



**ANNUAL REPORT
OF ASSECO SOUTH EASTERN EUROPE SA
FOR 12 MONTHS ENDED
31 DECEMBER 2010**

Rzeszów, 16 March 2011



PRESIDENT'S LETTER
ASSECO SOUTH EASTERN EUROPE SA

Rzeszów, 16 March 2011

Dear Shareholders,

The year of 2010 was an important period for development of both Asseco South Eastern Europe SA (ASEE). Owing to our consistent efforts, the Group is now perceived as one of the key players in the information technology market of South Eastern Europe. Despite quite unfavourable economic conditions around the world and especially in our region, both the Company and the Group achieved strong financial results. Thanks to the company acquisitions completed last year we managed to enter yet another market – Turkey and thereby expanded our business operations to 12 countries.

Last year we focused on the implementation of our business strategies that were prepared in 2009 and supplemented in 2010 with the aim to drive further development through the integration of our existing product portfolio, creation of new products, expansion into new markets as well as reinforcement of the Group's position in the markets where it already operates. The aforementioned objectives were performed by members of the ASEE Management Board who are responsible for individual operating segments.

Additionally, at the end of 2010, using the Group's spare cash we successfully finalized three 100-percent company take-overs. BDS, the first of the acquired companies, operates in Croatia in the areas of ATM solutions and IT systems integration. The second one, ITD is specialized in voice automation services and operates primarily in Turkey and runs a small business also in Poland. The third one, EST is the Turkey's main supplier of services and systems for the settlement of internet payments made by credit cards (independent payment gateway). Concurrently, we finalized buy-outs of 50-percent stakes in two joint ventures participated by ASEE in Bulgaria and in Bosnia and Herzegovina, both of which are engaged in the business of ATM and POS solutions.

As far as operating activities are concerned: i) in the Banking Solutions segment we managed to gain first contracts in Croatia and Moldova, leaving Turkey and Bulgaria as the only countries where this segment is not yet present; ii) in the Mobile Banking and Authentication segment we signed a contract with the UniCredit Bank headquarters for the implementation of our solutions in 9 countries at the same time, which proves our product is fully developed and ready for international distribution; iii) in the Card Business segment we successfully reinforced our market position in Albania and Bulgaria, and entered the Croatian market by way of a company acquisition; iv) in the Systems Integration segment we coped with the introduction of a unified model of cooperation with the key suppliers to the whole ASEE Group as well as with the implementation of three projects based on proprietary software in the Public Administration sector, which was our priority.

Consolidated net profit amounted to PLN 43.65 million beating the year-ago earnings by 14%. This was achieved substantially owing to the consolidation and acquisition processes. The ASEE Group focuses on sales of its proprietary solutions. In 2010 sales of proprietary software and own services reached PLN 160 million and they accounted for 35% of total revenues (an increase by 9% as compared with 2009). Our key revenue driver was the financial sector with a 58-percent share in total turnover; whereas, the services and industry sector and the public administration sector generated 30 percent and 12 percent of total sales, respectively.

In 2010 we took a series of initiatives that were crucial for building and reinforcement of our market position.

- Mergers of our companies conducted in three countries: Croatia, Serbia, and Romania. We continue to pursue the Group's strategy to have one major company operating in every country of the Balkan region.
- The next important undertaking was to reorganize the holding structure so that, in the end, major companies in each of the countries operated as direct subsidiaries of Asseco South Eastern Europe SA. This process is intended to last at least two years, and in 2010 we accomplished one of the milestones as a result of which, already in 2011, our companies located in Macedonia, Bulgaria and in Bosnia and Herzegovina are supposed to become direct subsidiaries of Asseco South Eastern Europe SA, being the holding parent.

The entire team of Asseco South Eastern Europe and its subsidiary companies worked very hard last year. On behalf of the Management Board, I wish to express true gratitude for that effort. I would also like to thank our Clients for the credit of trust they gave us as well as to our Partners for their participation in building our international group of companies and reinforcing our market position both in our region and abroad. We are also grateful to our Shareholders and Investors for their confidence in us and for supporting our initiatives. The achievements we made in 2010 bring a lot of optimism for this year of 2011.

Piotr Jeleński

President of the Management Board of Asseco South Eastern Europe SA



**MANAGEMENT'S REPORT ON BUSINESS OPERATIONS
OF ASSECO SOUTH EASTERN EUROPE SA
FOR 12 MONTHS ENDED
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1. GENERAL INFORMATION ON THE ISSUER

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

2. BUSINESS PROFILE OF THE ISSUER

Asseco South Eastern Europe SA is engaged in holding operations which involve making investments in new IT companies from South Eastern Europe as well as management of the companies already incorporated into the Asseco South Eastern Europe Group in that region. On 28 October 2009, Asseco South Eastern Europe SA made its debut on the Warsaw Stock Exchange.

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

Asseco South Eastern Europe SA is a member of the Asseco Poland Group which, according to the Truffle 100 ranking published by CXP on 28 September 2010, is the 8th largest European software vendor in terms of revenues generated from production of software.

Asseco South Eastern Europe SA holds equity in the following subsidiaries:

	Country of registration	Voting interest		Equity interest	
		31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
Asseco SEE s.r.l., (Bucharest)	Romania	100.00%	100.00%	100.00%	100.00%
Asseco SEE d.o.o., Beograd	Serbia	100.00%	100.00%	100.00%	100.00%
Asseco SEE d.o.o. (Zagreb)	Croatia	100.00%	100.00%	100.00%	100.00%
Asseco SEE Sh.p.k. (Pristina)	Kosovo	100.00%	100.00%	100.00%	100.00%
Asseco SEE o.o.d. , Sofia	Bulgaria	49.00%	n/a	49.00%	n/a
Biro Data Servis d.o.o. (Zagreb)	Croatia	100.00%	n/a	100.00%	n/a
Cardinfo BDS d o.o. (Sarajevo)	Bosnia & Herzegovina	50.00%	n/a	50.00%	n/a
EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. (Istanbul)	Turkey	100.00%	n/a	100.00%	n/a
ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. (Istanbul)	Turkey	99.66%	n/a	99.66%	n/a
ITD Polska Sp. z o.o. (Warsaw)	Poland	100.00%	n/a	100.00%	n/a

3. STRUCTURE OF SHAREHOLDERS

According to the best knowledge of the Management Board of Asseco South Eastern Europe SA, the Shareholders who both as at 16 March 2011 and 31 December 2010, either directly or through their subsidiaries, held at least a 5% voting interest at the General Meeting of Shareholders were as follows:

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

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

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

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

As at 31 December 2010 the share capital of Asseco South Eastern Europe SA amounted to PLN 480,374,500.00 and it was divided into 48,037,450 ordinary shares with a par value of PLN 10.00 each, which entitled to 48,037,450 votes at the Company's General Meeting of Shareholders.

During the period of 12 months ended 31 December 2010, the Company's shareholder structure changed as follows:

- as a result of the issuance of series P shares with the value of PLN 15,242 thousand, registered by the District Court in Rzeszów on 22 January 2010, Asseco Poland SA reduced its equity and voting interest in Asseco South Eastern Europe SA from 55.15% to 53.46%, EBRD decreased its equity and voting interest in Asseco South Eastern Europe SA from 10.01% to 9.71%; whereas, Liatris d.o.o. reduced its equity and voting interest in Asseco South Eastern Europe SA from 8% to 7.75%;
- as a result of the issuance of series R shares with the value of PLN 5,929 thousand and series S shares with the value of PLN 8,375 thousand, registered by the District Court in Rzeszów on 8 November 2010, Asseco Poland SA reduced its equity and voting interest in Asseco South Eastern Europe SA from 53.46 % to 51.96%, EBRD decreased its equity and voting interest in Asseco South Eastern Europe SA from 9.71% to 9.43%;

whereas, Liatris d.o.o. reduced its equity and voting interest in Asseco South Eastern Europe SA from 7.75% to 7.53%.

As a result of all the above-mentioned issuances of shares, Asseco Poland SA reduced its equity and voting interest in Asseco South Eastern Europe SA from 55.15% to 51.96%, EBRD decreased its equity and voting interest in Asseco South Eastern Europe SA from 10.01% to 9.43%; whereas, Liatris d.o.o. reduced its equity and voting interest in Asseco South Eastern Europe SA from 8% to 7.53%. **SHARES HELD BY MANAGEMENT AND SUPERVISORY PERSONNEL**

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

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

Supervisory Board Members	Number of shares held as at			
	16 March 2011	31 Dec. 2010	8 Nov. 2010	31 Dec. 2009
Adam Góral ¹⁾	-	-	-	-
Jacek Duch	-	-	-	-
Andrzej Mauberg	-	-	-	n/a
Mihail Petreski ²⁾	-	-	-	-
Przemysław Sęczkowski	-	2,500	2,500	2,500
Gabriela Żukowicz	150	150	150	150
Nicholas Jeffery	n/a	n/a	n/a	-

Management Board Members	Number of shares held as at			
	16 March 2011	31 Dec. 2010	8 Nov. 2010	31 Dec. 2009
Piotr Jeleński	550	550	550	550
Rafał Kozłowski	150	150	150	150
Hatice Ayas	21,364	21,364	21,364	n/a
Calin Barseti	-	-	-	-
Miljan Mališ ³⁾	-	-	-	-
Miodrag Mirčetić ⁴⁾	-	-	-	-
Dražen Peihar	949,900	949,900	949,900	779,068

¹⁾ Adam Góral, Member of the Supervisory Board of Asseco South Eastern Europe SA, a shareholder in Asseco Poland SA which in turn is a shareholder in Asseco South Eastern Europe SA; as at 31 December 2010 Asseco Poland SA held 26,494,676 shares in Asseco South Eastern Europe SA;

²⁾ Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe SA, a shareholder in the company Liatris d.o.o. which in turn is a shareholder in Asseco South Eastern Europe SA; as at 31 December 2010 Liatris d.o.o. held 3,838,683 shares in Asseco South Eastern Europe SA;

³⁾ Miljan Mališ, Member of the Management Board of Asseco South Eastern Europe SA, a shareholder in the company of Mini Invest d.o.o. which in turn is a shareholder in Asseco South Eastern Europe SA; as at 31 December 2010 Mini Invest d.o.o. held 835,597 shares in Asseco South Eastern Europe SA;

⁴⁾ Miodrag Mirčetić, Member of the Management Board of Asseco South Eastern Europe SA, a shareholder in the company I4-INVENTION d.o.o. which in turn is a shareholder in Asseco South Eastern Europe SA; as at 31 December 2010 I4-INVENTION d.o.o. held 1,772,971 shares in Asseco South Eastern Europe SA.

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

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

Liabilities of Asseco South Eastern Europe SA due to acquisition of shares disclosed as at 31 December 2010 include a liability due to the acquisition of shares in EST A.Ş. in the amount of PLN 18,111 thousand, which results from the company acquisition agreement and corresponds to additional payments to former EST A.Ş. shareholders, to be made either in the form of cash (in the amount of PLN 7,019 thousand) and/or issuance of ASEE shares (with the value of PLN 11,092 thousand), provided that EST A.Ş. achieves the specified target levels of net profit for the years 2010 and 2011.

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

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

6. ISSUER'S DEVELOPMENT POLICY

Asseco South Eastern Europe SA is engaged in holding operations; hence, it is focused on managing the Group of companies (holding activities) and on extending its geographical coverage and product portfolio (investing activities).

Investing activities

Asseco South Eastern Europe SA is very active in the area of take-overs and acquisitions. In July 2010, Asseco South Eastern Europe SA acquired 99.662% shares in ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. ("ITD") and 99.997% shares EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. Both the acquired companies are seated in Istanbul.

In September 2010, the Company acquired 100% of shares in Biro Data Servis d.o.o. seated in Zagreb, Croatia as well as 50% of shares in Cardinfo BDS d.o.o. seated in Sarajevo, Bosnia and Herzegovina.

It the same month the Company also managed to finalize the acquisition of 49% of shares in Pexim Sofia o.o.d. seated in Sofia (present Asseco SEE o.o.d, Sofia), which operates in the Bulgarian market.

Furthermore, Asseco South Eastern Europe SA conducts negotiations with several other companies operating in the SEE region as well as in other emerging markets which may result in successive acquisitions in 2011, although they are not a strategic priority for 2011.

Holding activities

At present Asseco South Eastern Europe SA conducts an intensive and highly advanced process of organizing and consolidating the Group's structural units. These efforts are taken with the objective to build a strong, well structured and internally coherent Group that will be able to reinforce its position in the South-Eastern European markets. The process involves streamlining of the Group's geographical organization as well as internal structure of individual subsidiaries.

7. KEY PRODUCTS, GOODS FOR RESALE, AND SERVICES

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

Because Asseco South Eastern Europe SA is engaged in holding operations, this item is not applicable.

8. SELLING MARKETS

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

Because Asseco South Eastern Europe SA is engaged in holding operations, this item is not fully applicable. Dividend income received from subsidiary companies represents the largest portion of the Company's total revenues. Revenues from sales of services are recognized chiefly on consulting services provided to the Company's subsidiaries.

In 2010, as part of other operating activities, Asseco South Eastern Europe SA generated some sales of software, services and hardware to the banking sector as it participated in a contract implemented by one of its subsidiaries.

9. SIGNIFICANT AGREEMENTS CONCLUDED BY THE COMPANY

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

The Company's operations were significantly affected by the agreements for acquisition of shares in the Turkish ITD A.Ş. and EST A.Ş. as well as in the Croatian BDS d.o.o. The above-mentioned transactions are described in explanatory note 11 to the annual financial statements of Asseco South Eastern Europe SA for 2010.

10. KEY ECONOMIC AND FINANCIAL FIGURES

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

a. Financial results of Asseco South Eastern Europe SA for 2010

	Year ended 31 Dec. 2010	Year ended 31 Dec. 2009
	PLN '000	PLN '000
Dividend income	20,200	20,177
General administrative expenses	(1,234)	(1,698)
Financial income	1,230	346
Financial expenses	(313)	(1,116)
Operating profit	19,149	17,488
Net profit for the period reported	20,202	16,609

Asseco South Eastern Europe SA is engaged in holding operations, which substantially determines the structure of its profit and loss account. Most revenues recognized by Asseco South Eastern Europe SA are represented by dividend income, which amounted to PLN 20,200 thousand in 2010.

b. Structure of the Balance Sheet of Asseco South Eastern Europe SA

Structure of assets

	31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
	PLN '000	PLN '000	%	%
Non-current assets	577,752	490,601	97%	90%
Property, plant and equipment, and intangible assets	396	-	0%	0%
Investments in subsidiary companies	576,599	490,281	97%	90%
Other	757	320	0%	0%
Current assets	14,921	55,267	3%	10%
Inventories	-	700	0%	0%
Trade accounts receivable and deferred expenses	823	1,614	0%	0%
Cash and cash deposits	13,647	48,014	3%	9%
Other	451	4,939	0%	1%
TOTAL ASSETS	592,673	545,868	100%	100%

The structure of assets of Asseco South Eastern Europe SA is dominated by investments in subsidiary companies. Over the period from 31 December 2009 to 31 December 2010, this item increased by PLN 86,318 thousand which obviously resulted from company acquisitions completed in Turkey, Poland, Croatia and Bosnia and Herzegovina.

Structure of equity and liabilities

	31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
	PLN '000	PLN '000	%	%
Shareholders' equity	570,095	538,874	96%	99%
Non-current liabilities	2,258	24	0%	0%
Current liabilities	20,320	6,970	3%	1%
Trade accounts payable	452	1,968	0%	0%
Financial liabilities	17,773	2,761	3%	1%
Other current liabilities	2,095	2,241	0%	0%
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	592,673	545,868	100%	100%

In line with the adopted strategy, the operations of Asseco South Eastern Europe SA are financed primarily with equity. The structure of equity and liabilities did not change substantially over the period from 31 December 2009 to 31 December 2010.

c. Structure of the Statement of Cash Flows

	Year ended 31 Dec. 2010 PLN '000	Year ended 31 Dec. 2009 PLN '000
Net cash provided by (used in) operating activities	(27,763)	(41,619)
Net cash provided by (used in) investing activities	(451)	-
Net cash provided by (used in) financing activities	(5,891)	87,807
Net increase (decrease) in cash and cash equivalents	13,647	48,014

The structure of cash flows reflects the nature of the Company's holding operations. Net outflows from operating activities resulted from company take-overs which are presented in this line. Whereas, net inflows from financing activities recognized in 2009 resulted from the initial public offering (IPO) and issuance of shares acquired by EBRD.

d. Analysis of financial ratios

Profitability ratios

	Year ended 31 Dec. 2010 %	Year ended 31 Dec. 2009 %
Return on equity (ROE)	3.64%	4.22%
Return on assets (ROA)	3.55%	4.16%

The above ratios have been computed using the following formulas:
Return on equity (ROE) = net profit / average annual equity
Return on assets (ROA) = net profit / average annual assets

Both return on equity and return on assets metrics dropped in 2010 as compared to those in 2009, in spite of an increase in net profit. This occurred because the levels of equity and assets in 2008 were over half lower than in the years 2009 and 2010. The increase of equity and assets, as observed in 2009, was a consequence of buy-outs of shares in subsidiaries which were paid with newly issued own shares.

Liquidity ratios

	31 December 2010	31 December 2009
Working capital	(5,399)	48,297
Current liquidity ratio	0.73	7.93
Quick liquidity ratio	0.72	7.76
Absolute liquidity ratio	0.67	6.89

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

The decrease in working capital is basically an effect of two events: expenditures for new company acquisitions in 2010, and recognition of a contingent liability assumed in the acquisition of Turkish company EST A.Ş.; however, this liability will be only partially settled in cash. These events also resulted in deterioration of all three liquidity ratios presented above.

Debt ratios

	31 December 2010	31 December 2009
	%	%
Debt ratio	4%	1%
Debt / equity ratio	0%	0%
Debt / (debt + equity) ratio	0%	0%

The above ratios have been computed using the following formulas:

Debt ratio = (long-term liabilities + short-term liabilities) / assets

Debt / equity ratio = interest-bearing bank loans and debt securities / shareholders' equity

Debt / (debt + equity) ratio = interest-bearing bank loans and debt securities / (interest-bearing bank loans and debt securities + shareholders' equity)

Both as at 31 December 2010 and 31 December 2009, the Company had no debt under third-party financing. The general debt ratio increased following the recognition of a liability due to the acquisition of Turkish company EST A.Ş.

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

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

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

- mergers of our companies conducted in three countries: Croatia, Serbia, and Romania. We continue to pursue the Group's strategy to have one major company operating in every country of the Balkan region. This is expected to facilitate management of the whole organizational structure, and improve the flow of information among individual operating segments;
- successful completion of acquisitions described in item 9;
- introduction of a uniform remuneration system for the management boards of the Company and its subsidiaries, which would to a large extent depend on implementation of financial targets adopted for individual companies or business units.

12. EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE ISSUER'S DEVELOPMENT

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

Whereas Asseco South Eastern Europe SA is engaged in holding operations, any directions of the Company's development need to be examined with respect to development and business performance of the entire group of Asseco South Eastern Europe.

External factors affecting the Company's and the Group's development

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

Internal factors affecting the Company's and the Group's development

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

13. SIGNIFICANT RISK FACTORS AND THREATS

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

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

Risk related to general macroeconomic situation in South Eastern Europe

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

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

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

Risk related to intensified competition in South Eastern Europe

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

Risk of potential legal disputes concerning copyrights

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

Foreign currency exposure risk

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

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

Risk of fluctuations in our revenues and expenditures

Due to the project-driven nature of the IT business, sales revenues generated by the Group companies may be subject to considerable fluctuations from period to period. It is possible that in the future our operating results will fall short of the market expectations because of the impact of unfavourable factors. Moreover, due to technological changes, the Group's existing technology and products may become obsolete and will require making sizeable new investments. The above processes may have negative impact on the rate of return on investment or the amount of dividends to be paid out.

Risk involved in integration of the Group

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

Risk related to dividends

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

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

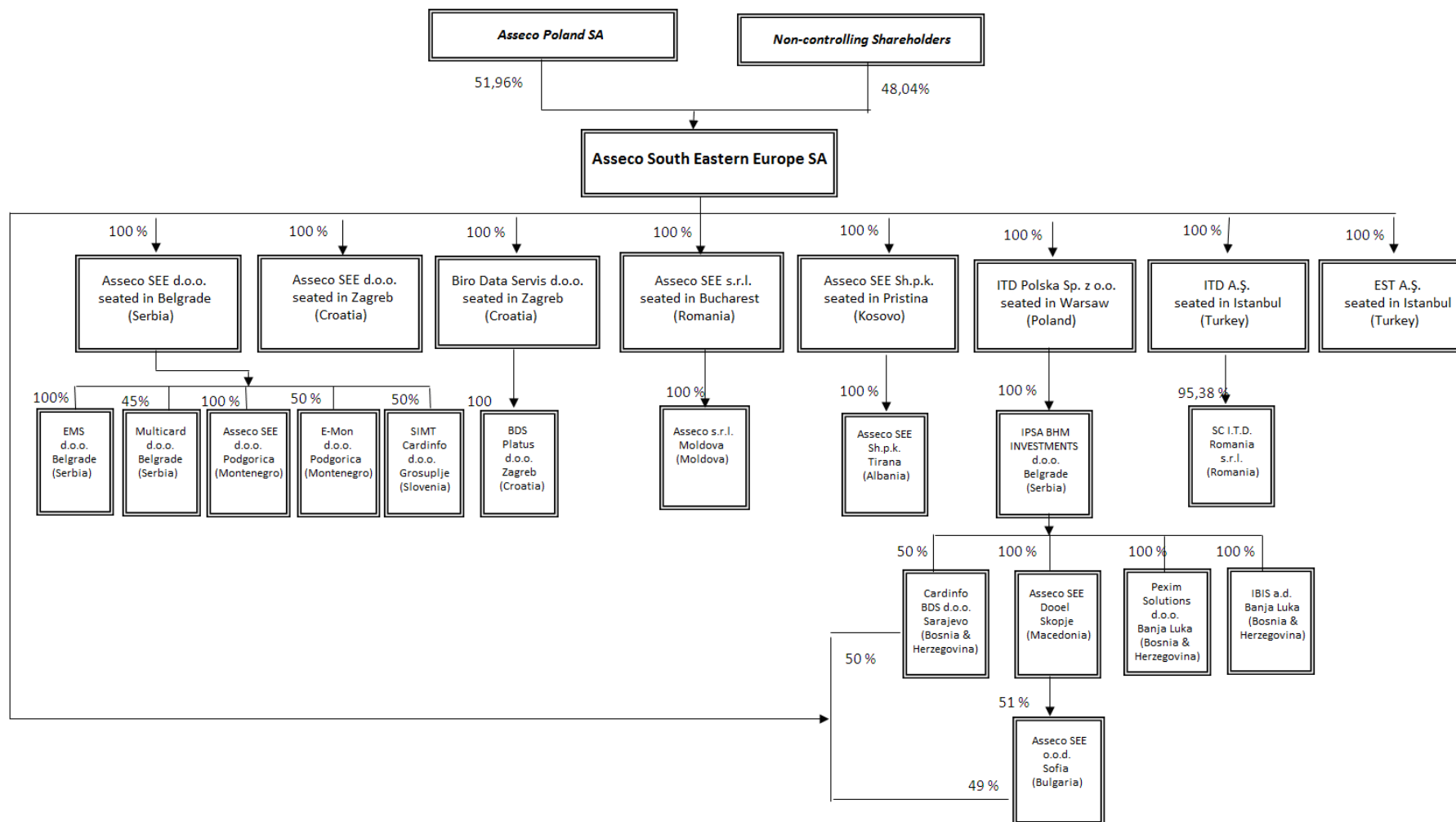
As at the date of publication of this report, Asseco Poland SA, our majority shareholder, holds 51.96% of shares in our Company. We expect that Asseco Poland SA will maintain its position as a majority shareholder and retain significant influence on our Company's business operations. Asseco Poland SA is entitled to exercise broad rights with respect to its shareholding in our Company and it must be taken into account that in the present situation Asseco Poland SA has a decisive impact on the Company's strategic decisions.

14. ORGANIZATIONAL AND EQUITY RELATIONSHIPS OF THE ISSUER

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

Asseco South Eastern Europe SA is the parent of the Asseco South Eastern Europe Group and concurrently a subsidiary of the higher-level parent company Asseco Poland SA. The Issuer's position as well as organizational and equity relationships are presented below in the chart of organizational structure of the Asseco South Eastern Europe Group:

COMPOSITION OF THE ASSECO SOUTH EASTERN EUROPE GROUP AS AT 31 DECEMBER 2010



15. RELATED PARTY TRANSACTIONS

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

In the year ended 31 December 2010, Asseco South Eastern Europe SA or its subsidiaries did not conduct any transactions with their related parties other than on an arm's length basis.

Information on transactions with related companies carried out in the period of 12 months ended 31 December 2010 has been presented in explanatory note 23 to the annual financial statements of Asseco South Eastern Europe SA for 2010.

16. AGREEMENTS FOR BANK LOANS AND BORROWINGS

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

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

17. LOANS GRANTED DURING THE FINANCIAL YEAR

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

In 2010 Asseco South Eastern Europe SA did not grant any loans to any companies nor to its related entities.

18. SURETIES AND GUARANTIES

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

During the 12-month period ended 31 December 2010, Asseco South Eastern Europe SA did not grant or obtain any sureties or guaranties.

19. UTILIZATION OF PROCEEDS FROM THE ISSUANCE

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

In the period of 12 months ended 31 December 2010, Asseco South Eastern Europe SA issued in total 2,954,682 shares of series P, R and S with a par value of PLN 10.00 each, which included:

- issuance of series P shares with the total par value of PLN 15,242 thousand, registered by the District Court in Rzeszów on 22 January 2010. As at 31 December 2009 the said issuance was disclosed in the line "subscribed unregistered share capital". The series P shares were paid up with a non-cash contribution of shares representing 40% of the share capital of Professional Bank Systems & Software Probass SA seated in Bucharest;
- issuance of series R shares with the total par value of PLN 5,929 thousand, registered by the District Court in Rzeszów on 8 November 2010. The series R shares were paid up with a non-cash contribution of 40% of shares in Biro Data Servis

- d.o.o. seated in Croatia and 20% of shares in Cardinfo BDS d.o.o. seated in Sarajevo;
- issuance of series S shares with the total par value of PLN 8,375 thousand, registered by the District Court in Rzeszów on 8 November 2010. The series S shares were paid up with a non-cash contribution of shares in ITD A.Ş. seated in Turkey.

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

Asseco South Eastern Europe SA did not publish any financial forecasts for 2010.

21. ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT

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

In the period of 12 months ended 31 December 2010, cash and cash equivalents of the Asseco South Eastern Europe Group decreased chiefly as a result of the executed acquisition strategy and payments for shares.

During the 12-month period ended 31 December 2010, Asseco South Eastern Europe SA had no problems with timely settlement of its trade liabilities, payment of regulatory state charges, nor with fulfilling its investment commitments.

The Company's spare financial resources are placed in bank deposits.

22. FEASIBILITY OF INVESTMENT PLANS

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

According to the above disclosures, Asseco South Eastern Europe SA has got spare cash and cash equivalents of PLN 13.6 million as well as additional funds of EUR 7,000 thousand available under a bank loan facility from European Bank for Reconstruction and Development, which will be appropriated for the planned company acquisitions in the region of South Eastern Europe. Such acquisitions will be financed partially with the Company's spare cash and partially with proceeds from the issuance of new shares of Asseco South Eastern Europe SA, within its authorized capital.

23. CHANGES IN THE PRINCIPLES OF COMPANY AND GROUP MANAGEMENT

In 2010 Asseco South Eastern Europe SA did not change the principles applied for the management of its company and capital group.

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

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

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

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

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

Information on remuneration due to the Issuer's management and supervisory personnel has been disclosed in explanatory note 25 to the annual financial statements of Asseco South Eastern Europe SA for 2010.

26. MONITORING OF EMPLOYEE STOCK OPTION PLANS

Information of the monitoring of employee stock option plans.

The Company does not run any employee stock option plans.

27. AGREEMENT WITH THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

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

The agreement with the entity authorized to audit financial statements, namely Ernst & Young Audit Sp. z o.o., to carry out audits of the separate and consolidated financial statements of Asseco South Eastern Europe SA drawn up for the period of 12 months ended 31 December 2010 was signed on 2 August 2010.

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

Information on remuneration due to the entity authorized to audit financial statements has been presented in explanatory note 26 to the annual financial statements of Asseco South Eastern Europe SA for 2010.

29. SIGNIFICANT OFF-BALANCE-SHEET ITEMS

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

Both as at 31 December 2010 and the date of publication of this report, the Company did not carry any significant off-balance-sheet items.

30. INFORMATION ON PENDING LEGAL PROCEEDINGS CONCERNING LIABILITIES OR RECEIVABLES OF ASSECO SOUTH EASTERN EUROPE SA OR ITS SUBSIDIARY COMPANIES

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

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

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

31. INFORMATION ON THE ISSUER

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

Signatures of all Members of the Management Board of Asseco South Eastern Europe SA under the Management's Report on Business Operations of Asseco South Eastern Europe SA for the period of 12 months ended 31 December 2010.

MANAGEMENT BOARD OF ASSECO SOUTH EASTERN EUROPE SA:

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

Rzeszów, 16 March 2011

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

- to the best of its knowledge, the annual financial statements of Asseco South Eastern Europe SA for the period of 12 months ended 31 December 2010, and the comparative data contained therein, were prepared in compliance with International Financial Reporting Standards adopted by the European Union, issued and effective as at the date of preparation of these financial statements, and furthermore that the presented data give a true, reliable and fair view of the property, financial position and financial results of Asseco South Eastern Europe SA. The report on business operations of Asseco South Eastern Europe SA provides a fair description of the development, achievements and economic position of the Company, inclusive of the major risks and threats to its operations.

- Ernst & Young Audit Sp. z o.o., the entity authorized to audit financial statements which audited the annual separate financial statements of Asseco South Eastern Europe SA for the period of 12 months ended 31 December 2010, was chosen in accordance with the provisions of the law in force, and furthermore that this entity and certified auditors, who carried out the said audit, both satisfied the conditions for expressing an impartial and independent opinion on such audit, in line with applicable regulations.

MANAGEMENT BOARD OF ASSECO SOUTH EASTERN EUROPE SA:

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

Rzeszów, 16 March 2011