finance lease commitments | 609 | 659 |
| | **10,320** | **10,317** |

As at 30 June 2010, the Asseco South Eastern Europe Group recognized a liability in the amount of PLN 456 thousand due to acquisition of shares in X-Card Sh.p.k. (Pristina) by Asseco SEE Sh.p.k. (Pristina).
Additionally, both as at 30 June 2010 and 31 December 2009, the Group carried a long-term liability under the put options held by non-controlling shareholders in Multicard d.o.o., Beograd. Such liability corresponds to the estimated present value of future payment for the remaining stake of shares in the above-mentioned company. Determination of fair value of the liability resulting from the possible exercise of stock put options was based on the following several assumptions. The Group assumes the stock put options will be exercised by all the minority shareholders, and as a consequence the Group will acquire a 100% share in profits. The concluded stock option agreement stipulates that the future payment shall be equal to the amount of audited net profit for the calendar year preceding the option exercise year, multiplied by a contractually predefined fixed rate. Net profit assumed for measurement of the aforesaid liability has been based on the most up-to-date financial forecasts for the current year and future periods. This foreign-currency liability has been restated in Polish zlotys at the exchange rates published by the National Bank of Poland on 30 June 2010 and 31 December 2009, and it amounted to PLN 9,255 thousand and PLN 9,658 thousand, respectively.

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

| Short-term | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Liability due to dividend payment | 7,210 | 5,920 |
| Finance lease commitments | 454 | 528 |
| Liabilities due to acquisition of shares | 174 | 2,761 |
| | **7,838** | **9,209** |

As at 31 December 2009, the Group recognized a liability in the amount of PLN 2,761 thousand by virtue of the acquisition of shares in Pronet IT Konsalting Inxhiniering Telekomunikime Sh.p.k seated in Pristina, Kosovo. Liability due to dividend payment comprised dividends payable to the former minority shareholders of subsidiary companies as well as dividends payable shareholders of Asseco South Eastern Europe SA which were actually paid after the balance sheet date.

All figures in thousands of zlotys (PLN), unless stated otherwise

## 15. Interest-bearing bank credits and debt securities issued

| Short-term credits | Name of entity | Maximum debt in PLN thousands as at 30 June 2010 | Maximum debt in PLN thousands as at 31 Dec. 2009 | Effective interest rate % | Currency | Date of maturity | Utilization as at 30 June 2010 (unaudited) | Utilization as at 31 Dec. 2009 (audited) |
|---|---|---|---|---|---|---|---|---|
| Current account credit | NLB Tutunska Banka AD Skopje | 67 | 67 | 19.5% | MKD | - | 20 | 16 |
| Current account credit | NLB Tutunska Banka AD Skopje | 13 | 13 | 15% | MKD | - | - | 1 |
| Current account credit | Nova Ljubljanska Banka | 1,658 | 1,643 | 10.8% | EUR | 2010-11-23 | - | - |
| Current account credit | Alpha Bank Unirii Branch | 8,285 | 8,201 | 3M LIBOR +margin 3M BUBOR +margin | multi-currency | 2011-04-15 | - | - |
| | | **10,023** | **9,924** | | | | **20** | **17** |

| Other short-term credits | Name of entity | Maximum debt in PLN thousands as at 30 June 2010 | Maximum debt in PLN thousands as at 31 Dec. 2009 | Effective interest rate % | Currency | Date of maturity | Utilization as at 30 June 2010 (unaudited) | Utilization as at 31 Dec. 2009 (audited) |
|---|---|---|---|---|---|---|---|---|
| Operating credit facility | Komercijalna Banka A.D. | n/a | 105 | 12.25% | MKD | 2010-06-03 | - | 105 |
| Loan | Minority shareholders | 3,788 | 4,104 | 0 | RSD | 2010-09-30 | 2,325 | 3,136 |
| Loan | Minority shareholders | 25 | 37 | 7% | BGN | 2010-10-13 | 25 | 37 |
| Loan | Minority shareholders | 37 | 37 | 7% | BGN | 2010-10-12 | 37 | 37 |
| Loan | Minority shareholders | 47 | 47 | 7% | BGN | 2010-10-14 | 47 | 47 |
| | | **3,897** | **4,330** | | | | **2,434** | **3,362** |

| Long-term credits | Name of entity | Maximum debt in PLN thousands as at 30 June 2010 | Maximum debt in PLN thousands as at 31 Dec. 2009 | Effective interest rate % | Currency | Date of maturity | Utilization as at 30 June 2010 (unaudited) | Utilization as at 31 Dec. 2009 (audited) |
|---|---|---|---|---|---|---|---|---|
| Investment credit | EBRD | 29,021 | 28,757 | 3M EURIBOR + margin | EUR | 31-01-2016 | - | - |
| | | **29,021** | **28,757** | | | | **-** | **-** |

All figures in thousands of zlotys (PLN), unless stated otherwise

As at 30 June 2010, total liabilities of the Asseco South Eastern Europe Group under all the credits taken out and debt securities issued aggregated at PLN 4,347 thousand, of which PLN 1,893 thousand were directly related to assets classified as held for sale and were presented in a separate line of the balance sheet. As at 31 December 2009, the Group's debt totalled PLN 5,359 thousand, of which PLN 1,980 thousand were related to assets classified as held for sale.

As at 30 June 2010, total funds available to the Asseco South Eastern Europe Group under credit facilities in current accounts, operating and investment credits, and loans reached approx. PLN 42,941 thousand (inclusive of the EBRD financing after making a pledge on shares in subsidiaries), as compared with PLN 43,011 available as at the end of 2009.

As at the end of the period reported, the Group has drawn PLN 20 thousand from the current account credit facilities vs. PLN 17 thousand utilized as at the end of the prior year.

The Group's liabilities under other credits and loans amounted to PLN 2,434 thousand as at 30 June 2010 and to PLN 3,362 thousand as at 31 December 2009.

Both as at 30 June 2010 and 31 December 2009, tangible fixed assets and intangible assets did not serve as security for any bank credits contracted by the Group.

As at 30 June 2010, inventories did not serve as security for any bank credits taken out by the Group; nevertheless, they were used to back up bank guarantee facilities in the amount of PLN 3,931 thousand. As at 30 June 2010, off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with inventories and receivables amounted to PLN 7,036 thousand.

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

As at 30 June 2010, current receivables and future receivables in the amount of PLN 2,846 thousand served as security for bank credits and bank guarantee facilities. As at 30 June 2010, there were no liabilities under bank credits secured with such assets; however, the Group recognized off-balance-sheet liabilities due to bank guarantees extended under a bank guarantee facility secured with inventories and receivables in the amount of PLN 7,036 thousand.

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

Additionally, as at 30 June 2010, assets classified as held for sale with the book value of PLN 2,473 thousand served as security for a bank credit taken out. Liability by virtue of that credit as at 30 June 2010 amounted to PLN 1,893 thousand and has been presented in a separate line of the balance sheet.

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

## 16. Short-term trade accounts payable and other liabilities

| Short-term trade accounts payable | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| To related companies | 51 | 965 |
| To other companies | 31,669 | 32,701 |
| | **31,720** | **33,666** |

Trade accounts payable are not interest-bearing.

| Liabilities on taxes, import tariffs, social security and other regulatory payments | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Value added tax | 5,412 | 5,809 |
| Corporate income tax (CIT) | 697 | 2,205 |
| Personal income tax (PIT) | 431 | 422 |
| Social Insurance Institution (ZUS) | 873 | 790 |
| Other | 124 | 104 |
| | **7,537** | **9,330** |

The amount resulting from the difference between VAT payable and VAT recoverable is paid to competent tax authorities on a monthly basis.

| Other current liabilities | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Liabilities to employees relating to salaries and wages | 2,394 | 738 |
| Liabilities due to non-invoiced deliveries | 479 | 2,813 |
| Trade prepayments received | 10,359 | 6,887 |
| Other liabilities | 317 | 498 |
| | **13,549** | **10,936** |

All figures in thousands of zlotys (PLN), unless stated otherwise

## 17. Accrued expenses, unearned revenues, and provisions

| Provisions | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Long-term | 90 | 192 |
| Short-term | 5,459 | 1,892 |
| | **5,549** | **2,084** |

As at 30 June 2010, total provisions amounted to PLN 5,549 thousand, while as at 31 December 2009 they were PLN 2,084 thousand. Provisions as at 30 June 2010 increased from the level reported as at 31 December 2009 basically as a result of establishing the provisions for potential contractual penalties and warranty repairs in connection with the contract executed in Macedonia, in favour of Makedonski Telecom A.D.

| Short-term accrued expenses | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Provision for unutilized holiday leaves | 298 | 72 |
| Provision for the employee bonuses | 6,265 | 5,605 |
| Provision for non-invoiced costs | 1,887 | 3,238 |
| Provision for the audit of financial statements | 314 | 708 |
| | **8,764** | **9,623** |

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

| Short-term deferred income | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Maintenance services | 6,450 | 5,822 |
| Prepayments received | 750 | 5,743 |
| Other | 624 | 1,146 |
| | **7,824** | **12,711** |

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

All figures in thousands of zlotys (PLN), unless stated otherwise

## 18. Assets classified for sale

| Assets | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Property, plant and equipment | 2,473 | 2,695 |
| | **2,473** | **2,695** |

| Liabilities | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Liabilities directly related to fixed assets classified as held for sale | 1,893 | 1,980 |
| | **1,893** | **1,980** |

Under the acquisition agreement of 21 May 2008 concluded between Asseco South Eastern Europe SA and minority shareholders in Antegra d.o.o., the minority shareholders were provided with a right to acquire from Antegra d.o.o. the below mentioned assets and liabilities in the period till 30 June 2010:

1. the building situated at 37-39 Vojvode Mišića St., with the book value of PLN 2,473 thousand as at the balance sheet date,
2. the investment credit granted for purchase of the above-mentioned property, with the value of PLN 1,893 thousand as at the balance sheet date.

Furthermore, the agreement provides the shareholders of Antegra d.o.o. with a right to receive additional compensation.

As there is a third party interested in purchasing the above-mentioned property, the transaction to sell the building is now underway. Until the balance sheet date, the building disposal transaction has not yet been finalized.

## 19. Transactions with related parties

As at 30 June 2010, the balance of outstanding liabilities under transactions conducted with Asseco Poland SA was PLN 51 thousand; whereas, as at 31 December 2009 such outstanding liabilities amounted to PLN 965 thousand.

Both as at 30 June 2010 and 31 December 2009, there were no outstanding receivables under transactions conducted with Asseco Poland SA.

In the period of 6 months ended 30 June 2010, net value of transactions conducted with Asseco Poland SA totalled PLN 141 thousand; whereas, in the corresponding period of 2009 the net value of such transactions amounted to PLN 79 thousand.

According to information available to the Parent Company, as at 30 June 2010 the balance of outstanding liabilities under transactions conducted with entities related through the Key Management Personnel (Management Boards and Supervisory Boards of the Group companies) or with the Key Management Personnel themselves amounted to PLN 2,918 thousand.

All figures in thousands of zlotys (PLN), unless stated otherwise

Whereas, as at 31 December 2009 the balance of outstanding liabilities under transactions conducted with entities related through the Key Management Personnel (management boards and supervisory boards of the Group companies) or with the Key Management Personnel themselves amounted to PLN 144 thousand.

According to information available to Asseco South Eastern Europe SA, as at 30 June 2010 there were no outstanding receivables from transactions conducted with entities related through the Key Management Personnel (Management Boards and Supervisory Boards of the Group companies) or with the Key Management Personnel.

According to information available to Asseco South Eastern Europe SA, as at 31 December 2009 there were no outstanding receivables from transactions conducted with entities related through the Key Management Personnel (Management Boards and Supervisory Boards of the Group companies) or with the Key Management Personnel.

In the period of 6 months ended 30 June 2010, according to information available to Asseco South Eastern Europe SA, the net value of transactions conducted with entities related through the Key Management Personnel or with the Key Management Personnel amounted to PLN 3,833 thousand.

Whereas, in the period of 6 months ended 30 June 2009, according to information available to Asseco South Eastern Europe SA, the net value of transactions conducted with entities related through the Key Management Personnel or with the Key Management Personnel amounted to PLN 3,170 thousand.

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

Until the date of approval of these interim condensed consolidated financial statements, Asseco South Eastern Europe SA has not received any information on transactions with related companies conducted during the reporting period which would be, separately or jointly, deemed significant and would be carried out not on an arm's length basis.

As a result of transactions conducted in the prior reporting periods, as at 30 June 2010 the Group had a liability towards the companies of Liatris d. o.o. and I4 Invention d.o.o., by virtue of a non-interest-bearing loan of PLN 2,325 thousand, which equalled PLN 3,136 thousand as at 31 December 2009. 100% of shares in Liatris d.o.o. were owned by Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe SA. The company I4 Invention d.o.o. is a shareholder in Asseco South Eastern Europe SA; whereas, Member of the Management Board of Asseco South Eastern Europe SA, namely Miodrag Mirčetić is a shareholder in I4 Invention d.o.o.

## 20. Off-balance-sheet liabilities concerning related companies

During the 6 months ended 30 June 2010, neither the Issuer nor any of its subsidiaries granted any sureties to secure bank credits/loans 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.

## 21. Off-balance-sheet liabilities in favour of other companies

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 30 June 2010, the related contingent liabilities equalled PLN 13,236 thousand, while as at 31 December 2009 they amounted to PLN 15,002 thousand.

As at 30 June 2010, inventories with the book value of PLN 3,931 thousand as well as current and future receivables in the amount of PLN 2,846 thousand served as security for bank guarantee facilities. As at 30 June 2010, the related contingent liabilities amounted to PLN 7,036 thousand.

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

As at 30 June 2010, restricted cash up to the amount of PLN 172 thousand served as security for the bank guarantees (of due performance of contracts and tender deposits).

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

Both as at 30 June 2010 and 31 December 2009, the Group was a party to a number of rental, leasing and other contracts of similar nature, resulting in the following future payments:

| **Liabilities under lease of space** | **30 June 2010 (unaudited)** | **31 Dec. 2009 (audited)** |
|---|---|---|
| In the period up to 1 year | 8,041 | 9,531 |
| In the period from 1 to 5 years | 26,493 | 26,399 |
| | **34,534** | **35,930** |

| **Liabilities under operating lease of property, plant and equipment** | **30 June 2010 (unaudited)** | **31 Dec. 2009 (audited)** |
|---|---|---|
| In the period up to 1 year | 230 | 236 |
| In the period from 1 to 5 years | 247 | 582 |
| | **477** | **818** |

All figures in thousands of zlotys (PLN), unless stated otherwise

## 22. Employment

| Average Group workforce in the reporting period | 6 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|
| Management Board of the Parent Company* | 6 | 3 |
| Management Boards of the Group companies | 20 | 25 |
| Production departments | 556 | 464 |
| Maintenance departments | 184 | 189 |
| Sales departments | 81 | 65 |
| Administration departments | 148 | 113 |
| Other employees | 21 | 24 |
| | **1,016** | **883** |

| The Group workforce as at | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Management Board of the Parent Company* | 6 | 6 |
| Management Boards of the Group companies | 18 | 22 |
| Production departments | 573 | 538 |
| Maintenance departments | 173 | 191 |
| Sales departments | 86 | 76 |
| Administration departments | 151 | 142 |
| Other employees | 17 | 25 |
| | **1,024** | **1,000** |

* In 2009 members of the Management Board of Asseco South Eastern Europe SA were not employed by the Parent Company. All of them performed their functions by assignment of the Supervisory Board; whereas, in the period reported ended 30 June 2010, Piotr Jeleński and Rafał Kozłowski acted as members of the Management Board of Asseco South Eastern Europe SA on the basis of work contracts. The remaining members of the Company's Management Board performed their functions under an assignment.

| Numbers of employees in the Group companies as at | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Asseco South Eastern Europe SA | 9 | 2 |
| Asseco SEE s.r.l., (Bucharest) 1) | 181 | 188 |
| Asseco SEE d.o.o., Beograd [2)] | 656 | 642 |
| Asseco SEE d.o.o. (Zagreb) [3)] | 81 | 82 |
| Asseco SEE Sh.p.k. (Pristina) [4)] | 97 | 86 |
| | **1,024** | **1,000** |

1) The merger between the companies of Asseco SEE s.r.l. (Bucharest) (former Net Consulting s.r.l.; the taking-over company) and Fiba Software s.r.l. (the acquired company) was registered on 5 January 2010; whereas, for accounting purposes it was recognized as at 31 December 2009. On 1 June 2010, there was registered a merger of Asseco SEE s.r.l. (the taking-over company) with Probass S.A. (the acquired company). For the sake of comparability, financial data of both the merged companies as at 31 December 2009 and 30 June 2009 have been presented in aggregate.

2) On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. Beograd (former Pexim d.o.o.; the taking-over company) with the companies of Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company). For the sake of comparability, financial data of both the merged companies as at 31 December 2009 and 30 June 2009 have been presented in aggregate.

3) On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. (Zagreb) (former Logos d.o.o.; the taking-over company) with Arbor Informatika d.o.o. (the acquired company). For the sake of comparability, financial data of both the merged companies as at 31 December 2009 and 30 June 2009 have been presented in aggregate.

4) On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (Pristina).

All figures in thousands of zlotys (PLN), unless stated otherwise

## 23. Equity management

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

The Group manages its equity structure which is altered in response to changing economic conditions. In order to maintain or adjust its equity structure, the Group may change its dividend payment policy, return some capital to its shareholders or issue new shares. In the period of 6 months ended 30 June 2010 as well as in the year ended 31 December 2009, the Group did not introduce any changes to its objectives, principles and processes adopted in this area.

## 24. Hedges of cash flows

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

In the period of 6 months ended 30 June 2010, the Group recognized PLN 301 thousand in its revaluation capital. In the period reported there occurred no events that might decrease the probability of making the hedged future payments. The table below presents information on the applied hedging instruments along with their fair values and maturities of the related payments.

In the corresponding period of 6 months ended 30 June 2009, the Group did not apply hedge accounting.

| Hedged item | Hedged risk | Hedging instrument | Fair value of hedging instrument | Maturity of cash flows |
|---|---|---|---|---|
| Cash flows | Foreign currency | Cash | 33,812 | 2010-2014 |

## 25. Objectives and principles of financial risk management

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

### Foreign currency exposure risk

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

All figures in thousands of zlotys (PLN), unless stated otherwise

**Interest rate risk**

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

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

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

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

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

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

**Credit risk**

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

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

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

**Financial liquidity risk**

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

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

The tables below reveal the Group's trade accounts payable as at 30 June 2010 and 31 December 2009, by the maturity period based on the contractual undiscounted payments.

| Aging structure of trade accounts payable | 30 June 2010 (unaudited) amount | 30 June 2010 (unaudited) Structure | 31 Dec. 2009 (audited) amount | 31 Dec. 2009 (audited) structure |
|---|---|---|---|---|
| Liabilities due already | 6,387 | 19.9% | 6,118 | 18.0% |
| Liabilities falling due within 3 months | 19,351 | 60.2% | 27,150 | 80.1% |
| Liabilities falling due within 3 to 12 months | 5,975 | 18.6% | 398 | 1.2% |
| Liabilities falling due after 1 year | 418 | 1.3% | 225 | 0.7% |
| | **32,131** | **100.0%** | **33,891** | **100.0%** |

The tables below present the aging structure of other financial liabilities as at 30 June 2010 and 31 December 2009.

| **As at 30 June 2010** **(unaudited)** | **Liabilities falling due within 3 months** | **Liabilities falling due within 3 to 12 months** | **Liabilities falling due within 1 to 5 years** | **Liabilities falling due after 5 years** | **Total** |
|---|---|---|---|---|---|
| Loans | 2,325 | 109 | - | - | 2,434 |
| Finance lease commitments | 140 | 372 | 661 | - | 1,173 |
| | **2,465** | **481** | **661** | **-** | **3,607** |

| **As at 31 December 2009 (audited)** | **Liabilities falling due within 3 months** | **Liabilities falling due within 3 to 12 months** | **Liabilities falling due within 1 to 5 years** | **Liabilities falling due after 5 years** | **Total** |
|---|---|---|---|---|---|
| Loans | 28 | 3,229 | - | - | 3,257 |
| Finance lease commitments | 227 | 361 | 708 | - | 1,296 |
| | **255** | **3,590** | **708** | **-** | **4,553** |

### Effects of reducing the foreign currency risk

The analysis of sensitivity of trade accounts payable and receivable and of cash at foreign currency bank accounts to fluctuations in the exchange rates of USD against the functional currencies of the Group companies indicates a potential gain of PLN 752 thousand in case the dollar depreciates 10% versus such functional currencies. Because trade liabilities of these companies exceed the total of their trade receivables and cash, a weaker dollar would bring favourable effects as they would pay their suppliers at a lower exchange rate. However, if the euro depreciates 10% versus the functional currencies of the Group companies, the Group will potentially lose PLN 219 thousand. Hence, the cumulative effect of a weaker dollar and euro against the functional currencies of the Group companies would increase the Group's financial results by PLN 533 thousand. In contrast, a simultaneous appreciation of the dollar and euro versus our functional currencies will deteriorate the Group's financial results by PLN 533 thousand. Management Board of the Parent Company decide to apply hedge accounting in relation to future capital transactions. Therefore, any capital raised from investors as well as dividend proceeds shall be converted to euro immediately. Cash and cash deposits denominated in euro are used as hedging instruments.

All figures in thousands of zlotys (PLN), unless stated otherwise

| **Trade accounts receivable and payable, and foreign currency bank accounts as at 30 June 2010 (unaudited)** | **Amount exposed to risk** | **Impact on financial results of the Group** | |
|---|---|---|---|
| | | **(10%)** | **10%** |
| **EUR:** | | | |
| Trade accounts receivable | 8,000 | (334) | 334 |
| Trade accounts payable | 12,412 | 1,006 | (1,006) |
| Foreign currency bank accounts | 45,705 | (891) | 891 |
| **Balance** | **66,117** | **(219)** | **219** |
| **USD:** | | | |
| Trade accounts receivable | 1,032 | (103) | 103 |
| Trade accounts payable | 10,146 | 1,015 | (1,015) |
| Foreign currency bank accounts | 1,602 | (160) | 160 |
| **Balance** | **12,780** | **752** | **(752)** |

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

### Effects of reducing the interest rate risk

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

### Methods adopted for conducting the sensitivity analysis

The analysis of sensitivity to fluctuations in foreign exchange rates, with potential impact on our financial results, was conducted using the percentage deviations of +/-10% by which the reference exchange rates, effective as at the balance sheet date, were increased or decreased. The sensitivity of interest rate exposure was analyzed using the percentage deviations of +/- 15%.

### Fair value

The book values of financial assets and liabilities held by the Group both as at 30 June 2010 and 31 December 2009 did not significantly differ from their fair values.

All figures in thousands of zlotys (PLN), unless stated otherwise

## 26. Capital expenditures

In the period of 6 months ended 30 June 2010, the Group incurred capital expenditures of PLN 5,143 thousand, of which PLN 2,693 thousand were spent for non-financial fixed assets.

Whereas, in the corresponding period of 2009, the Group incurred capital expenditures of PLN 5,355 thousand, of which PLN 4,493 thousand were spent for non-financial fixed assets.

## 27. Significant events after the balance sheet date

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

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

70.6191% of ITD Shares were purchased in a cash transaction for the total amount not exceeding EUR 6.1 million. Whereas the remaining 29.0429% of ITD Shares were acquired in exchange for the newly issued 837,472 shares in Asseco South Eastern Europe SA. 99.9970% of EST Shares were purchased in a cash transaction for the total amount not exceeding EUR 2.5 million. Furthermore, in the Shares Acquisition Agreement, Asseco South Eastern Europe SA committed itself to make additional payments to EST shareholders, either in the form of cash and/or issuance of ASEE shares, provided that EST achieves the specified levels of net profit for the years 2010 and 2011. The cash payments for ITD Shares and EST Shares were financed with own funds of Asseco South Eastern Europe SA. The acquisition-date value of cash and cash equivalents in all the acquired companies amounted to PLN 6,218 thousand, restated at the exchange rate published by the National Bank of Poland.

ITD is one of the Turkish leaders specialized in voice automation services. ITD has got a subsidiary undertaking in Poland, namely ITD Polska Sp. z o.o. seated in Warsaw. Among the ITD's key clients are the largest organizations of the Turkish banking sector (including 57% of all the banks in Turkey accounting for 95% of the market, measured by assets), insurance companies, telecommunication companies as well as retailers. ITD employs 68 persons. In 2009 ITD generated sales revenues of EUR 7.9 million and a net profit of EUR 0.7 million (calculated at the average exchange rates during 2009).

EST is the Turkey's main supplier of services and system for settlement of internet payments made by credit cards (independent payment gateway). Majority of Turkish banks which offer e-commerce services utilize one or more solutions, systems and services provided by EST.

In connection with the above-mentioned acquisition of companies, Asseco South Eastern Europe SA issued 837,472 shares of series S. This issuance has not yet been registered by a court until the date of publication of these interim condensed consolidated financial statements.

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

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

As per the agreement, on that date the ownership of one share being subject of the transaction was effectively transferred to Asseco South Eastern Europe SA.

In the period from 30 June 2010 till the date of approval of these interim condensed consolidated financial statements, this is until 25 August 2010, there did not occur any other significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of the Asseco South Eastern Europe Group.

## 28. Significant events related to prior years

Until the date of preparing these interim condensed consolidated financial statements for the period of 6 months ended 30 June 2010, this is until 25 August 2010, there occurred no significant events related to prior years, which have not but should have been included in the accounting books.

# INTERIM CONDENSED FINANCIAL STATEMENTS
# ASSECO SOUTH EASTERN EUROPE SA
# FOR THE PERIOD OF 6 MONTHS ENDED
# 30 JUNE 2010
# INCLUDING THE REPORT OF
# INDEPENDENT CERTIFIED AUDITORS

**Rzeszów, 25 August 2010**

# INTERIM CONDENSED FINANCIAL STATEMENTS
# ASSECO SOUTH EASTERN EUROPE SA
# INCLUDING THE REPORT OF INDEPENDENT CERTIFIED AUDITORS
# FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2010

**Contents** **Page**

**INTERIM CONDENSED FINANCIAL STATEMENTS**
**ASSECO SOUTH EASTERN EUROPE SA**
**INCLUDING THE REPORT OF INDEPENDENT CERTIFIED AUDITORS**
**FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2010**

These interim condensed financial statements were authorized for publication by the Management Board of Asseco South Eastern Europe SA on 25 August 2010.

Management Board of Asseco South Eastern Europe SA:

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

Person responsible for maintaining the accounting books:

Lucyna Pieniążek

## FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE SA

| | | 6 months ended 30 June 2010 | 6 months ended 30 June 2009 | 6 months ended 30 June 2010 | 6 months ended 30 June 2009 |
|---|---|---|---|---|---|
| | | **PLN'000** | **PLN'000** | **EUR'000** | **EUR'000** |
| I. | Operating revenues | 7,440 | 20,177 | 1,858 | 4,466 |
| II. | Operating profit | 5,725 | 19,490 | 1,430 | 4,313 |
| III. | Pre-tax profit | 5,964 | 19,849 | 1,489 | 4,393 |
| IV. | Net profit for the period reported | 5,984 | 20,168 | 1,494 | 4,464 |
| V. | Net cash provided by (used in) operating activities | (3,039) | (895) | (759) | (198) |
| VI. | Net cash provided by (used in) investing activities | (21) | 16 | (5) | 4 |
| VII. | Net cash provided by (used in) financing activities | (410) | - | (102) | - |
| VIII. | Cash and cash equivalents at the end of period | 43,775 | 2,124 | 10,559 | 475 |
| IX. | Basic earnings per ordinary share for the period reported | 0.12 | 0.69 | 0.03 | 0.15 |
| X. | Diluted earnings per ordinary share for the period reported | 0.12 | 0.69 | 0.03 | 0.15 |

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

- items of the interim condensed profit and loss account and statement of cash flows were translated into Euro at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
  - for the period from 1 January 2010 to 30 June 2010: EUR 1 = PLN 4.0042
  - for the period from 1 January 2009 to 30 June 2009: EUR 1 = PLN 4.5184

- the Company's cash and cash equivalents as at the end of period reported and the corresponding period of the previous year have been translated into Euro at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
  - exchange rate effective on 30 June 2010: EUR 1 = PLN 4.1458
  - exchange rate effective on 30 June 2009: EUR 1 = PLN 4.4696

All figures in thousands of zlotys (PLN), unless stated otherwise

## INTERIM CONDENSED PROFIT AND LOSS ACCOUNT ASSECO SOUTH EASTERN EUROPE SA

| | Note | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|---|
| **Dividend income** | 1 | **6,375** | **6,375** | **20,177** | **20,177** |
| **Revenues from sale of services** | 2 | 1,065 | 1,065 | - | - |
| **Cost of sales (-)** | 3 | (1,065) | (1,065) | - | - |
| **Gross profit on sales** | | **6,375** | **6,375** | **20,177** | **20,177** |
| General administrative expenses (-) | 3 | (111) | (820) | (646) | (688) |
| **Net profit on sales** | | **6,264** | **5,555** | **19,531** | **19,489** |
| Other operating income | 4 | 51 | 1,010 | - | 1 |
| Other operating expenses (-) | 4 | (57) | (840) | - | - |
| **Operating profit** | | **6,258** | **5,725** | **19,531** | **19,490** |
| Financial income | 5 | 324 | 270 | 670 | 359 |
| Financial expenses (-) | 5 | (20) | (31) | - | - |
| **Pre-tax profit** | | **6,562** | **5,964** | **20,201** | **19,849** |
| Corporate income tax (current and deferred portions) | 6 | (2) | 20 | 318 | 319 |
| **Net profit for the period reported** | | **6,560** | **5,984** | **20,519** | **20,168** |
| **Earnings per share (in PLN)** | | | | | |
| on continuing operations for the period reported - basic | | 0.13 | 0.12 | 0.62 | 0.69 |
| on continuing operations for the period reported - diluted | | 0.13 | 0.12 | 0.62 | 0.69 |

All figures in thousands of zlotys (PLN), unless stated otherwise

# INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME ASSECO SOUTH EASTERN EUROPE SA

| | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| **Net profit for the period reported** | **6,560** | **5,984** | **20,519** | **20,168** |
| **Other comprehensive income:** | | | | |
| Hedges of cash flows | 2,206 | 301 | 159 | 159 |
| **Total other comprehensive income** | **8,766** | **6,285** | **20,678** | **20,327** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **8,766** | **6,285** | **20,678** | **20,327** |

All figures in thousands of zlotys (PLN), unless stated otherwise

# INTERIM CONDENSED BALANCE SHEET
# ASSECO SOUTH EASTERN EUROPE SA

| ASSETS | Note | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|---|
| **Fixed assets** | | **490,797** | **490,601** |
| Property, plant and equipment | | 228 | - |
| Investments in subsidiary companies | 8 | 489,893 | 490,281 |
| Deferred income tax assets | | 321 | 301 |
| Long-term deferred expenses | 15 | 355 | 19 |
| **Current assets** | | **56,868** | **55,267** |
| Inventories | | - | 700 |
| Deferred expenses | 15 | 509 | 489 |
| Trade accounts receivable | 9 | 1,066 | 1,125 |
| Receivables from the State budget | 9 | 5,027 | 4,611 |
| Other receivables | 9 | 6,491 | 328 |
| Cash and short-term deposits | 10 | 43,775 | 48,014 |
| **TOTAL ASSETS** | | **547,665** | **545,868** |

All figures in thousands of zlotys (PLN), unless stated otherwise

# INTERIM CONDENSED BALANCE SHEET
# ASSECO SOUTH EASTERN EUROPE SA

| SHAREHOLDERS' EQUITY AND LIABILITIES | Note | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|---|
| **Shareholders' equity** | | | |
| Share capital | 11 | 495,617 | 480,375 |
| Share premium | | 37,409 | 26,790 |
| Subscribed unregistered share capital | | - | 25,897 |
| Revaluation capital | | (768) | (1,069) |
| Retained earnings (deficit) | | 1,429 | (9,728) |
| **Current net profit** | | **5,984** | **16,609** |
| **Total shareholders' equity** | | **539,671** | **538,874** |
| **Long-term liabilities** | | **56** | **24** |
| Long-term deferred income | | 56 | 24 |
| **Current liabilities** | | **7,938** | **6,970** |
| Trade accounts payable | 13 | 340 | 1,968 |
| Liabilities to the State budget | | 116 | 21 |
| Financial liabilities | 13 | 5,452 | 2,761 |
| Other liabilities | | 2 | - |
| Provisions | 14 | 1,228 | 1,177 |
| Deferred income | 15 | 131 | 238 |
| Accrued expenses | 15 | 669 | 805 |
| **TOTAL LIABILITIES** | | **7,994** | **6,994** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **547,665** | **545,868** |

All figures in thousands of zlotys (PLN), unless stated otherwise

# INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
# ASSECO SOUTH EASTERN EUROPE SA

for 6 months ended 30 June 2010, for 6 months ended 30 June 2009, and for 12 months ended 31 December 2009

| | Share capital | Share premium | Subscribed unregistered share capital | Revaluation capital | Prior years' retained earnings (deficit) and current net profit | Total shareholders' equity |
|---|---|---|---|---|---|---|
| **As at 1 January 2010** | **480,375** | **26,790** | **25,897** | **(1,069)** | **6,881** | **538,874** |
| Total comprehensive income for the period reported | - | - | - | 301 | 5,984 | **6,285** |
| Issuance of series P shares | 15,242 | 10,655 | (25,897) | - | - | **-** |
| Dividends | - | - | - | - | (5,452) | **(5,452)** |
| Other | - | (36) | - | - | - | **(36)** |
| **As at 30 June 2010 (unaudited)** | **495,617** | **37,409** | **-** | **(768)** | **7,413** | **539,671** |
| **As at 1 January 2009** | **257,700** | **-** | **-** | **-** | **(9,728)** | **247,972** |
| Total comprehensive income for the period reported | - | - | - | (1,069) | 16,609 | **15,540** |
| Issuance of series E shares | 9,565 | - | - | - | - | **9,565** |
| Issuance of series F shares | 14,755 | - | - | - | - | **14,755** |
| Issuance of series G shares | 27,084 | - | - | - | - | **27,084** |
| Issuance of series H shares | 10,620 | - | - | - | - | **10,620** |
| Issuance of series I shares | 17,706 | - | - | - | - | **17,706** |
| Issuance of series J shares | 17,142 | - | - | - | - | **17,142** |
| Issuance of series K shares | 45,905 | - | - | - | - | **45,905** |
| Issuance of series L shares | 21,000 | 8,400 | - | - | - | **29,400** |
| Issuance of series M shares | 48,109 | 11,766 | - | - | - | **59,875** |
| Issuance of series N shares | 10,789 | 6,624 | - | - | - | **17,413** |
| Issuance of series P shares | - | - | 25,897 | - | - | **25,897** |
| **As at 31 December 2009 (audited)** | **480,375** | **26,790** | **25,897** | **(1,069)** | **6,881** | **538,874** |

All figures in thousands of zlotys (PLN), unless stated otherwise

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
## ASSECO SOUTH EASTERN EUROPE SA (continued)

for 6 months ended 30 June 2010, for 6 months ended 30 June 2009, and for 12 months ended 31 December 2009

| | Share capital | Share premium | Subscribed unregistered share capital | Revaluation capital | Prior years' retained earnings (deficit) and current net profit | Total shareholders' equity |
|---|---|---|---|---|---|---|
| **As at 1 January 2009** | **257,700** | **-** | **-** | **-** | **(9,728)** | **247,972** |
| Total comprehensive income for the period reported | - | - | - | 159 | **20,168** | **20,327** |
| Issuance of shares | 163,777 | 8,400 | (29,400) | - | - | 142,777 |
| **As at 30 June 2009 (unaudited)** | **421,477** | **8,400** | **(29,400)** | **159** | **10,440** | **411,076** |

All figures in thousands of zlotys (PLN), unless stated otherwise

# INTERIM CONDENSED STATEMENT OF CASH FLOWS
# ASSECO SOUTH EASTERN EUROPE SA

| | Note | 6 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|
| **Cash flows - operating activities** | | | |
| **Pre-tax profit** | | **5,964** | **19,849** |
| **Total adjustments:** | | **(9,003)** | **(20,744)** |
| Depreciation and amortization | | 3 | - |
| Change in inventories | | 700 | - |
| Change in receivables | | (6,859) | 198 |
| Change in liabilities | | (1,234) | (989) |
| Change in deferred and accrued expenses | | (567) | (477) |
| Change in provisions | | 51 | - |
| Interest income and expense | | (56) | (20,193) |
| Gain (loss) on foreign exchange differences | | 1,097 | (200) |
| Dividends received | | 312 | 4,142 |
| Acquisition of subsidiary companies | | (2,450) | (3,384) |
| Other | | - | 159 |
| **Net cash generated from operating activities** | | **(3,039)** | **(895)** |
| Corporate income tax paid | | - | - |
| **Net cash provided by (used in) operating activities** | | **(3,039)** | **(895)** |
| **Cash flows - investing activities** | | | |
| Acquisition of tangible fixed assets | | (231) | - |
| Interest received | | 210 | 16 |
| **Net cash provided by (used in) investing activities** | | **(21)** | **16** |
| **Cash flows - financing activities** | | | |
| Interest paid | | (154) | - |
| Expenses related to obtaining a bank credit | | (256) | - |
| **Net cash provided by (used in) financing activities** | | **(410)** | **-** |
| Net change in cash and cash equivalents | | (3,470) | (879) |
| Effect of foreign exchange differences on cash and cash equivalents | | (769) | 112 |
| Cash and cash equivalents as at 1 January | 10 | 48,014 | 2,891 |
| **Cash and cash equivalents as at 30 June** | 10 | **43,775** | **2,124** |

All figures in thousands of zlotys (PLN), unless stated otherwise

# SUPPLEMENTARY INFORMATION AND EXPLANATIONS

## I. GENERAL INFORMATION

Asseco South Eastern Europe SA ("Company", "Issuer", "entity") seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007 as a joint stock company called Asseco Adria SA. On 11 July 2007, the Company was registered in XII Commercial Department of the National Court Register at the District Court in Rzeszów, under the number 0000284571. The Company has been assigned the statistical number REGON 180248803. On 11 February 2008, the Company's corporate name was changed from Asseco Adria SA to Asseco South Eastern Europe SA. On 18 March 2010, the Company moved its corporate headquarters from 80 Armii Krajowej Av., Rzeszów to 14 Olchowa St., Rzeszów.

The period of the Company's operations is indefinite.

According to the Articles of Association, the Company's business profile includes:

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

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

The parent of Asseco South Eastern Europe SA is Asseco Poland SA (the higher-level parent company). As at 30 June 2010, Asseco Poland SA held a 53.46% stake in the share capital of Asseco South Eastern Europe SA.

These interim condensed financial statements cover the period of 6 months ended 30 June 2010 and contain comparative data for the period of 6 months ended 30 June 2009 in case of the statement of comprehensive income, statement of changes in equity and statement of cash flows; and comparative data as at 31 December 2009 in case of the balance sheet. The profit and loss account as well as notes to the profit and loss account covering the period of 3 months ended 30 June 2010 and containing comparative data for the period of 3 months ended 30 June 2009 – were not subject to a review by certified auditors.

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

These interim condensed financial statements for the period of 6 months ended 30 June 2010 were authorized for publication by the Management Board on 25 August 2010.

The Company also prepared the interim condensed consolidated financial statements for the period of 6 months ended 30 June 2010 which were authorized for issue by the Management Board on 25 August 2010.

## II. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

### 1. Basis for preparation of interim condensed financial statements

These interim condensed financial statements were prepared in compliance with the International Financial Reporting Standards ("IFRS"), and in particular in accordance with the International Accounting Standard 34 Interim Financial Reporting, and IFRS adopted by the European Union ("EU"). As at the date of approving publication of these financial statements, given the ongoing process of implementing the IFRS standards in the EU as well as the Company's operations, in the scope of accounting principles applied by the Company there is no difference between the IFRS that came into force and the IFRS endorsed by the European Union.

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

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

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

These interim condensed financial statements were prepared on the going-concern basis, assuming the Company will continue its business activities in the foreseeable future.

Till the date of approving these financial statements, there were observed no indications of a threat to the Company's ability to continue as a going concern in the period of at least 12 months following the balance sheet date (30 June 2010).

### 2. Major accounting principles

The major accounting principles adopted by Asseco South Eastern Europe SA have been described in the financial statements for the year ended 31 December 2009, which were published on 16 March 2010 and are available at the Issuer's website: http://www.asseco-see.com/pl. These interim condensed financial statements do not include all the information and disclosures required for annual consolidated financial statements and therefore they should be read together with the Company's financial statements for the year ended 31 December 2009.

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

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

goodwill, financial results reported for the period when an acquisition is made as well as financial results reported for future periods.

The amended IAS 27 requires all changes in the ownership interest in a subsidiary (that do not result in a loss of control) to be accounted for as transactions with owners. As a consequence such transactions will not give rise to any goodwill nor will they result in the recognition of any profit or loss. In addition, the Standard modifies the way of allocation of losses incurred by subsidiary entities, and determines the accounting treatment required for loss of control over a subsidiary. Amendments to IFRS 3 and IAS 27 will affect the future acquisitions or losses of control over subsidiary entities as well as transactions conducted with non-controlling shareholders.

The required changes have been introduced to our accounting policy prospectively and so far they had no significant impact on the Company's financial position or its financial results.

- IAS 39 *Financial Instruments: Recognition and Measurement: Eligible Hedged Items* – effective as of 1 July 2009. The amendments address the designation of a one-sided risk in a hedged item, as well as identifying inflation as a hedged risk or portion in particular situations. Adoption of this amendment affected neither the Company's financial position nor its financial performance.
- Interpretation IFRIC 17 *Distributions of Non–cash Assets to Owners* – effective as of 1 July 2009. The Interpretation provides guidance on the accounting treatment of transactions whereby assets other than cash are distributed as reserves or dividends to shareholders. This interpretation did not affect the Company's financial position nor its financial results.
- *Improvements to IFRS 2008* – in May 2008 the International Accounting Standards Board (IASB) issued the first set of improvements to its published standards. The amendments adopted by the Company as of 1 January 2010 include:
    - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. This amendment clarifies that if a subsidiary entity is qualified as held for sale all of its assets and liabilities should be classified as held for sale, even if after the sale transaction the parent entity retains a non-controlling interest in the subsidiary. The amendment shall be applied prospectively and it has no impact on the Company's financial position nor on its financial results.
- *Improvements to IFRS 2009 – in April 2009 IASB issued the second collection of amendments to its published standards basically in order to eliminate any wording inconsistencies and uncertainties.* Individual standards are subject to various transitional provisions. Adoption of the following amendments resulted in changing the Company's accounting principles (policy); however, it had no impact on the Company's financial position and its financial performance.
    - IFRS 8 *Operating Segments*. The amendment clarifies that an entity is required to disclose the segment assets and liabilities only if a measure of such assets and liabilities is regularly reported to the chief operating decision maker. The Company is engaged mainly in holding operations, hence we have not identified any separate reportable operating segments.
    - IAS 36 *Impairment of Assets*. The amendment clarifies that the largest permitted unit to which goodwill (arising from business combination) should be allocated for the purposes of impairment testing is an operating segment as defined by IFRS 8, before the aggregation of segments for reporting purposes. This amendment did not influence the Company's financial statements.

- IAS 39 *Financial Instruments: Recognition and Measurement*. The amendment clarifies that a loan prepayment option should be considered closely related to the host debt contract, if its exercise price reimburses the lender for an amount up to the approximate present value of lost interest for the remaining term of the host contract. Amendments to IAS 39 had no impact on the Company's accounting principles (policy), financial position or its financial results.

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

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

The Company did not decide on early adoption of any other standard, interpretation or amendment which has been published but has not yet become effective.

## 3. Estimates

In the period of 6 months ended 30 June 2010, no substantial changes were introduced to the way of making estimates.

## 4. Professional judgement

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

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

### *Deferred income tax assets*

The Company recognizes deferred income tax assets presuming that the future taxable income will enable utilization of those deferred tax assets. Deterioration in taxable income achieved in the future might cause the above assumption to become unjustified.

### *Impairment of financial assets*

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

## 5. Seasonal nature of business

The Company' business activities are not seasonal in nature and therefore the presented financial performance is not subject to substantial fluctuations during a year.

## III. INFORMATION ON OPERATING SEGMENTS

The Company is engaged mainly in holding operations, hence we have not identified any separate reportable operating segments.

## IV. NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 1. Dividend income

| | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Dividends received from related companies | 6,375 | 6,375 | 20,177 | 20,177 |
| | **6,375** | **6,375** | **20,177** | **20,177** |

### 2. Revenues from sale of services

| | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Revenues from sale of services | 1,065 | 1,065 | - | - |
| | **1,065** | **1,065** | **-** | **-** |

From the financial year 2010, Asseco South Eastern Europe SA begins to invoice the consulting services it provides to subsidiary companies of the Asseco South Eastern Europe Group. Bearing in mind the holding nature of the Company's business, revenues from sale of such services are presented under main operating activities.

### 3. Breakdown of operating costs

| | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Materials and energy used (-) | (39) | (43) | - | - |
| Third-party work (-) | (339) | (397) | (589) | (593) |
| Salaries (-) | (594) | (1,076) | (10) | (21) |
| Employee benefits (-) | (35) | (96) | (2) | (4) |
| Depreciation and amortization (-) | (3) | (3) | - | - |
| Taxes and charges (-) | (48) | (92) | (3) | (4) |
| Business trips (-) | (92) | (136) | (39) | (60) |
| Other (-) | (26) | (42) | (3) | (6) |
| | **(1,176)** | **(1,885)** | **(646)** | **(688)** |
| Cost of sales (-) | (1,065) | (1,065) | - | - |
| General administrative expenses (-) | (111) | (820) | (646) | (688) |

All figures in thousands of zlotys (PLN), unless stated otherwise 75

## 4. Other operating income and expenses

| Other operating income | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Revenues from sale of third-party software and services | 51 | 1,010 | - | - |
| Other | - | - | - | 1 |
| | **51** | **1,010** | **-** | **1** |

In the financial year 2009, Asseco South Eastern Europe SA signed with Bank Pekao SA an agreement for supply of tokens including graphical customization, maintenance and guarantee services. The first delivery was made in 2009; whereas, the second stage of the agreement was scheduled for the 1st quarter of 2010.

| Other operating expenses | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Cost of purchase of third-party software and work (-) | (52) | (784) | - | - |
| Deferred income tax provision related to the IPO costs (-) | - | (51) | - | - |
| Other (-) | (5) | (5) | - | - |
| | **(57)** | **(840)** | **-** | **-** |

## 5. Financial income and expenses

| Financial income | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Bank interest income | 151 | 238 | 4 | 17 |
| Gain on foreign exchange differences | 173 | 32 | 651 | 342 |
| Other financial income | - | - | 15 | - |
| | **324** | **270** | **670** | **359** |

| Financial expenses | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Interest paid on bank credits (-) | (20) | (31) | - | - |
| | **(20)** | **(31)** | **-** | **-** |

All figures in thousands of zlotys (PLN), unless stated otherwise

## 6. Corporate income tax

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

| | 3 months ended 30 June 2010 (unaudited) | 6 months ended 30 June 2010 (unaudited) | 3 months ended 30 June 2009 (unaudited) | 6 months ended 30 June 2009 (unaudited) |
|---|---|---|---|---|
| Current portion of corporate income tax and prior years adjustments | - | - | - | - |
| Deferred portion of corporate income tax | (2) | 20 | 318 | 319 |
| *related to occurrence or reversal of temporary differences* | *(2)* | *20* | *318* | *319* |
| **Income tax expense as disclosed in the profit and loss account** | **(2)** | **20** | **318** | **319** |

Regulations applicable to the value added tax, corporate income tax, personal income tax or social security contributions are subject to frequent amendments, thereby often depriving the taxpayers of a possibility to refer to well established regulations or legal precedents. The current regulations in force include ambiguities which may give rise to different opinions and legal interpretations on the taxation regulations either between companies and public administration, or between the public administration bodies themselves. Taxation and other settlements (for instance customs duty or currency payments) may be controlled by administration bodies that are entitled to impose considerable fines, and the amounts of so determined liabilities must be paid with high interest. In effect the amounts disclosed in the financial statements may be later changed, after the taxes payable are finally determined by the taxation authorities.

## 7. Information on dividends paid out or declared

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

d) PLN 1,430 thousand was allocated to reserve capital pursuant to art. 396 §1 of the PCCC;
e) PLN 9,727 thousand was appropriated to cover the Company's losses for the years 2007 and 2008;

PLN 5,452 thousand was distributed among the Company's shareholders as a dividend of PLN 0.11 per share.

The dividend was paid out after the balance sheet date.

All figures in thousands of zlotys (PLN), unless stated otherwise

## 8. Investments in subsidiary companies

| | 30 June 2010<br>(unaudited) | 31 Dec. 2009<br>(audited) |
|---|---|---|
| Asseco SEE s.r.l., (Bucharest) [1)] | 147,417 | 147,417 |
| Asseco SEE d.o.o., Beograd [2)] | 204,677 | 204,677 |
| ASSECO SEE d.o.o. (Zagreb) [3)] | 93,438 | 93,438 |
| Asseco SEE Sh.p.k. (Pristina) [4)] | 44,361 | 44,749 |
| | **489,893** | **490,281** |

1) On 15 October 2009, the subsidiary Net Consulting s.r.l. changed its corporate name into Asseco South Eastern Europe s.r.l., which was subsequently replaced by Asseco SEE s.r.l. (Bucharest) on 29 December 2009. The merger between the companies of Asseco SEE s.r.l. (Bucharest) (the taking-over company) and Fiba Software s.r.l. (the acquired company) was recognized as at 31 December 2009. On 1 June 2010, there was registered a merger of Asseco SEE s.r.l. (Bucharest) (the taking-over company) with Probass S.A. (the acquired company).
2) On 23 November 2009, the subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o., Beograd. On 4 January 2010, there was registered a merger of Asseco SEE d.o.o., Beograd (the taking-over company) with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company).
3) On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o. (Zagreb). On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. (Zagreb) (the taking-over company) with Arbor Informatika d.o.o. (the acquired company).
4) On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (Pristina).

The change in the value of investment in Asseco SEE Sh.p.k. (Pristina) resulted from the final settlement of the company acquisition transaction that was made in 2010. Pursuant to the acquisition agreement that was signed during 2009, a part of the purchase price paid for Asseco SEE Sh.p.k. (Pristina) (the second instalment) was treated together with the company's results for the whole year 2009. At the time of accounting for the transaction, Asseco South Eastern Europe SA recognized the maximum amount of the second instalment in the value of investment and accordingly the related liability. The transaction was finally settled taking into account the audited consolidated financial statements of Asseco SEE Sh.p.k. (Pristina) for 2009 and, as a result of such settlement, the value of investment was reduced by PLN 388 thousand.

## 9. Trade accounts receivable and other receivables

| **Trade accounts receivable** | 30 June 2010<br>(unaudited) | 31 Dec. 2009<br>(audited) |
|---|---|---|
| Trade accounts receivable, of which: | 1,066 | 1,125 |
| Receivables from related companies, of which: | 1,066 | - |
| *from associated companies* | - | - |
| Receivables from other companies | - | 1,125 |
| | **1,066** | **1,125** |

Trade accounts receivable are not interest-bearing.

As at 30 June 2010, no category of receivables served as security for any bank credits and loans.

Both as at 30 June 2010 and 31 December 2009, there were no outstanding receivables under transactions conducted with Asseco Poland SA.

All figures in thousands of zlotys (PLN), unless stated otherwise 78

The amount of receivables from related companies, as presented herein, corresponds to consulting services sold to subsidiaries of the Asseco South Eastern Europe Group.

| Receivables on taxes, import tariffs, social security and other regulatory payments | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Value added tax | 5,027 | 4,611 |
| | **5,027** | **4,611** |

Receivables on value added tax, presented in these financial statements as at 30 June 2010 and 31 December 2009, refer to the Company's right to apply for reimbursement of such amounts to its bank account. On 12 August 2010, the Company received binding tax interpretations regarding its right to deduct the amount VAT paid on the IPO-related costs.

| Other receivables | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Receivables from dividends | 6,490 | 328 |
| Other receivables | 353 | 352 |
| Revaluation write-down on doubtful accounts receivable (-) | (352) | (352) |
| | **6,491** | **328** |

## 10. Cash and cash equivalents, restricted cash

For the purpose of preparing the interim condensed statement of cash flows, cash and cash equivalents comprise the following items:

| | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Cash at bank and in hand | 306 | 48,014 |
| Short-term deposits | 43,469 | - |
| | **43,775** | **48,014** |

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

Short-term deposits did not serve as security for any bank guarantees (of due performance of contracts and tender deposits) neither at 30 June 2010 nor at 31 December 2009.

All figures in thousands of zlotys (PLN), unless stated otherwise

## 11. Share capital

| Share capital | | | | 30 June 2010 (unaudited) | | 31 Dec. 2009 (audited) |
|---|---|---|---|---|---|---|
| Shares | Series | Par value per share | Number of shares | Value of shares | Number of shares | Value of shares |
| Ordinary registered shares | A* | 0.1 | 5,000,000 | 500 | 5,000,000 | 500 |
| Ordinary registered shares | B* | 0.1 | 5,000,000 | 500 | 5,000,000 | 500 |
| Ordinary registered shares | C* | 0.1 | 2,567,000,900 | 256,700 | 2,567,000,900 | 256,700 |
| Ordinary registered shares | D | 10 | 25,770,009 | 257,700 | 25,770,009 | 257,700 |
| Ordinary registered shares | E | 10 | 956,447 | 9,565 | 956,447 | 9,565 |
| Ordinary registered shares | F | 10 | 1,475,509 | 14,755 | 1,475,509 | 14,755 |
| Ordinary registered shares | G | 10 | 2,708,378 | 27,084 | 2,708,378 | 27,084 |
| Ordinary registered shares | H | 10 | 1,062,030 | 10,620 | 1,062,030 | 10,620 |
| Ordinary registered shares | I | 10 | 1,770,609 | 17,706 | 1,770,609 | 17,706 |
| Ordinary registered shares | J | 10 | 1,714,209 | 17,142 | 1,714,209 | 17,142 |
| Ordinary registered shares | K | 10 | 4,590,470 | 45,905 | 4,590,470 | 45,905 |
| Ordinary registered shares | L | 10 | 2,100,000 | 21,000 | 2,100,000 | 21,000 |
| Ordinary registered shares | M | 10 | 4,810,880 | 48,109 | 4,810,880 | 48,109 |
| Ordinary registered shares | N | 10 | 1,078,909 | 10,789 | 1,078,909 | 10,789 |
| Ordinary registered shares | P | 10 | 1,524,269 | 15,242 | | |
| | | | **49,561,719** | **495,617** | **48,037,450** | **480,375** |

* Following a reverse stock split of series D shares

In the period of 6 months ended 30 June 2010, the Company's share capital was increased by the amount of PLN 15,242 thousand through the issuance of 1,524,269 series P shares that was registered by the District Court in Rzeszów on 22 January 2010. As at 31 December 2009 the said issuance was disclosed in the line "subscribed unregistered share capital".

All figures in thousands of zlotys (PLN), unless stated otherwise

## 12. Interest-bearing bank credits and debt securities issued

As at 30 June 2010 and 31 December 2009, the Company had no liabilities by virtue of interest-bearing bank credits and issuance of debt securities.

On 30 December 2009, Asseco South Eastern Europe SA signed with the European Bank for Reconstruction and Development an agreement for an investment credit in the maximum amount of EUR 7 million. The credit interest rate equals 3M EURIBOR + margin. The repayment deadline specified in the agreement is 31 January 2016. As at 30 June 2010 and 31 December 2009, the Company had no liabilities under this credit.

## 13. Trade accounts payable and financial liabilities

| **Short-term trade accounts payable** | **30 June 2010** (unaudited) | **31 Dec. 2009** (audited) |
|---|---|---|
| Accounts payable to related companies, of which: | 51 | 1,894 |
| *to associated companies* | - | - |
| To other companies | 289 | 74 |
| | **340** | **1,968** |

Trade accounts payable are not interest-bearing.

As at 30 June 2010, the balance of outstanding liabilities under transactions conducted with Asseco Poland SA was PLN 51 thousand; whereas, as at 31 December 2009 such outstanding liabilities amounted to PLN 965 thousand. In the period of 6 months ended 30 June 2010, net value of transactions conducted with Asseco Poland SA totalled PLN 141 thousand; whereas, in the corresponding period of 2009 the net value of such transactions amounted to PLN 79 thousand.

| **Financial liabilities** | **30 June 2010** (unaudited) | **31 Dec. 2009** (audited) |
|---|---|---|
| Dividends payable | 5,452 | - |
| Liabilities due to acquisition of shares in subsidiaries | - | 2,761 |
| | **5,452** | **2,761** |

The Company's liability by virtue of dividends payable to shareholders for 2009 in the amount of PLN 5,452 thousand was settled on 16 July 2010.

Payments for shares in Pronet Sh.p.k. (Pristina) disclosed as at 31 December 2009 in the amount of PLN 2,761 thousand was settled by the Company on 13 April 2010.

## 14. Provisions

As at 30 June 2010, the Company recognized a provision in the amount of PLN 1,228 thousand for contingent income tax liabilities which resulted from ambiguity in the applicable taxation regulations.

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

All figures in thousands of zlotys (PLN), unless stated otherwise

## 15. Deferred and accrued expenses and unearned revenues

| Deferred expenses by virtue of: | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Prepaid insurance | 4 | - |
| Expenditures for company acquisitions | 42 | 42 |
| Payments for support and maintenance of software for Pekao SA | 170 | 254 |
| VAT recoverable in 2010 | - | 212 |
| Prepaid interest and commissions on bank credits | 133 | - |
| Interest recognized on bank deposits and loans | 28 | - |
| Expenses related to taking out a bank credit | 247 | - |
| Stock exchange fees | 40 | - |
| Costs of IT audits | 200 | - |
| | **864** | **508** |
| - short-term | 509 | 489 |
| - long-term | 355 | 19 |

| Accrued expenses by virtue of: | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Provision for the audit of financial statements | 108 | 130 |
| Provision for expected IPO costs | 405 | 675 |
| Provision for salaries and wages | 147 | - |
| Other provisions | 9 | - |
| | **669** | **805** |
| - short-term | 669 | 805 |
| - long-term | - | - |

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

| Deferred income by virtue of: | 30 June 2010 (unaudited) | 31 Dec. 2009 (audited) |
|---|---|---|
| Payments for support and maintenance of software for Pekao SA | 187 | 262 |
| | **187** | **262** |
| - short-term | 131 | 238 |
| - long-term | 56 | 24 |

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

All figures in thousands of zlotys (PLN), unless stated otherwise

## 16. Contingent liabilities

Both as at 30 June 2010 and 31 December 2009, the Company had no contingent liabilities.

## 17. Equity management

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

The Company manages its equity structure which is altered in response to changing economic conditions. In order to maintain or adjust its equity structure, the Company may change its dividend payment policy, return some capital to its shareholders or issue new shares. In the period of 6 months ended 30 June 2010 as well as in the year ended 31 December 2009, the Group did not introduce any changes to its objectives, principles and processes adopted in this area.

## 18. Hedges of cash flows

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

In the period of 6 months ended 30 June 2010, the Company recognized PLN 301 thousand in its revaluation capital. In the period reported there occurred no events that might decrease the probability of making the hedged future payments.

The table below presents information on the applied hedging instruments along with their fair values and maturities of the related payments.

| Hedged item | Hedged risk | Hedging instrument | Fair value of hedging instrument | Maturity of cash flows |
|---|---|---|---|---|
| Cash flows | Foreign currency | Cash | 33,812 | 2010-2014 |

## 19. Transactions with related companies

Until the date of approval of these interim condensed financial statements, Asseco South Eastern Europe SA has not received any information on transactions with related companies conducted during the reporting period which would be, separately or jointly, deemed significant and would be carried out not on an arm's length basis.

## 20. Objectives and principles of financial risk management

Asseco South Eastern Europe SA is exposed to a number of risks arising either from the macroeconomic situation of the countries where the Company holds its investments as well as from the microeconomic situation in individual companies. The main external factors that may have an adverse impact on the Company’s financial performance are: (i) fluctuations in foreign currency exchange rates versus the Polish zloty, and (ii) changes in official interest rates. The financial results are also indirectly affected by the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and the inflation rate.

All figures in thousands of zlotys (PLN), unless stated otherwise

**Foreign currency exposure risk**

The currency used for presentation of the Company's results is Polish zloty (PLN). Because our subsidiaries conduct business operations in countries with the functional currencies other than our presentation currency, the Company is exposed to changes in such foreign currency exchange rates both with respect to the dividends received from our subsidiaries, and the planned acquisitions. The Company implemented hedge accounting of future cash flows in order to reduce the impact of changes in foreign currency exchange rates on our financial results.

**Interest rate risk**

Changes in the market interest rates may have a negative influence on the Company's financial results. The Company's exposure to the above-mentioned risk may result in changes of the amounts of interest charged on third-party borrowings which are based on variable interest rates. However, as at 30 June 2010 the Company was not exposed to any interest rate risk.

Identification: The interest rate risk arises and is recognized by the Company at the time of concluding a transaction or financial instrument based on a variable interest rate. All such agreements are subject to analysis by the Company's responsible personnel, hence the knowledge of that issue is complete and acquired directly.

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

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

Measures: In order to reduce its interest rate risk, the Company may: (i) try to avoid taking out credit facilities based on a variable interest rate or, if not possible, (ii) hedge the interest rate level by concluding forward contracts.

Matching: The Company gathers and analyzes the current market information concerning its present exposure to the interest rate risk. At present the Company does not apply any interest rate hedges.

**Credit risk**

The Company concludes transactions only with reputable companies which have good credit ratings. All customers applying for deferred payments are subject to the procedures of preliminary verification of their creditworthiness. Furthermore, current monitoring of receivables makes it possible to eliminate the risk of uncollectible receivables almost entirely.

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

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

**Financial liquidity risk**

The Company monitors the risk of funds shortage using the tool for periodic planning of liquidity. This solution takes into account the maturity deadlines of investments and financial assets (e.g. accounts receivable) as well as the anticipated cash flows from operating activities.

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

The tables below reveal the Company's trade accounts payable as at 30 June 2010 and 31 December 2009, by the maturity period based on the contractual undiscounted payments.

| **Aging structure of trade accounts payable** | **30 June 2010 (unaudited)** | | **31 Dec. 2009 (audited)** | |
|---|---|---|---|---|
| | **amount** | **structure** | **amount** | **structure** |
| Liabilities due already | 4 | 1% | - | - |
| Liabilities falling due within 3 months | 336 | 99% | 1,968 | 100% |
| **TOTAL** | **340** | **100%** | **1968** | **100%** |

### Fair value

The book values of financial assets and liabilities held by the Company both as at 30 June 2010 and 31 December 2009 did not significantly differ from their fair values.

## 21. Significant events after the balance sheet date

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

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

70.6191% of ITD Shares were purchased in a cash transaction for the total amount not exceeding EUR 6.1 million. Whereas the remaining 29.0429% of ITD Shares were acquired in exchange for the newly issued 837,472 shares in Asseco South Eastern Europe SA.

99.9970% of EST Shares were purchased in a cash transaction for the total amount not exceeding EUR 2.5 million. Furthermore, in the Shares Acquisition Agreement, Asseco South Eastern Europe SA committed itself to make additional payments to EST shareholders, either in the form of cash and/or issuance of ASEE shares, provided that EST achieves the specified levels of net profit for the years 2010 and 2011. The cash payments for ITD Shares and EST Shares were financed with own funds of Asseco South Eastern Europe SA. The acquisition-date value of cash and cash equivalents in all the acquired companies amounted to PLN 6,218 thousand, restated at the exchange rate published by the National Bank of Poland.

ITD is one of the Turkish leaders specialized in voice automation services. ITD has got a subsidiary undertaking in Poland, namely ITD Polska Sp. z o.o. seated in Warsaw. Among the ITD's key clients are the largest organizations of the Turkish banking sector (including 57% of all the banks in Turkey accounting for 95% of the market, measured by assets), insurance companies, telecommunication companies as well as retailers. ITD employs 68 persons. In 2009 ITD generated sales revenues of EUR 7.9 million and a net profit of EUR 0.7 million (calculated at the average exchange rates during 2009).

EST is the Turkey's main supplier of services and system for settlement of internet payments made by credit cards (*independent payment gateway*). Majority of Turkish banks which offer e-commerce services utilize one or more solutions, systems and services provided by EST.

All figures in thousands of zlotys (PLN), unless stated otherwise

In connection with the above-mentioned acquisition of companies, Asseco South Eastern Europe SA issued 837,472 shares of series S. This issuance has not yet been registered by a court until the date of publication of these interim condensed financial statements.

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

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

In the period from 30 June 2010 till the date of approval of these interim condensed financial statements, this is until 25 August 2010, there did not occur any other significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of Asseco South Eastern Europe SA.

## 22. Significant events related to prior years

Until the date of preparing these interim condensed financial statements for the period of 6 months ended 30 June 2010, this is until 25 August 2010, there occurred no significant events related to prior years, which have not but should have been included in the accounting books.