

**ASSECO SOUTH EASTERN EUROPE S.A.**

**REPORT FROM THE AUDIT OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2011**

TRANSLATION FORM POLISH

The Polish original should be referred to in matters of interpretations.  
Translation of audit report originally issued in Polish.  
(Translation performed by Asseco South Eastern Europe S.A.)

## **I. GENERAL INFORMATION SECTION**

### **1. General information**

Asseco South Eastern Europe S.A. (the "Company") was established by a notary deed dated 10 April 2007. The Company's registered office is located at 14 Olchowa St., Rzeszów, Poland.

On 11 July 2007, the Company was entered in the register of entrepreneurs of the National Court Register under the number KRS 0000284571.

The Company's tax identification number (NIP) is 8133513607 (assigned on 12 September 2007); whereas, its statistical identification number (REGON) is 180248803 (assigned on 25 February 2008).

The Company is the parent company of the Asseco South Eastern Europe Group. Information on related party transactions as well as the list of companies in which the Company holds at least a 20% equity interest or voting interest are presented in notes V.11 and V.24 under the supplementary information and explanatory notes ("supplementary information") to the audited financial statements for the year ended 31 December 2011.

The Company's business profile includes:

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

As at 31 December 2011, the Company's share capital amounted to PLN 518,942 thousand; whereas, its shareholders' equity totalled PLN 582,963 thousand.

According to information provided by the Company, the ownership structure of the Company's share capital as at 23 February 2012 was as follows:

	Number of shares	Number of votes	Par value of shares	Equity interest
Asseco Poland S.A.	26,494,676	26,494,676	264,946,760	51.06%
EBRD	4,810,880	4,810,880	48,108,800	9.27%
Liatrix d.o.o.	3,838,683	3,838,683	38,386,830	7.40%
Other shareholders	16,750,012	16,750,012	167,500,120	32.27%
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Total	51,894,251	51,894,251	518,942,510	100.00%
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According to information provided by the Company, during the financial year reported and from the reporting date till the publication of our opinion, the Company's ownership structure changed as follows:

- Asseco Poland S.A. reduced its equity interest from 51.96% to 51.06%;
- EBRD and Liatrix d.o.o. reduced their equity interests to 9.27% and 7.40%, respectively.

During the financial year reported, the Company's share capital changed as follows:

	Number of shares	Par value of shares
Balance at the beginning of period	50,992,132	509,921
Issuance of series T shares	902,119	9,021
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Balance at the end of period	51,894,251	518,942
	=====	=====

As at 23 February 2012, the Company's Management Board was composed of the following persons:

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 Pešar	- Member of the Management Board

During the financial year reported and from the reporting date till the publication of our opinion, the composition of the Company's Management Board remained unchanged.

## 2. Financial Statements

On 28 August 2008, the General Meeting of Shareholders decided that the Company's financial statements should be prepared in compliance with the International Financial Reporting Standards as adopted by the European Union.

## **2.1 Certified auditor's opinion and audit of the financial statements**

Ernst & Young Audit Sp. z o.o. seated at Rondo ONZ 1, Warsaw, Poland is an entity authorized to audit financial statements, licensed under the number 130.

On 29 July 2011, the Supervisory Board selected Ernst & Young Audit Sp. z o.o. to carry out an audit of the Company's financial statements.

Ernst & Young Audit Sp. z o.o. and the key certified auditor satisfy the conditions for issuing an impartial and independent opinion on the financial statements, in line with art. 56 sect. 3 and 4 of the Act of 7 May 2009 on certified auditors, their self-government, entities authorized to audit financial statements, and on public supervision (Journal of Laws of 2009 No. 77, item 649, as amended).

We have audited the financial statements for the year ended on 31 December 2011 pursuant to the agreement concluded with the Company's Management Board on 29 July 2011.

Our assignment was to express an opinion on those financial statements on the basis of the carried out audit. The procedures performed during our audit of the financial statements were designed in such a way as to enable issuance of an opinion on the financial statements treated as a whole. Our procedures did not cover the supplementary information, which have no impact of the financial statements treated as a whole.

Based on the conducted audit, on 23 February 2012 we issued the following certified auditor's opinion without any reservations:

### **"To the Supervisory Board of Asseco South Eastern Europe S.A.**

1. We have audited the accompanying financial statements for the year ended 31 December 2011 of Asseco South Eastern Europe S.A. (the "Company") with registered seat at 14 Olchowa St., Rzeszów, Poland, comprising the statement of financial position made as at 31 December 2011, and the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the period from 1 January 2011 to 31 December 2011, as well as the summary of significant accounting policies and explanatory notes (collectively the "accompanying financial statements").
2. The Management Board of the Company is responsible for reliability and fairness of the accompanying financial statements, for their preparation in compliance with the applicable accounting principles (policy), as well as for proper maintenance of the accounting records. Furthermore, the Company's Management Board and members of the Supervisory Board are obliged to ensure that the accompanying financial statements and the Management's Report on the Company's business operations both satisfy the requirements under the Accounting Act of 29 September 1994 (Journal of Laws of 2009 No. 152, item 1223, as amended – the "Accounting Act"). Our responsibility was to audit the accompanying financial statements and, on the basis of such audit, express an opinion whether they comply in all material respects with the applicable accounting principles (policy), and whether they in all material respects present a true and fair view of the assets and financial position as well as financial results of the Company, and furthermore whether

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the accounting records providing the basis for preparation of these financial statements are in all material respects properly maintained.

3. We have audited the accompanying financial statements in accordance with the provisions of:
- chapter 7 of the Accounting Act,
  - national financial auditing standards set forth by the National Council of Statutory Auditors in Poland,

and in such a way as to obtain reasonable assurance that these financial statements are free from any material misstatements. Our audit included in particular an examination, largely on a test basis, of the accounting documentation underlying the amounts and disclosures presented in the accompanying financial statements. The audit also comprised an assessment of correctness of the accounting principles adopted and applied and significant estimates made by the Company's Management Board, as well as an evaluation of the overall presentation of the accompanying financial statements. We believe that our audit provided a reasonable basis to express an opinion on the accompanying financial statements treated as a whole.

4. In our opinion the accompanying financial statements, in all material respects:
- present truly and fairly all information which is essential for assessing the Company's financial results on business operations in the period from 1 January 2011 to 31 December 2011, as well as the Company's assets and financial position as at 31 December 2011;
  - have been prepared in compliance with the International Financial Reporting Standards as adopted by the European Union and on the basis of properly maintained accounting records;
  - comply, in respect of their form and content, with the applicable regulations pertaining to the preparation of financial statements as well as with the provisions of the Company's Articles of Association.
5. We have read the Management's Report on the Company's business operations conducted in the period from 1 January 2011 to 31 December 2011 and on the principles for preparation of the annual financial statements (the "Management's Report"), and concluded it is consistent with the disclosures made in the accompanying financial statements. The information provided in the Management's Report complies with the applicable provisions of the Regulation of the Minister of Finance of 19 February 2009 regarding current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states (Journal of Laws of No. 33, item 259, as amended – the "Regulation regarding current and periodic information").

We conducted the audit of the Company's financial statements in the period from 6 February 2012 to 23 February 2012, of which in the period from 6 February 2012 to 17 February 2012 at the seat of the Company's Management Board.

## **2.2 Declarations received and availability of data**

The Management Board of the Parent Company acknowledged its responsibility for reliability and fairness of the financial statements as well as for their preparation in compliance with the applicable accounting principles (policy). The Management Board declared that it provided us with all financial data, accounting records and other required documents and, furthermore, it provided us with all necessary explanations. We have also received a written statement made by the Company's Management Board on 23 February 2012 confirming that:

- the accounting records contain complete information,
- any contingent liabilities have been disclosed in the financial statements, and that
- any significant events, which took place after the reporting date and before submitting the said statement, have been disclosed in the financial statements.

The statement also confirmed that the information provided to us was accurate and true according to the best knowledge and belief of the Management Board of the Company and that it comprised all the events which might affect the financial statements.

## **2.3 Information of the Company's prior year financial statements**

The Company's financial statements for the year ended 31 December 2010 were audited by Sebastian Łyczba, key certified auditor holding the license no. 9946, who acted on behalf of Ernst & Young Audit Sp. z o.o. with registered seat at Rondo ONZ 1, 00-124 Warsaw, entered into the list of entities authorized to audit financial statements as maintained by the National Council of Statutory Auditors, under the number 130. Acting on behalf of the authorized entity, the key certified auditor issued an opinion without any reservations on those financial statements for the year ended 31 December 2010. The Company's financial statements for the year ended 31 December 2010 were approved by the General Meeting of Shareholders on 29 April 2011, where the Company's shareholders also adopted a resolution on distribution of the net profit for the year 2010 in the following way:

dividend for shareholders	13,258
reserve capital	1,616
undistributed profit	5,328
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	20,202
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Subsequently, on 10 May 2011, the Company's financial statements for the year ended 31 December 2010 along with the certified auditor's opinion, copy of the resolution on approval of those financial statements, copy of the resolution on profit distribution, and the Management's Report on the Company's business operations were submitted to the National Court Register.

The statement of financial position made as at 31 December 2010, as well as the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended 31 December 2010, along with the certified auditor's opinion, a copy of the resolution on approval of those financial statements, and a copy of the resolution on profit distribution were all announced in Monitor Polski B no. 2360 on 25 November 2011.

The approved closing balance values as at 31 December 2010 were appropriately entered into the accounting records as the opening balance values as at 1 January 2011.

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### 3. Financial position

#### 3.1 Key financial data and ratios

Below are presented the selected financial ratios characterising the Company's financial position in the years from 2009 to 2011, which were computed on the basis of financial data disclosed in the financial statements for the years ended 31 December 2010 and 31 December 2011.

	2011	2010	2009
<b>balance sheet total</b>	587,687	592,673	545,868
<b>shareholders' equity</b>	582,963	570,095	538,874
<b>net profit</b>	16,864	20,202	16,609
<b>return on assets (%)</b>	2.9%	3.4%	3.0%
$\frac{\text{net profit} \times 100}{\text{total assets}}$			
<b>return on equity (%)</b>	3.0%	3.7%	6.7%
$\frac{\text{net profit} \times 100}{\text{equity the beginning of the period}}$			
<b>net profit margin (%)</b>	68.5%	85.9%	82.3%
$\frac{\text{net profit} \times 100}{\text{dividend income and sales of services}}$			
<b>liquidity ratio I</b>	3.8	0.7	7.9
$\frac{\text{total current assets}}{\text{current liabilities}}$			
<b>liquidity ratio III</b>	1.05	0.67	6.89
$\frac{\text{cash and cash equivalents}}{\text{current liabilities}}$			
<b>receivables collection period</b>	4 days	8 days	20 days
$\frac{\text{trade accounts receivable} \times 365 \text{ days}}{\text{dividend income and sales of services}}$			

<b>liabilities payment period</b>	59 days	7 days	36 days
$\frac{\text{trade accounts payable} \times 365 \text{ days}}{\text{dividend income and sales of services}}$			
<b>durability of financing structure (%)</b>	99.4%	96.8%	98.9%
$\frac{(\text{equity} + \text{provisions} + \text{long-term liabilities}) \times 100}{\text{total equity and liabilities}}$			
<b>debt ratio (%)</b>	0.8%	3.8%	1.3%
$\frac{(\text{total equity and liabilities} - \text{equity}) \times 100}{\text{total assets}}$			
<b>inflation rate</b>			
annual average	4.3%	2.6%	3.5%
December to December	4.6%	3.1%	3.5%

### 3.2 Commentary

The above presented ratios demonstrated the following tendencies:

- Return on assets, return on equity as well as net profit margin decreased both in relation to 2010 and 2009;
- Liquidity ratio I and liquidity ratio III both increased in comparison with 2010, but decreased in comparison with 2009;
- Average receivables collection period was shorter than both in 2010 and 2009;
- Average liabilities payment period was longer than both in 2010 and 2009;
- Metric of durability of financing structure increased in comparison with both 2010 and 2009;
- Debt ratio decreased in comparison with both 2010 and 2009.

### 3.3 Going concern

During our audit we have observed no indications that would pose a threat to the Company's ability to continue as a going concern for at least 12 months after 31 December 2011 as a result of any deliberate or compulsory discontinuation or significant reduction of its existing business operations.

In note IV.1 under the supplementary information and explanatory notes to the Company's audited financial statements for the year ended 31 December 2011, the Management Board informed that those financial statements were prepared on a going-concern basis, assuming the Company would continue its business operations for at least 12 months after 31 December 2011 and that there were no indications threatening the Company's ability to continue as a going concern.

## **II. DETAILED INFORMATION SECTION**

### **1. Accuracy of the accounting system applied**

The Company's accounting ledgers are maintained using the Symfonia computer system by the bookkeeping office CTN Polska Sp. z o.o. The Company keeps updated documentation, as referred to in art. 10 of the Accounting Act of 29 September 1994 (Journal of Laws of 2009 No. 152, item 1223, as amended – the "Accounting Act"), inclusive of the Company's chart of accounts approved by its Management Board.

During our audit we have detected no material misstatements in the accounting records, which might have significant impact on the audited financial statements and would not be removed, in particular with respect to:

- appropriateness and consistency of the applied accounting principles (policy),
- reliability and accuracy of the accounting records and correspondence of individual accounting entries within the general ledger,
- documentation of business transactions,
- correct opening of the accounting records on the basis of closing balances from the approved statement of financial position for the prior period,
- association of individual accounting entries with the underlying evidence and financial statements,
- compliance with the applicable requirements for safeguarding of accounting documentation and storage of accounting records and financial statements.

### **2. Assets, liabilities and equity and other items affecting the Company's financial results**

The structure of the Company's assets, liabilities and equity as well as other items affecting the Company's financial results have been all presented in the audited financial statements for the year ended 31 December 2011.

Inventory taking of assets and liabilities was carried out in accordance with the Accounting Act. The resulting inventory-count differences were accounted for and recognized in the Company's accounting records in 2011.

### **3. Supplementary information and explanatory notes ("Supplementary information")**

The supplementary information and explanatory notes provided in the financial statements for the year ended 31 December 2011 have been, in all material respects, prepared in compliance with the International Financial Reporting Standards as adopted by the European Union.

### **4. Management's Report on the Company's business operations**

We have read the Management's Report on the Company's business operations conducted in the period from 1 January 2011 to 31 December 2011 and on the principles for preparation of the annual financial statements (the "Management's Report"), and concluded it is consistent with the disclosures made in the accompanying financial statements. The information provided in the Management's Report complies with the applicable provisions of the Regulation of the Minister of Finance of 19 February 2009 regarding current and periodic information to be

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published by issuers of securities and conditions for recognizing as equivalent the information required by laws of non-EU member states (Journal of Laws of No. 33, item 259, as amended).

## **5. Legal compliance**

We have received a written confirmation issued by the Company's Management Board that during the financial year reported there were no cases of violation of any legal regulations or provisions of the Company's articles of association that would affect the financial statements.

Warsaw, 23 February 2012

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