ANNUAL REPORT
OF THE ASSECO SOUTH EASTERN EUROPE GROUP
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 THE ASSECO SOUTH EASTERN EUROPE GROUP FOR 12 MONTHS ENDED 31 DECEMBER 2010

Rzeszów, 16 March 2011

MANAGEMENT'S REPORT ON BUSINESS OPERATIONS OF THE ASSECO SOUTH EASTERN EUROPE GROUP FOR 12 MONTHS ENDED 31 DECEMBER 2010

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1. GENERAL INFORMATION ON THE ISSUER

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

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

2. BUSINESS PROFILE OF THE ISSUER AND ITS CAPITAL GROUP

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.

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.

The Asseco South Eastern Europe Group has identified the following reportable segments reflecting the structure of its business operations:
- Banking Solutions,
- Mobile Banking & Authentication,
- Card Business,
- Systems Integration.

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

Banking Solutions [BAN – CORE][1]

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

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

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

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

mobile banking system and a variety of e-commerce solutions are state-of-the-art products providing access to banking services over the Internet from mobile phones.

Card Business [BAN – CARDS] [1]

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

Systems Integration [SI]

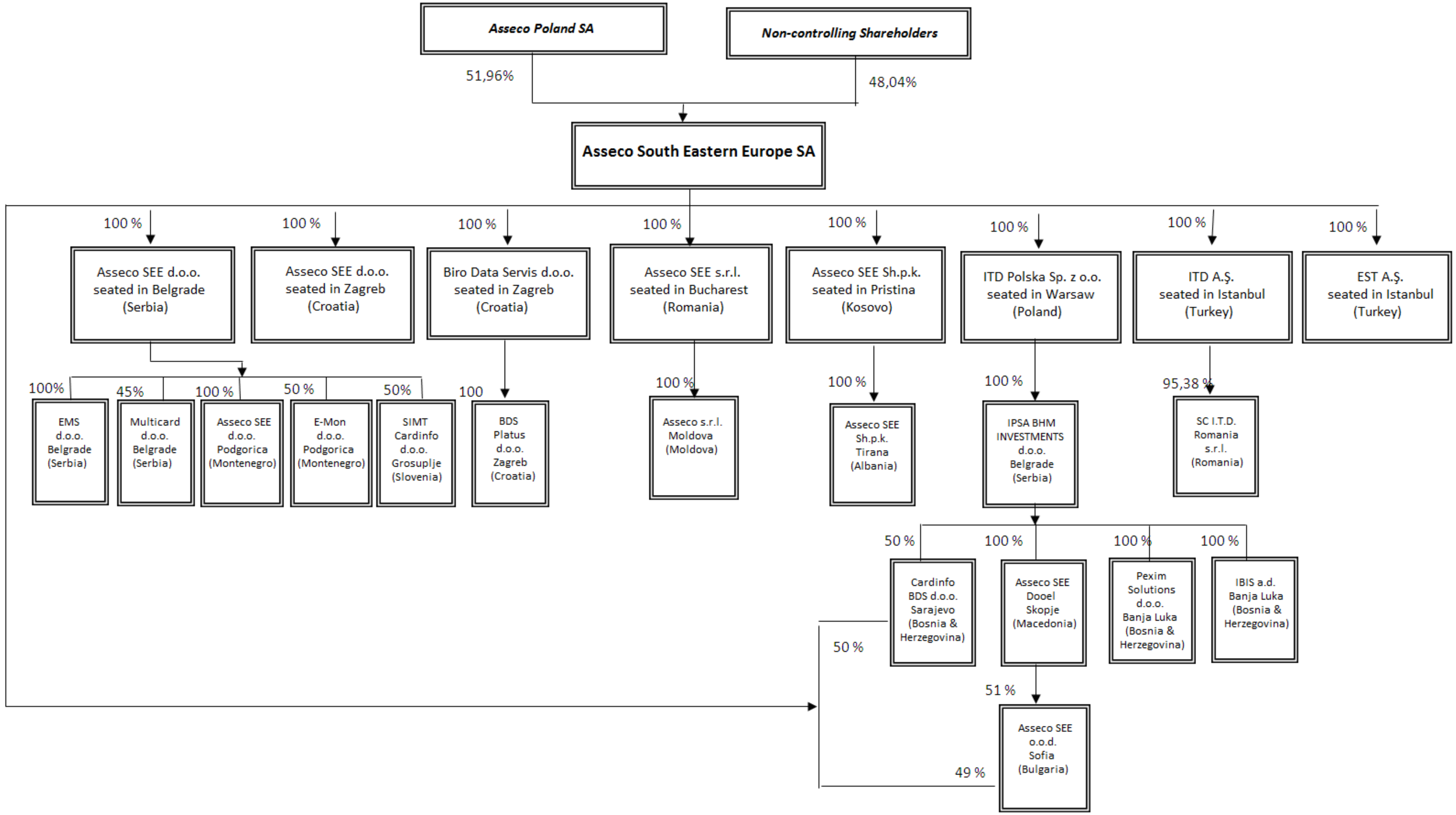
This segment is engaged in the provision of services of development of customized IT systems, especially for the needs of integration of third-party software and elements of infrastructure, as well as in the sale and installation of hardware.

Virtual Payments

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

3. ORGANIZATIONAL STRUCTURE OF THE ASSECO SOUTH EASTERN EUROPE GROUP

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



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

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

1) On 15 October 2009, the subsidiary Net Consulting s.r.l. changed its corporate name into Asseco South Eastern Europe s.r.l., which was subsequently replaced by Asseco SEE s.r.l. (Bucharest) on 29 December 2009. The merger between the companies of Asseco SEE s.r.l. (the taking-over company) and Fiba Software s.r.l. (the acquired company) was recognized as at 31 December 2009. On 1 June 2010, there was registered a merger of Asseco SEE s.r.l. (the taking-over company) with Probass S.A. (the acquired company);
2) On 23 November 2009, the subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o. Beograd. On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. Beograd (the taking-over company) with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company);
3) On 25 January 2010, the subsidiary Pexim DOOEL, Skopje was renamed as Asseco SEE DOOEL, Skopje;
4) On 12 October 2010, Pexim Solutions o.o.d. was renamed as Asseco SEE o.o.d., Sofia;
5) On 10 August 2010, Cardinfo Montenegro d.o.o., Podgorica was renamed as Asseco SEE d.o.o., Podgorica;
6) On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o. (Zagreb). On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. (the taking-over company) with Arbor Informatika d.o.o. (the acquired company);
7) On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (Pristina). On 28 July 2010, there was registered a merger of Asseco SEE Sh.p.k. (Pristina) with its subsidiary X-Card Sh.p.k. (Pristina);
8) On 8 January 2010, Pronet Albania Sh.p.k was renamed as Asseco SEE Sh.p.k., Tirana;
9) IPSA BHM Investments d.o.o. was established on 22 November 2010 as a result of separation of a portion of assets of Asseco SEE d.o.o. Beograd. On 9 December 2010 the shareholding in this company was transferred as a non-cash contribution to ITD Polska Sp. z o.o.

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

Within the Group's organizational structure the companies of E-Mon d.o.o. (Podgorica) and SIMT Cardinfo d.o.o. (Grosuplje) are treated as co-subsidiaries and therefore are consolidated under the proportionate method. Whereas, Enovčanik a.d., Beograd used to be an associated company. The remaining companies incorporated within the Group are treated as subsidiaries and are subject to full consolidation.

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

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

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

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

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

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

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

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

Merger of companies in Romania

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

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

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

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

Merger of companies in Serbia

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

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

Merger of companies in Croatia

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

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

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

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

❑ Liquidation of the associated Enovčanik A.D.

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

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

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

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

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

70.6191% of ITD Shares were purchased in a cash transaction for the total amount not exceeding EUR 6.1 million. Whereas the remaining 29.0429% of ITD Shares were acquired in exchange for the newly issued 837,472 shares in Asseco South Eastern Europe SA. 99.9970% of EST Shares were purchased in a cash transaction for the total amount not exceeding EUR 2.5 million. Furthermore, in the Shares Purchase Agreement, Asseco South Eastern Europe SA committed itself to make additional payments to EST shareholders, either in the form of cash and/or issuance of ASEE shares, provided that EST achieves the specified levels of net profit for the years 2010 and 2011. The cash payments for ITD Shares and EST Shares were financed with own funds of Asseco South Eastern Europe SA. The acquisition-date value of cash and cash equivalents in the acquired companies amounted to PLN 7,362 thousand, restated at the exchange rate published by the National Bank of Poland.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 22 November 2010, IPSA BHM Investments d.o.o. was established as a result of the separation of a portion of assets of Asseco SEE d.o.o. Beograd, a company organized under the laws of Serbia which, at the separation date, was a wholly-owned subsidiary of Asseco South Eastern Europe SA.
The separated assets of Asseco SEE d.o.o. Beograd that were transferred to the newly established IPSA comprised shareholdings in the following companies:
- 100% of shares in Pexim Solutions d.o.o., Banja Luka, Bosnia and Herzegovina;
- 100% of shares in IBIS a.d., Banja Luka, Bosnia and Herzegovina;
- 50% of shares in Cardinfo BDS d.o.o, Sarajevo, Bosnia and Herzegovina;
- 100% of shares in Asseco SEE DOEL, Skopje, Macedonia.

The said transaction had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

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

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

All the Shares were acquired by Asseco South Eastern Europe SA following its Statement to acquire Shares dated 29 November 2010 (the " Statement").
All the newly issued Shares were paid by Asseco South Eastern Europe SA with a non-cash contribution ("Contribution") in the form of 1 share representing 100% of the share capital of IPSA BHM Investments d.o.o., a company organized under the laws of Serbia and seated in Belgrade, with a par value of RSD 6,205,310.15 (equivalent to EUR 58,079.59 as translated at the applicable mid exchange rate published by the National Bank of Serbia, effective on 16 November 2010), with the market value of PLN 124,379,504.
Such valuation of the Contribution resulted from the market value measurement of the assets of IPSA BHM Investments d.o.o.
The said transaction had no impact on the consolidated financial statements of the Asseco South Eastern Europe Group.

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

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

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

6. GROUP'S DEVELOPMENT POLICY

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

The Banking Solutions unit strives to expand its business in the markets of Albania, Bosnia and Herzegovina, Croatia, and Kosovo. The objective is to launch in that market the offering of core banking systems and solutions supporting the bank distribution channels. As part of its development in Bosnia, the Group plans to reinforce its market position as a provider of software solutions for banking. Following such plans, the Group establishes in miscellaneous countries its "competence centres" that will serve as a base for the provision customer support services in the future.

The Mobile Banking & Authentication unit pursues a different strategy of development. First of all, its products are marketed in the whole territory of operations of the Asseco Poland Group. This business unit focuses on setting up sales channels in all the promising markets. In South Eastern Europe, the unit is engaged in building a sales network drawing on the resources of all the Asseco South Eastern Europe Group subsidiaries. Whereas in countries outside this region, the unit strives to enter into cooperation with local business partners in order to sell its proprietary solutions through their distribution networks. At all times the technical support and production facilities of this business unit are located in Croatia.

The Cards Business unit seeks opportunities for development in broadening its geographical coverage and product portfolio. The unit is engaged in building support centres in four countries including Bulgaria, Kosovo, Slovenia, and Albania with the objective to enhance its presence on these markets. In 2010, Asseco South Eastern Europe SA took over a company providing ATM supply and maintenance services in the Croatian market. This made it possible to enter a market where the Group's Card Business unit has not been so far represented. Additionally, this business unit continues to look for and test new products and solutions that would fit its operating profile.

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

7. KEY PRODUCTS, GOODS FOR RESALE, AND SERVICES

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

BANKING SOLUTIONS

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

Core Banking Systems

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

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

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

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

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

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

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

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

Distribution Channels

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

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

Additional banking modules:

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

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

Business Intelligence:
- **Tezauri™**

Distribution systems (including e-banking, m-banking, etc.) are offered together with core banking systems or separately to be integrated with the bank's legacy solutions developed independently or provided by third-party vendors. Distribution channel systems provide bank customers with alternative forms of access to products and services. We also develop and sell certain additional specialized systems for distribution channels such as solutions for customer service centers, special payment portals for public utility companies, special solutions for the retail trade sector to support credited sales to customers, etc. The offer includes multi-channel systems of e-banking: **ASEBA iBank** and **ASEBA Bank@You** as well as the specialized m-banking system **ASEBA JiMBA**. **ASEBA InstantCredit** is an ideal solution for agents wishing to offer their customers a retail loan without the need of a personal visit to a bank. This web application allows bank clients to communicate with the bank directly from their shops or offices. **ASEBA E-Pay®** is a solution offering integrated e-banking services, presentation of electronic accounts and payments, and a payment handling gateway. **Additional banking modules** cover payment and reporting systems adapted to local requirements of each country's banking system, and they may be sold together with core bank systems or separately. **SEPA Direct Debit** is an autonomous element of core banking software which supports direct debit of accounts within the Single Euro Payments Area (SEPA). **ASEBA DoPay** is a system for managing payments in local or foreign currencies.
The data warehouse and reporting module performs the following functions: reporting to the Central Bank, reporting to Credit Bureaus, reporting to the Financial Intelligence Office, reporting to tax authorities and preparation of data for reporting according to the new capital accord standards (Basel II). **ASEBA REPOBNR** is a comprehensive system for reporting to the Central Bank. **ASEBA Tezauri™** is an integrated Business Intelligence solution for banks, which enables risk management, credit assessment through an integrated scoring system and profitability analysis, monitoring of regulatory compliance as well as implementation related solutions.

CARD BUSINESS

Automatic teller machines (ATM)
- installation
- maintenance
- replacement

The Asseco South Eastern Europe Group provides services of installation and maintenance of ATMs manufactured mainly by Wincor Nixdorf.

Payment terminals (POS)
- installation
- maintenance
- replacement

As an exclusive partner of Hypercom, we offer EFT-POS terminals, from stationary models with dial-up access to mobile devices based on GSM-GPRS technology as well as all the network components, software and hardware infrastructure necessary for their connection.

24/7 Service Support Center

Maintenance services are provided for the network and hardware infrastructure as well as for software, and are available 24 hours a day for 7 days a week.

MOBILE BANKING & AUTHENTICATION

Authentication solutions represent advanced systems enabling secure authentication of bank customers. These solutions are marketed as an integral part of core and multi-channel banking systems or separately for the purpose of being integrated with proprietary solutions or third-party software already utilized by banks. Our solutions are utilized primarily in the banking sector, which is the most advanced in terms of authentication systems. There are however numerous potential applications of such products both in the public administration sector and in *e-commerce*.

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

SYSTEMS INTEGRATION

Full range of integration services	The Asseco South Eastern Europe Group is a top player in the market of integration services in Kosovo, Macedonia, Romania and Serbia. The Group serves the financial, industry and public administration sectors with the following **business lines**: development of infrastructure for Microsoft software implementations, ensuring continuity of business processes, automation of operations, and software development.
Billing systems	Our billing system handles the processes of: real-time charging for network traffic; calculation of invoices; preparation of batches with invoices ready to be printed or dispatched by electronic or traditional mail; transmission of the results of calculations to other systems; drafting all the required reports to facilitate controlling functions; and monitoring of payments. This billing system is closely integrated with the CRM system, mediation system, payment management system as well as with back-office systems (for managing customers, products, tariffs, etc.). The main client using this system is Hrvatski Telekom (member of the Deutsche Telekom Group).
Invoicing and reporting systems	**Additional systems for telecommunications** sold separately from the billing system (including bespoke systems). Systems for invoicing and reporting cooperating with the Geneva billing system: (i) **Invoicing** – preparation of batches ready for printing or dispatch by electronic or traditional mail; (ii) **Reporting** – production of all the required reports (facilitating the functions of controlling and monitoring of payments, presentation of bills and billed items on web pages, etc.)

8. SELLING MARKETS

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

The Group operates in the markets of South Eastern Europe and that is where most of its sales revenues were generated during the year ended 31 December 2010. The breakdown of sales revenues by client location is as follows: 31% - Romania, 25% - Serbia, 16% - Macedonia, 8% - Croatia, 7% - Kosovo, 12% - other South-Eastern European states and markets outside this region. During the financial year ended 31 December 2010, sales to any individual client of the Group did not exceed 10% of its total sales revenues.

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

9. SIGNIFICANT AGREEMENTS CONCLUDED BY THE GROUP

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

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

Implementations and services in the banking solutions business

The most significant contracts executed by the Banking Solutions unit provided for the implementation of proprietary software for Raiffeisen Banka in Serbia, Metohijska Banka in Kosovo, Metals Banka in Serbia, and Privredna Banka in Serbia. The first contract involved the maintenance of a core banking system and it was worth approx. EUR 920 thousand. In Kosovo a core banking system was implemented, while the contract value reached almost EUR 820 thousand. The remaining two agreements provided for the sale of licences and implementation of banking software, while their transaction values amounted to about PLN 720 thousand and EUR 500 thousand, respectively.

Implementations and services in the mobile banking and authentication business

The number one contract of the Mobile Banking and Authentication unit provided for the supply of authentication solutions to the UniCredit Group. The transaction value amounted to approx. EUR 800 thousand.

Implementations and services in the cards business

The Cards Business unit most important contracts are performed for Banka Intesa, Banka Postanska, and PBZ Leasing. The first contract provided for the supply and subsequent maintenance of POS terminals and it was worth approx. EUR 750 thousand. The other two agreements involved the supply of ATMs, while their transaction values amounted to EUR 560 thousand and EUR 440 thousand, respectively

Implementations and services in the systems integration business

The Group carried out several projects for the National Statistical Office in Romania. Asseco SEE s.r.l., Bucharest supplied computer hardware worth EUR 695 thousand, created and implemented an online statistical portal for EUR 4,930 thousand, and rendered support services during the presidential elections for EUR 285 thousand. The contract executed in a consortium with Romanian SIVECO provided for the implementation of an application to be used during the presidential elections in Romania; the contract value was EUR 400 thousand. Furthermore, we sold Microsoft licenses to the Romanian company TAROM for EUR 1,454 thousand.

10. INFORMATION ON OPERATING SEGMENTS

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

For the year ended 31 December 2010 in EUR thousands (audited)	**Banking Solutions (I)**	**Mobile Banking & Authentication (II)**	**Card Business (III)**	***Total Banking Business (I-III)***	**Systems Integration (IV)**	**Unallocated**	**Eliminations / Reconciliations**	**Total**
Sales revenues:	**23,502**	**6,735**	**18,847**	***49,084***	**67,231**	**829**	**(4,684)**	**112,460**
Sales to external customers	22,170	6,294	18,510	*46,974*	65,486	-	-	**112,460**
Inter/intra segment sales	1,332	441	337	*2,110*	1,745	829	(4,684)	**-**
Gross profit (loss) on sales	**8,093**	**2,352**	**5,482**	***15,927***	**10,855**	**-**	-	**26,782**
Selling expenses	(890)	(270)	(893)	*(2,053)*	(3,043)	-	-	**(5,096)**
General administrative expenses	(3,558)	(751)	(1,417)	*(5,726)*	(3,341)	-	-	**(9,067)**
Net profit (loss) on sales	**3,645**	**1,331**	**3,172**	**8,148**	**4,471**	**-**	**-**	**12,619**

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

For the year ended 31 December 2009 in EUR thousands (audited)	Banking Solutions (I)	Mobile Banking & Authentication (II)	Card Business (III)	*Total Banking Business (I-III)*	Systems Integration (IV)	Unallocated	Eliminations / Reconciliations	Total
Sales revenues:	**18,622**	**6,392**	**14,106**	***39,120***	**62,272**	**-**	**(794)**	**100,598**
Sales to external customers	18,447	6,392	14,010	*38,849*	61,749	**-**	-	**100,598**
Inter/intra segment sales	175	**-**	96	*271*	523	-	(794)	**-**
Gross profit (loss) on sales	**7,454**	**2,682**	**3,692**	***13,828***	**10,268**	**-**	-	**24,096**
Selling expenses	(928)	(222)	(495)	*(1,645)*	(2,982)	-	-	**(4,627)**
General administrative expenses	(2,448)	(698)	(711)	*(3,857)*	(2,100)	(384)	-	**(6,341)**
Net profit (loss) on sales	**4,078**	**1,762**	**2,486**	***8,326***	**5,186**	**(384)**	**-**	**13,128**

11. INFORMATION ON GEOGRAPHICAL STRUCTURE OF FINANCIAL RESULTS

For the year ended 31 December 2010 in PLN thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	**1,965**	**10,317**	**1,936**	**41,419**	**5,153**	**27,355**	**81,234**	**5,536**	**143,039**	**111,891**	**6,151**	**14,340**	**450,336**
Cost of sales	(1,534)	(6,644)	(1,516)	(26,382)	(3,735)	(23,283)	(65,919)	(4,011)	(113,768)	(81,933)	(5,463)	(8,901)	**(343,089)**
Gross profit (loss) on sales	**432**	**3,673**	**420**	**15,037**	**1,417**	**4,071**	**15,315**	**1,524**	**29,271**	**29,959**	**688**	**5,440**	**107,247**
Selling expenses	(151)	(242)	-	(1,854)	-	(1,124)	(1,186)	(202)	(8,651)	(5,656)	(106)	(1,236)	**(20,408)**
General administrative expenses	(159)	(740)	(11)	(5,274)	(272)	(1,336)	(3,990)	(560)	(7,843)	(13,428)	(339)	(2,356)	**(36,308)**
Net profit (loss) on sales	**122**	**2,691**	**409**	**7,909**	**1,145**	**1,611**	**10,139**	**763**	**12,777**	**10,874**	**243**	**1,848**	**50,531**
Other operating income	3	16	31	-	1	121	393	706	107	377	5	344	**2,104**
Other operating expenses	(19)	(11)	(29)	(262)	(11)	(5)	(304)	(96)	(38)	(530)	-	(262)	**(1,567)**
Operating profit (loss)	**106**	**2,696**	**410**	**7,647**	**1,135**	**1,727**	**10,229**	**1,373**	**12,846**	**10,722**	**248**	**1,929**	**51,068**
Financial income	9	11	8	65	20	387	243	977	1,633	412	3	(42)	**3,726**
Financial expenses	(18)	(23)	(15)	(50)	(25)	(439)	(1,275)	(478)	(196)	(721)	(14)	256	**(2,998)**
Gross profit (loss) on sales	**97**	**2,684**	**404**	**7,662**	**1,130**	**1,675**	**9,196**	**1,872**	**14,283**	**10,413**	**236**	**2,144**	**51,796**
Corporate income tax (current and deferred portions)	(20)	(165)	(46)	(1,698)	(106)	(200)	(1,280)	29	(2,342)	(1,848)	(71)	(449)	**(8,196)**
Net profit (loss) for the financial year	**77**	**2,519**	**358**	**5,964**	**1,023**	**1,475**	**7,916**	**1,902**	**11,941**	**8,566**	**165**	**1,694**	**43,600**

For the year ended 31 December 2010 in EUR thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	**491**	**2,576**	**483**	**10,343**	**1,287**	**6,831**	**20,286**	**1,382**	**35,720**	**27,942**	**1,536**	**3,581**	**112,460**
Cost of sales	(383)	(1,659)	(379)	(6,588)	(933)	(5,814)	(16,462)	(1,002)	(28,411)	(20,461)	(1,364)	(2,223)	**(85,678)**
Gross profit (loss) on sales	**108**	**917**	**105**	**3,755**	**354**	**1,017**	**3,825**	**381**	**7,310**	**7,481**	**172**	**1,358**	**26,782**
Selling expenses	(38)	(60)	-	(463)	-	(281)	(296)	(50)	(2,160)	(1,412)	(27)	(309)	**(5,096)**
General administrative expenses	(40)	(185)	(3)	(1,317)	(68)	(334)	(996)	(140)	(1,959)	(3,353)	(85)	(588)	**(9,067)**
Net profit (loss) on sales	**30**	**672**	**102**	**1,975**	**286**	**402**	**2,532**	**190**	**3,191**	**2,716**	**61**	**462**	**12,619**
Other operating income	1	4	8	-	0	30	98	176	27	94	1	86	**525**
Other operating expenses	(5)	(3)	(7)	(65)	(3)	(1)	(76)	(24)	(9)	(132)	-	(66)	**(391)**
Operating profit (loss)	**26**	**673**	**102**	**1,910**	**283**	**431**	**2,554**	**343**	**3,208**	**2,677**	**62**	**482**	**12,753**
Financial income	2	3	2	16	5	97	61	244	408	103	1	(10)	**930**
Financial expenses	(4)	(6)	(4)	(12)	(6)	(110)	(318)	(119)	(49)	(180)	(4)	64	**(748)**
Gross profit (loss) on sales	**24**	**670**	**101**	**1,913**	**282**	**418**	**2,297**	**468**	**3,567**	**2,600**	**59**	**535**	**12,935**
Corporate income tax (current and deferred portions)	(5)	(41)	(12)	(424)	(27)	(50)	(320)	7	(585)	(461)	(18)	(112)	**(2,047)**
Net profit (loss) for the financial year	**19**	**629**	**89**	**1,489**	**256**	**368**	**1,977**	**475**	**2,982**	**2,139**	**41**	**423**	**10,888**

For the year ended 31 December 2009 in PLN thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	**1,516**	**10,702**	**505**	**35,096**	**4,983**	**18,034**	**75,798**	**937**	**174,961**	**109,850**	**4,272**	**-**	**436,654**
Cost of sales	(1,253)	(6,870)	(766)	(21,208)	(3,740)	(12,206)	(58,534)	(707)	(139,019)	(84,134)	(3,629)	-	**(332,065)**
Gross profit (loss) on sales	**263**	**3,832**	**(261)**	**13,888**	**1,243**	**5,828**	**17,264**	**230**	**35,942**	**25,717**	**643**	**-**	**104,589**
Selling expenses	-	(97)	-	(1,394)	-	(550)	(1,556)	-	(11,216)	(5,205)	(68)	-	**(20,086)**
General administrative expenses	(4)	(334)	(9)	(4,022)	(227)	(2,032)	(4,332)	-	(6,921)	(9,358)	(284)	-	**(27,524)**
Net profit (loss) on sales	**258**	**3,401**	**(270)**	**8,472**	**1,016**	**3,247**	**11,376**	**230**	**17,805**	**11,154**	**290**	**-**	**56,979**
Other operating income	-	109	-	26	-	-	373	6	421	566	-	-	**1,501**
Other operating expenses	-	(25)	-	(17)	-	-	(101)	(1,267)	(109)	(1,216)	-	-	**(2,735)**
Operating profit (loss)	**258**	**3,485**	**(270)**	**8,481**	**1,016**	**3,247**	**11,648**	**(1,031)**	**18,117**	**10,504**	**290**	**-**	**55,745**
Financial income	-	8	-	141	-	416	171	346	1,071	1,001	-	-	**3,154**
Financial expenses	-	(15)	-	(321)	-	(346)	(170)	(1,116)	(629)	(661)	-	-	**(3,258)**
Share in profits of associated companies	-	-	-	-	-	-	-	-	-	(4)	-	-	**(4)**
Gross profit (loss) on sales	**258**	**3,478**	**(270)**	**8,301**	**1,016**	**3,317**	**11,649**	**(1,801)**	**18,559**	**10,840**	**290**	**-**	**55,637**
Corporate income tax (current and deferred portions)	(20)	(336)	20	(1,768)	(38)	(442)	(1,459)	(69)	(3,081)	(1,054)	(11)	-	**(8,258)**
Net profit (loss) for the financial year	**239**	**3,142**	**(250)**	**6,533**	**979**	**2,874**	**10,190**	**(1,870)**	**15,478**	**9,786**	**279**	**-**	**47,379**

For the year ended 31 December 2009 in EUR thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	**349**	**2,466**	**116**	**8,086**	**1,148**	**4,155**	**17,463**	**216**	**40,308**	**25,308**	**984**	**-**	**100,598**
Cost of sales	(289)	(1,583)	(176)	(4,886)	(862)	(2,812)	(13,485)	(163)	(32,028)	(19,383)	(836)	-	**(76,502)**
Gross profit (loss) on sales	**61**	**883**	**(60)**	**3,200**	**286**	**1,343**	**3,977**	**53**	**8,280**	**5,925**	**148**	**-**	**24,096**
Selling expenses	-	(22)	-	(321)	-	(127)	(358)	-	(2,584)	(1,199)	(16)	-	**(4,627)**
General administrative expenses	(1)	(77)	(2)	(927)	(52)	(468)	(998)	-	(1,595)	(2,156)	(66)	-	**(6,341)**
Net profit (loss) on sales	**60**	**783**	**(62)**	**1,952**	**234**	**748**	**2,621**	**53**	**4,102**	**2,570**	**67**	**-**	**13,128**
Other operating income	-	25	-	6	-	-	86	1	97	130	-	-	**346**
Other operating expenses	-	(6)	-	(4)	-	-	(23)	(292)	(25)	(280)	-	-	**(630)**
Operating profit (loss)	**60**	**803**	**(62)**	**1,954**	**234**	**748**	**2,684**	**(238)**	**4,174**	**2,420**	**67**	**-**	**12,843**
Financial income		2	-	32	-	96	39	80	247	231	-	-	**727**
Financial expenses	-	(3)	-	(74)	-	(80)	(39)	(257)	(145)	(152)	-	-	**(751)**
Share in profits of associated companies	-	-	-	-	-	-	-	-	-	(1)	-	-	**(1)**
Gross profit (loss) on sales	**60**	**801**	**(62)**	**1,912**	**234**	**764**	**2,684**	**(415)**	**4,276**	**2,497**	**67**	**-**	**12,819**
Corporate income tax (current and deferred portions)	(5)	(77)	5	(407)	(9)	(102)	(336)	(16)	(710)	(243)	(3)	-	**(1,903)**
Net profit (loss) for the financial year	**55**	**724**	**(58)**	**1,505**	**225**	**662**	**2,348**	**(431)**	**3,566**	**2,255**	**64**	**-**	**10,915**

12. KEY ECONOMIC AND FINANCIAL FIGURES

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

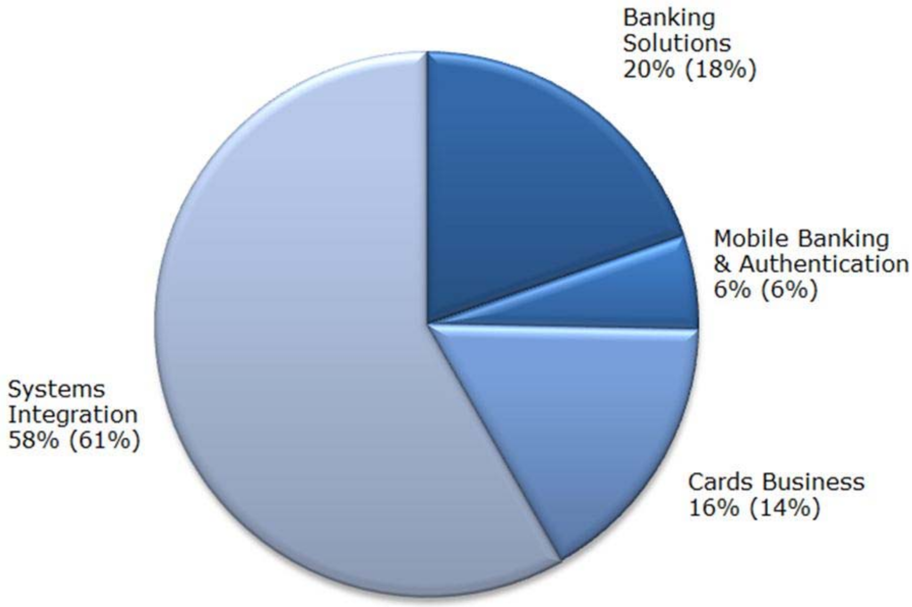
a. STRUCTURE OF SALES

Revenues of the Asseco South Eastern Europe Group for 12 months ended 31 December 2010 amounted to PLN 450,336 thousand and they improved by 3% as compared with sales generated last year. Such higher turnover resulted primarily from organic growth, synergy effects obtained from consolidation of organizational structures and coordination of business operations, as well as from incorporation of new undertakings into the Group.

BREAKDOWN OF SALES REVENUES BY BUSINESS UNITS

	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	Change:
	PLN ’000	PLN ’000	%
Banking Solutions	88,778	80,073	*11%*
Mobile Banking & Authentication	25,203	27,746	*-9%*
Card Business	74,124	60,806	*22%*
Systems Integration	262,231	268,029	*-2%*
	450,336	**436,654**	**3%**

BREAKDOWN OF SALES REVENUES BY BUSINESS UNITS IN 2010 AND 2009 (%)



Implementations and services in the banking solutions business – 20% of revenues in 2010

Sales revenues for 12 months ended 31 December 2010 reached PLN 88,778 thousand and they increased by 11% when compared with PLN 80,073 thousand achieved in the corresponding period of 2009.

Most revenues within the business unit of implementation and services for the banking sector were generated in Serbia (53% of total sector sales). Whereas, the revenues contributions of Romania and Macedonia were 26% and 12%, respectively.

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

Implementations and services in the cards business – 16% of revenues in 2010

Sales generated by the cards business during 12 months ended 31 December 2010 amounted to PLN 74,124 thousand and they were up 22% from the year-ago level of PLN 60,806 thousand. Serbia was the key revenue driver which accounted for 46% of total sales in this sector. It was followed by Croatia and Macedonia with a 14% and 12% contribution in revenues, respectively.

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

Implementations and services in the mobile banking and authentication business – 6% of revenues in 2010

The sector of mobile banking and authentication reported a 9% decline in sales revenues presented in Polish zlotys. If the sector sales were analyzed in EUR, they would only be 2% lower. Croatia had the largest share in sales revenues from this business.
The largest projects executed by this business unit have been described in item 9.

Systems integration business – 58% of revenues in 2010

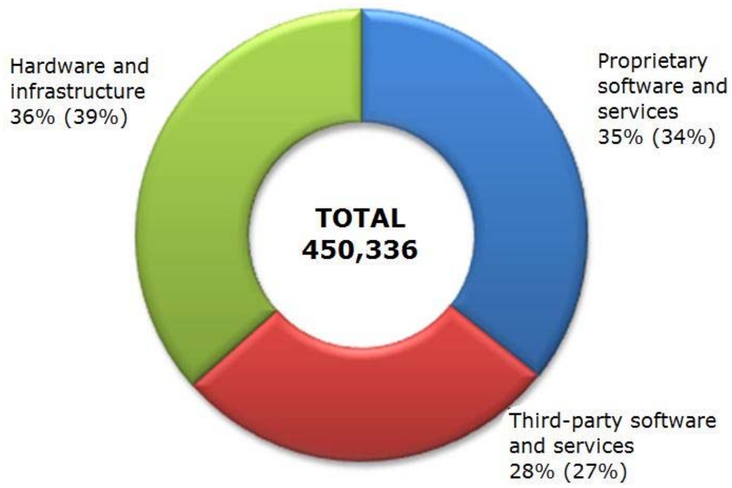
Due to the nature of integration operations, which involve chiefly development of infrastructure and resale of hardware, this business unit generates the smallest margins of profit which are still above the average margins realized in developed markets. Taking into account low saturation of this market, the demand for such services should remain high in the foreseeable future, yet gradual squeezing of margins will become a significant risk factor in a longer term perspective.
Following the acquisition of Turkish company ITD A.Ş., the Group commenced to offer a new competence involving the integration of voice system solutions. However, due to a short period of consolidation, these operations had an insignificant impact of the 2010 results.
In this sector, the highest revenues were generated in Romania, which was followed by Macedonia and Serbia.

BREAKDOWN OF SALES REVENUES BY TYPE OF BUSINESS

	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	Change:
	PLN '000	PLN '000	%
Proprietary software and services	160,178	147,110	*9%*
Third-party software and services	125,617	117,403	*7%*
Hardware and infrastructure	164,541	172,141	*-4%*
	450,336	**436,654**	**3%**

In 2010 the structure of sales by type of business remained roughly unchanged in comparison to the prior year. However, sales of proprietary software and services increased 2 pp as portion of total revenue, which is in line with the Group's strategy.

The highest dynamics of revenue growth, as compared with the prior year, was recorded in sales of proprietary software and services which were up 9% from PLN 147 million to PLN 160 million. Sales of third-party software and services increased almost as dynamically, this is by 7%. Whereas, sales of computer hardware and infrastructure as portion of total revenue dropped by 3 pp, this is from 39% in 2009 to 36% in 2010.



BREAKDOWN OF SALES REVENUES BY CLIENTS

	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	change
	PLN '000	PLN '000	%
Banking and finance	261,709	228,671	*14%*
Enterprises	134,520	147,633	*-9%*
Public administration	54,107	60,350	*-10%*
	450,336	**436,654**	**3%**

In 2010 the Group recorded a robust 14% growth in revenues from the banking and financial sector. This sector remains the Group's key revenue driver which accounts for 58% of total sales, having increased by additional 6 percentage points from 52% in 2009.

b. FINANCIAL PERFORMANCE IN 2010

CONSOLIDATED FINANCIAL RESULTS OF THE ASSECO SOUTH EASTERN EUROPE GROUP FOR 2010

	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	change
	PLN ’000	PLN ’000	%
Sales revenues	450,336	436,654	3%
Gross profit on sales	107,247	104,589	3%
Net profit on sales	50,531	56,979	-11%
Operating profit	51,068	55,745	-8%
Net profit for the period reported	43,600	47,379	-8%
Net profit attributable to Shareholders of the Parent Company	**43,647**	**38,276**	**14%**

In 2010 the Group's sales revenues increased by 3% year on year, yet it did not translate into a higher operating profit that was charged with development costs of the banking software *Experience* in the amount of PLN 5.6 million. These costs used to be capitalized in 2009. This was also a direct cause of a decline in net profit.
Furthermore, the amounts of profit earned by the Group suffered from changes in the currency exchange rates used for restatement of the financial statements of subsidiaries. In a Euro-based analysis, the financial results achieved for 2010 are not substantially lower than those for 2009.
Despite a decline in net profit, the net profit attributable to shareholders of the Parent Company improved by 14% as a result of a share conversion transaction conducted in the 2nd quarter of 2009.

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

	BANKING SOLUTIONS (I)		MOBILE BANKING & AUTHENTICATION (II)		CARD BUSINESS (III)		TOTAL BANKING BUSINESS (I-III)		SYSTEMS INTEGRATION		OTHER	
	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009
Sales revenues	88,778	80,073	25,203	27,746	74,124	60,806	188,105	168,625	262,231	268,029	-	-
Gross profit on sales	32,406	32,357	9,420	11,643	21,953	16,025	63,779	60,025	43,468	44,564	-	-
Net profit on sales	14,596	17,700	5,331	7,649	12,700	10,790	32,627	36,139	17,904	22,505	-	(1,665)

Revenues generated by the Banking Solutions unit increased by 11% as compared to 2009, while its net profit on sales declined 18%.

In the case of the Mobile Banking & Authentication unit, sales revenues decreased by 9%, while its net profit on sales deteriorated by 30%.

In 2010, the Card Business unit recognized a 22% increase in sales revenues and its net profit on sales improved by 18% in comparison with 2009.

Whereas, the Systems Integration unit recognized a slight 2% decrease in sales revenues while its net profit on sales contracted by 20%.

c. STRUCTURE OF THE CONSOLIDATED BALANCE SHEET

Structure of assets

	31 Dec. 2010 PLN '000	31 Dec. 2009 PLN '000	31 Dec. 2010 %	31 Dec. 2009 %
Non-current assets	**505,424**	**467,213**	**69%**	**68%**
Property, plant and equipment, and intangible assets	26,877	20,980	4%	3%
of which: investment property	843	889	0%	0%
Goodwill	476,399	443,867	65%	65%
Other	2,148	2,366	0%	0%
Current assets	**223,210**	**213,205**	**31%**	**32%**
Inventories	13,851	25,197	2%	4%
Trade accounts receivable and deferred expenses	75,273	57,119	11%	9%
Receivables from valuation of IT contracts	22,270	9,650	3%	1%
Cash and cash deposits	100,976	104,551	14%	16%
Other	10,840	16,688	1%	2%
Non-current assets classified as held for sale	-	**2,695**	**0%**	**0%**
TOTAL ASSETS	**728,634**	**683,113**	**100%**	**100%**

Goodwill is the main component of assets of the Asseco South Eastern Europe Group. In 2010, the carrying amount of goodwill increased as a result of acquisition of new companies, namely ITD A.Ş., EST A.Ş., Biro Data Servis d.o.o., Zagreb and Cardinfo BDS d.o.o., Sarajevo as well as due to changes in foreign currency exchange rates. Receivables from valuation of IT contracts increased substantially by PLN 12,620 thousand. Nonetheless, the share of such receivables in total assets increased only 2 percentage points as the Group's assets are quite sizeable. Whereas, other asset components measured as portion of total assets as at 31 December 2010 remained at the levels comparable to those observed at the end of 2009.

Structure of equity and liabilities

	31 Dec. 2010 PLN '000	31 Dec. 2009 PLN '000	31 Dec. 2010 %	31 Dec. 2009 %
Total shareholders' equity	**597,264**	**578,611**	**82%**	**85%**
Non-current liabilities	**6,968**	**10,791**	**1%**	**2%**
Current liabilities	**124,402**	**91,731**	**17%**	**13%**
Interest-bearing bank loans and debt securities	2,176	3,379	0%	0%
Trade accounts payable	36,896	33,666	5%	5%
Financial liabilities	20,981	9,209	3%	1%
Other current liabilities	64,349	45,477	9%	7%
Liabilities directly related to non-current assets classified as held for sale	-	**1,980**	**0%**	**0%**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**728,634**	**683,113**	**100%**	**100%**

In 2010, the structure of assets financing was not subject to any material changes. As at 31 December 2010, the proportions of both equity and liabilities in the financing structure remained at the levels comparable to those observed at the end of 2009. As at 31 December 2010, there was reported a considerable increase in financial liabilities as the Group recognized a liability on the acquisition of shares in EST A.Ş. in the amount of PLN 18,111 thousand (the short-term portion of which is PLN 15,892 thousand).

d. STRUCTURE OF THE CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 Dec. 2010 PLN '000	12 months ended 31 Dec. 2009 PLN '000
Net cash provided by (used in) operating activities	**62,955**	**53,508**
Net cash provided by (used in) investing activities	(46,282)	(62,164)
Net cash provided by (used in) financing activities	(17,127)	74,464
Net increase (decrease) in cash and cash equivalents	(454)	65,808

In 2010, the Group generated 18% more cash from its operating activities than in 2009. Furthermore, the Group used 26% less cash for its investing activities than last year. However, net cash flows from financing activities dropped substantially as compared with those achieved in 2009. Financing activities net inflows generated in 2009 resulted from the initial public offering (IPO) of shares.

e. ANALYSIS OF FINANCIAL RATIOS

PROFITABILITY RATIOS

	12 months ended 31 Dec. 2010 %	12 months ended 31 Dec. 2009 %
Gross profit margin	23.81%	23.95%
EBITDA	12.78%	13.80%
Operating profit margin	11.34%	12.77%
Net profit margin	9.69%	8.77%
Return on equity (ROE)	7.43%	8.75%
Return on assets (ROA)	6.18%	5.82%

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

Gross profit margin, EBITDA margin and operating profit margin all decreased by 0.1 percentage points, 1.0 pp, and 1.4 pp, respectively, when compared to the margins achieved in 2009. Whereas, net profit margin increased by 0.9 percentage points.

Return on equity equalled 7.43% percent and it dropped 1.3 percentage points. Concurrently, return on assets reached 6.18% and it improved by 0.4 percentage points as compared with 2009.

LIQUIDITY RATIOS

	31 December 2010	31 December 2009
Working capital	98,808	121,474
Current liquidity ratio	1.79	2.32
Quick liquidity ratio	1.65	2.01
Absolute liquidity ratio	0.81	1.15

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

All of the liquidity ratios dropped as compared with those of 2009 as a consequence of lower working capital. The decrease in working capital resulted from the recognition of liabilities arising from payments for the acquired subsidiaries. Despite a decline in liquidity ratios, the Management Board believes they are still at a fairly safe level proving the Group's good financial liquidity standing.

DEBT RATIOS

	31 December 2010 %	31 December 2009 %
Debt ratio	18.03%	15.30%
Debt / equity ratio	0.00	0.01
Debt / (debt + equity) ratio	0.00	0.01

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

The general debt ratio increased considerably by 2.7% as compared to the year-ago level. This resulted basically from the recognition of liabilities due to acquisition of shares in subsidiaries.

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

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

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

- successful completion of potential acquisitions; and
- conclusion of each of the commercial agreements described in item 9.

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

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

External factors affecting the Group's development

- economic growth in the region of South Eastern Europe, primarily with a view to overcoming the crisis, achieving stabilization and reasonable growth;
- condition of the IT market in the SEE region; this part of Europe remains still way underinvested in terms of information technology as compared with the West European countries;
- consolidation and development of the banking sector in the region of South Eastern Europe;
- prospects for expansion of the Group's foreign operations and its product portfolio in connection with the planned acquisitions;
- ability to capture the market niches;
- availability of the EU structural funds in Romania and Bulgaria as well as pre-accession funds in Croatia, Macedonia, and Kosovo;
- implementation of the public administration informatization processes in order to upgrade the quality and functionality of their services to international standards and especially to the European Union requirements;

- inflation and fluctuations in the foreign exchange rates (primarily of euro, but also the currencies of the countries where the Group operates);
- more and more severe competition both from the local players and international IT corporations, which is observed especially when it comes to execution of large and prestigious contracts;
- changes in the credit standing, financial liquidity, and availability of credit financing for clients;
- opportunities and risks resulting from relatively rapid technological changes and innovations in the IT market.

Internal factors affecting the Group's development

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

15. SIGNIFICANT RISK FACTORS AND THREATS

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

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

Risk related to general macroeconomic situation in South Eastern Europe

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

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

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

Risk related to intensified competition in South Eastern Europe

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

Risk of potential legal disputes concerning copyrights

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

Foreign currency exposure risk

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

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

Risk of fluctuations in revenues and expenditures

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

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

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

Risk associated with fixed-price contracts

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

Risk associated with gaining new IT contracts

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

Risk of becoming dependent on the key customers

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

Risk of becoming dependent on the key suppliers

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

Risk related to the banking sector

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

Risk related to the provision of integration services

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

Risk related to insolvency or misconduct of our subcontractors

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

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

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

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

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

Risk of becoming dependent on the key management personnel

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

Risk involved in integration of the Group

The Group is exposed to a risk associated with effective integration of Asseco South Eastern Europe 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.

16. KEY FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

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

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

- Ongoing controls undertaken at all the levels and organizational units of the Company as well as in its subsidiaries, which shall ensure compliance with guidelines issued by the Management Board and enable identification and appropriate response to any significant risks;
- Efficient and reliable information flow system, which shall enable collection and verification of data provided by the Group companies as well as prompt response in case any deviations from the budget are detected;
- Annual and semi-annual audits of separate and consolidated financial statements by an entity authorized to audit financial statements;
- Audit of the annual financial statements of the Group companies by the "Big Four" audit firms;
- Internal regulations specifying the duties, rights and responsibilities of individual organizational units, with particular emphasis on the staff directly engaged in the preparation of financial statements;
- Protection of the Company's important information and prevention against their unauthorized disclosure;
- Regular monitoring of financial directors and other staff responsible for the preparation of financial statements at the companies incorporated within the Asseco South Eastern Europe Group, with the aim to maintain control, identify any risks and threats, and to determine the required preventive actions.

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

17. MAJOR CAPITAL INVESTMENTS

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

In the financial year 2010, the following capital investments were made within the Asseco South Eastern Europe Group:

1) Acquisition of the company X-Card Sh.p.k. by Asseco SEE Sh.p.k. seated in Kosovo (on 5 May 2010);
2) Acquisition of 99,662% of shares in ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. seated in Istanbul, Turkey and 99,997% of shares in EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. seated in Istanbul, Turkey (on 30 July 2010);
3) Acquisition of shares in Biro Data Servis d.o.o. seated in Zagreb, Croatia and in Cardinfo BDS d.o.o. seated in Sarajevo, Bosnia and Herzegovina (on 13 September 2010);
4) Acquisition of a 49% stake in Asseco SEE o.o.d. (Sofia) (on 23 September 2010).

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

18. ORGANIZATIONAL AND EQUITY RELATIONSHIPS OF THE ISSUER

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

Asseco South Eastern Europe 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 in the chart of organizational structure of the Asseco South Eastern Europe Group included in item 3 of this Management's report on business operations of the Group.

19. RELATED PARTY TRANSACTIONS

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

In the period of 12 months ended 31 December 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 related party transactions carried out in the period of 12 months ended 31 December 2010 has been presented in explanatory note 26 to the annual consolidated financial statements of the Asseco South Eastern Europe Group.

20. AGREEMENTS FOR BANK LOANS AND BORROWINGS

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

On 30 December 2009, Asseco South Eastern Europe 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. Both as at 31 December 2010 and 31 December 2009, the Group had no liabilities under this loan.

Information on liabilities of the Asseco South Eastern Europe Group under bank loans and borrowings contracted as at 31 December 2010 and 31 December 2009 has been presented in explanatory note 20 to the Group's consolidated financial statements for the year 2010.

21. LOANS GRANTED DURING THE FINANCIAL YEAR

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

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

22. SURETIES AND GUARANTIES

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

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

Off-balance-sheet liabilities under sureties and guaranties granted by the Asseco South Eastern Europe Group are described in item 25 of this Management's report on business operations of the Group.

23. UTILIZATION OF PROCEEDS FROM THE ISSUANCE

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

In the period 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.

24. 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.

25. 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.

26. FEASIBILITY OF INVESTMENT PLANS

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

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.

27. 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.

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

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

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

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

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

Information on remuneration due to the Issuer's management and supervisory personnel has been disclosed in explanatory note 28 to the annual consolidated financial statements of the Asseco South Eastern Europe Group for 2010.

30. 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 Pehar	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.

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

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

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.

33. AGREEMENT WITH THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

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

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

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

Information on remuneration due to the entity authorized to audit financial statements has been presented in explanatory note 29 to the annual consolidated financial statements of the Asseco South Eastern Europe Group for 2010.

35. SIGNIFICANT OFF-BALANCE-SHEET ITEMS

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

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

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

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

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

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

36. 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.

37. INFORMATION ON THE ISSUER

Information on the issuer as required under § 92 sect. 4 of the Regulation of the Minister of Finance of 19 February 2009 regarding current and periodic information to be submitted by issuers of securities and conditions for recognizing as equivalent information required by 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 the Asseco South Eastern Europe Group 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 consolidated financial statements of the Asseco South Eastern Europe Group 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 the Asseco South Eastern Europe Group. The report on business operations of the Asseco South Eastern Europe Group provides a fair description of the development, achievements and economic position of the Asseco South Eastern Europe Group, inclusive of the major risks and threats to its operations.

- Ernst & Young Audit Sp. z o.o., the entity authorized to audit financial statements which audited the annual consolidated financial statements of the Asseco South Eastern Europe Group for the 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
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Rzeszów, 16 March 2011