



**ANNUAL REPORT
OF ASSECO SOUTH EASTERN EUROPE S.A.
FOR THE YEAR ENDED
31 DECEMBER 2011**

Rzeszów, 23 February 2012



PRESIDENT'S LETTER
ASSECO SOUTH EASTERN EUROPE S.A.

Rzeszów, 23 February 2012

Dear Shareholders,

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

Strategy and organization

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

Jump into the future

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

Acquisitions

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

Significant achievements in individual segments

The main achievements within our operating activities in 2011 included:

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

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

Piotr Jeleński

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



**MANAGEMENT'S REPORT ON BUSINESS OPERATIONS
OF ASSECO SOUTH EASTERN EUROPE S.A.
FOR 12 MONTHS ENDED
31 DECEMBER 2011**

Rzeszów, 23 February 2012

**MANAGEMENT'S REPORT ON BUSINESS OPERATIONS
OF ASSECO SOUTH EASTERN EUROPE S.A.
FOR 12 MONTHS ENDED 31 DECEMBER 2011**

| Table of contents | Page |
|--|-------------|
| 1. GENERAL INFORMATION ON THE ISSUER..... | 6 |
| 2. BUSINESS PROFILE OF THE ISSUER | 6 |
| 3. SHAREHOLDERS STRUCTURE..... | 7 |
| 4. SHARES HELD BY MANAGEMENT AND SUPERVISORY PERSONNEL | 8 |
| 5. AGREEMENTS WHICH MAY RESULT IN CHANGES OF THE EQUITY INTERESTS HELD | 8 |
| 6. ISSUER'S DEVELOPMENT POLICY | 9 |
| 7. KEY PRODUCTS, GOODS FOR RESALE, AND SERVICES | 9 |
| 8. SELLING MARKETS | 9 |
| 9. SIGNIFICANT AGREEMENTS CONCLUDED BY THE COMPANY | 10 |
| 10. KEY ECONOMIC AND FINANCIAL FIGURES..... | 10 |
| a) Financial results of Asseco South Eastern Europe S.A. for 2011 | 10 |
| b) Structure of the Balance Sheet of Asseco South Eastern Europe S.A. | 10 |
| c) Structure of the Statement of Cash Flows | 11 |
| d) Analysis of financial ratios | 12 |
| 11. SIGNIFICANT EVENTS WITH IMPACT ON BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE | 13 |
| 12. EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE ISSUER'S DEVELOPMENT..... | 13 |
| 13. SIGNIFICANT RISK FACTORS AND THREATS..... | 14 |
| a) Material risk factors involved in the Issuer's business environment..... | 14 |
| b) Material risk factors involved in the Company's business operations | 15 |
| 14. ORGANIZATIONAL AND EQUITY RELATIONSHIPS OF THE ISSUER | 16 |
| 15. RELATED PARTY TRANSACTIONS..... | 18 |
| 16. AGREEMENTS FOR BANK LOANS AND BORROWINGS | 18 |
| 17. LOANS GRANTED DURING THE FINANCIAL YEAR..... | 18 |
| 18. SURETIES AND GUARANTIES | 18 |
| 19. UTILIZATION OF PROCEEDS FROM THE ISSUANCE..... | 18 |
| 20. EXPLANATION OF DIFFERENCES BETWEEN THE FINANCIAL RESULTS DISCLOSED IN THE ANNUAL REPORT AND PREVIOUS FINANCIAL FORECASTS FOR THE YEAR | 18 |
| 21. ASSESSMENT OF THE FINANCIAL RESOURCES MANAGEMENT..... | 19 |
| 22. FEASIBILITY OF INVESTMENT PLANS | 19 |
| 23. CHANGES IN THE PRINCIPLES OF COMPANY AND GROUP MANAGEMENT..... | 19 |
| 24. AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND ITS MANAGEMENT AND SUPERVISORY PERSONNEL.... | 19 |
| 25. REMUNERATION DUE TO THE ISSUER'S MANAGEMENT AND SUPERVISORY PERSONNEL | 19 |
| 26. MONITORING OF EMPLOYEE STOCK OPTION PLANS..... | 20 |
| 27. AGREEMENT WITH THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS | 20 |
| 28. REMUNERATION PAID OR PAYABLE TO THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS | 20 |
| 29. SIGNIFICANT OFF-BALANCE-SHEET ITEMS | 20 |
| 30. INFORMATION ON PENDING LEGAL PROCEEDINGS CONCERNING LIABILITIES OR RECEIVABLES OF ASSECO SOUTH EASTERN EUROPE S.A. OR ITS SUBSIDIARY COMPANIES..... | 20 |
| 31. INFORMATION ON THE ISSUER..... | 20 |
| MANAGEMENT BOARD DECLARATIONS..... | 22 |

1. GENERAL INFORMATION ON THE ISSUER

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

2. BUSINESS PROFILE OF THE ISSUER

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

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

Asseco South Eastern Europe S.A. holds equity in the following subsidiaries:

| | Country of registration | Voting interest | | Equity interest | |
|--|-------------------------|-----------------|--------------|-----------------|--------------|
| | | 31 Dec. 2011 | 31 Dec. 2010 | 31 Dec. 2011 | 31 Dec. 2010 |
| Asseco SEE d.o.o., Beograd | Serbia | 100% | 100% | 100% | 100% |
| Asseco SEE d.o.o., (Zagreb) ¹⁾ | Croatia | 100% | 100% | 100% | 100% |
| Asseco SEE s.r.l., (Bucharest) | Romania | 100% | 100% | 100% | 100% |
| Asseco SEE Sh.p.k.,(Pristina) | Kosovo | 100% | 100% | 100% | 100% |
| Asseco SEE Teknoloji A.Ş., (Istanbul) ²⁾ | Turkey | 100% | 100% | 100% | 100% |
| EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş., (Istanbul) ²⁾ | Turkey | n/a | 100% | n/a | 100% |
| Biro Data Servis d.o.o., (Zagreb) ¹⁾ | Croatia | n/a | 100% | n/a | 100% |
| Asseco SEE d o.o., (Sarajevo) ³⁾ | Bosnia & Herzegovina | 50% | 50% | 50% | 50% |
| Asseco SEE o.o.d., Sofia | Bulgaria | 100% | 49% | 100% | 49% |
| Asseco SEE d.o.o., (Grosuplje) ⁴⁾ | Slovenia | 50% | n/a | 50% | n/a |
| Altius Bulgaria EOOD, (Sofia) | Bulgaria | 100% | n/a | 100% | n/a |
| ITD Poland Sp. z o.o., (Warsaw) | Poland | 100% | 100% | 100% | 100% |

¹⁾ On 3 January 2011, there was registered a merger of Asseco SEE d.o.o. (Zagreb) (the taking-over company) with Biro Data Servis d.o.o. (the acquired company);

²⁾ On 6 June 2011, there was registered a merger of ITD A.Ş. (Istanbul) (the taking-over company) with EST A.Ş. (Istanbul) (the acquired company). On 18 July 2011, the company of ITD A.Ş. (Istanbul) was renamed as Asseco SEE Teknoloji A.Ş. (Istanbul);

³⁾ On 15 April 2011, the company of Cardinfo BDS d.o.o. (Sarajevo) was renamed as Asseco SEE d.o.o. (Sarajevo);

⁴⁾ On 28 October 2011, the company of Simt Cardinfo d.o.o. (Grosuplje) was renamed as Asseco SEE d.o.o. (Grosuplje).

3. SHAREHOLDERS STRUCTURE

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

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

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

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

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

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

In the period of 12 months ended 31 December 2011, Asseco Poland S.A. reduced its equity and voting interest in Asseco South Eastern Europe S.A. from 51.96% to 51.06%, EBRD decreased its equity and voting interest in Asseco South Eastern Europe S.A. from 9.43% to 9.27%, whereas, Liatris d.o.o. reduced its equity and voting interest in Asseco South Eastern Europe S.A. from 7.53% to 7.40%, in each case as a result of the share capital increase through the issuance of series T shares that was registered by the District Court in Rzeszów on 28 June 2011.

4. SHARES HELD BY MANAGEMENT AND SUPERVISORY PERSONNEL

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

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

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

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

¹⁾ Adam Góral, Member of the Supervisory Board of Asseco South Eastern Europe S.A. is a shareholder in Asseco Poland S.A. which in turn is a shareholder in Asseco South Eastern Europe S.A.; as at 31 December 2011 Asseco Poland S.A. held 26,494,676 shares in Asseco South Eastern Europe S.A.

²⁾ Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe S.A. is a shareholder in the company Liatris d.o.o. which in turn is a shareholder in Asseco South Eastern Europe S.A.; as at 31 December 2011 Liatris d.o.o. held 3,838,683 shares in Asseco South Eastern Europe S.A.

³⁾ Miljan Mališ, Member of the Management Board of Asseco South Eastern Europe S.A., a shareholder in the company of Mini Invest d.o.o. which in turn is a shareholder in Asseco South Eastern Europe S.A.; as at 31 December 2011 Mini Invest d.o.o. held 835,597 shares in Asseco South Eastern Europe S.A.

⁴⁾ Miodrag Mirčetić, Member of the Management Board of Asseco South Eastern Europe S.A. is a shareholder in the company I4-INVENTION d.o.o. which in turn is a shareholder in Asseco South Eastern Europe S.A.; as at 31 December 2011 I4-INVENTION d.o.o. held 1,772,971 shares in Asseco South Eastern Europe S.A.

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

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

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

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

6. ISSUER'S DEVELOPMENT POLICY

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

Investing activities

Asseco South Eastern Europe S.A. is actively engaged in take-over and acquisition activities.

In July 2011, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of 50% of shares in SIMT Cardinfo d.o.o. (presently Asseco SEE d.o.o. (Grosuplje)). The agreement became effective upon the fulfilment of a condition precedent, i.e. approval of the above-mentioned transaction by the competent court of Slovenia. The court's consent became final and binding on 10 October 2011. On 19 October 2011, the Company signed an agreement to acquire 100% of shares in the Bulgarian company Altius Bulgaria EOOD, Sofia. Both the above-mentioned companies are engaged in the provision of card payment solutions.

Furthermore, Asseco South Eastern Europe S.A. conducts negotiations with several other companies operating in the SEE region as well as in other emerging markets which may result in successive acquisitions in 2012, although they are not a strategic priority for 2012.

Holding activities

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

7. KEY PRODUCTS, GOODS FOR RESALE, AND SERVICES

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

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

8. SELLING MARKETS

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

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

In 2011, as part of other operating activities, Asseco South Eastern Europe S.A. generated some sales of software, services and hardware to the banking sector as it participated in a contract implemented by one of its subsidiaries.

9. SIGNIFICANT AGREEMENTS CONCLUDED BY THE COMPANY

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

The Company's operations were significantly affected by the agreements for the acquisition of shares in SIMT Cardinfo d.o.o. (Grosuplje) as well as in Altius Bulgaria EOOD, Sofia. The above-mentioned transactions are described in explanatory note 11 to the annual financial statements of Asseco South Eastern Europe S.A. for 2011.

10. KEY ECONOMIC AND FINANCIAL FIGURES

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

a) Financial results of Asseco South Eastern Europe S.A. for 2011

| | 3 months ended 31 Dec. 2011 (unaudited) | 3 months ended 31 Dec. 2010 (unaudited) | 12 months ended 31 Dec. 2011 (audited) | 12 months ended 31 Dec. 2010 (audited) |
|------------------------------------|--|--|---|---|
| Dividend income | - | - | 21,227 | 20,200 |
| General administrative expenses | (608) | (87) | (1,027) | (1,234) |
| Financial income | 570 | 393 | 4,945 | 1,230 |
| Financial expenses | (220) | (1,063) | (8,174) | (313) |
| Operating profit | (1,034) | (81) | 20,002 | 19,149 |
| Net profit for the period reported | (591) | (463) | 16,864 | 20,202 |

Asseco South Eastern Europe S.A. is engaged in holding operations, which substantially determines the structure of its profit and loss account. Most revenues recognized by Asseco South Eastern Europe S.A. are represented by dividend income, which amounted to PLN 21,227 thousand in 2011.

b) Structure of the Balance Sheet of Asseco South Eastern Europe S.A.

| Structure of assets | 31 Dec. 2011 PLN '000 | 31 Dec. 2010 PLN '000 | 31 Dec. 2011 % | 31 Dec. 2010 % |
|--|-----------------------------|-----------------------------|----------------------|----------------------|
| Non-current assets | 569,671 | 577,752 | 97% | 97% |
| Property, plant and equipment, and intangible assets | 577 | 396 | 0% | 0% |
| Investments in subsidiary companies | 567,785 | 576,599 | 97% | 97% |
| Other | 1,309 | 757 | 0% | 0% |
| Current assets | 18,016 | 14,921 | 3% | 3% |
| Trade accounts receivable and deferred expenses | 328 | 823 | 0% | 0% |
| Cash and cash deposits | 4,950 | 13,647 | 1% | 3% |
| Other | 12,738 | 451 | 2% | 0% |
| TOTAL ASSETS | 587,687 | 592,673 | 100% | 100% |

The structure of assets of Asseco South Eastern Europe S.A. is dominated by investments in subsidiary companies. Over the period from 31 December 2010 to 31 December 2011, total investments in subsidiary companies decreased by PLN 8,814 thousand as a result of: sale of shares worth PLN 6,530 thousand in EST A.Ş (Istanbul) to ITD A.Ş (Istanbul);

establishing a revaluation write-down of PLN 6,033 thousand on the investment in Asseco Sh.p.k. (Pristina); acquisition of a 0.33% stake in ITD A.Ş. (Istanbul) worth PLN 108 thousand; enlarging the investment in Asseco SEE o.o.d., Sofia by PLN 548 thousand (following a purchase of a 51% stake); as well as acquisition of shares in two new companies: Asseco SEE d.o.o. (Grosuplje) worth PLN 1,327 thousand, and Altius Bulgaria EOOD (Sofia) worth PLN 1,766 thousand.

| Structure of equity and liabilities | 31 Dec. 2011 | 31 Dec. 2010 | 31 Dec. 2011 | 31 Dec. 2010 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | PLN '000 | PLN '000 | % | % |
| Shareholders' equity | 582,963 | 570,095 | 99% | 97% |
| Non-current liabilities | 6 | 2,258 | 0% | 0% |
| Current liabilities | 4,718 | 20,320 | 1% | 3% |
| Trade accounts payable | 715 | 452 | 0% | 0% |
| Financial liabilities | 1,759 | 17,773 | 0% | 3% |
| Other current liabilities | 2,244 | 2,095 | 0% | 0% |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 587,687 | 592,673 | 100% | 100% |

In line with the adopted strategy, the operations of Asseco South Eastern Europe S.A. are financed primarily with equity. Within the structure of equity and liabilities, over the period from 31 December 2010 to 31 December 2011, our financial liabilities due to the acquisition of shares in the companies of EST A.Ş. (Istanbul) and Asseco SEE o.o.d. (Sofia) decreased following their settlement and partial revision of estimates (the Company recognized a total financial income of PLN 3,890 thousand on the reduced estimates of such liabilities).

c) Structure of the Statement of Cash Flows

| | Year ended 31 Dec. 2011 | Year ended 31 Dec. 2010 |
|---|------------------------------------|------------------------------------|
| | PLN '000 | PLN '000 |
| Net cash provided by (used in) operating activities | 15,681 | (27,763) |
| Net cash provided by (used in) investing activities | (10,320) | (451) |
| Net cash provided by (used in) financing activities | (14,045) | (5,891) |
| Net increase in cash and cash equivalents | 4,950 | 13,647 |

Net inflows from operating activities in 2011 comprise primarily dividends received from subsidiary companies, which are presented under operating activities as the Company operates as a holding company. Operating activity cash flows also include expenditures made for the acquisition of shares, which amounted to PLN 9,809 thousand in 2011 (vs. PLN 53,348 thousand in 2010). Net outflows from investing activities result chiefly from purchases of investment fund participation units with a value of PLN 10,000 thousand. Net outflows from financing activities reflect basically the dividend payment to shareholders of Asseco South Eastern Europe S.A. in the amount of PLN 13,258 thousand.

Whereas, net outflows from operating activities in 2010 resulted from the Company's intensive acquisitions for the amount of PLN 53,348 thousand, which were presented as part of operating activities.

d) Analysis of financial ratios

Profitability ratios

| | Year ended 31 Dec. 2011 | Year ended 31 Dec. 2010 |
|-------------------------------|----------------------------|----------------------------|
| | % | % |
| Return on equity (ROE) | 2.93% | 3.64% |
| Return on assets (ROA) | 2.86% | 3.55% |

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

Both return on equity and return on assets metrics dropped in 2011 as compared to those in 2010 as a result of a decrease in net profit.

Liquidity ratios

| | 31 December 2011 | 31 December 2010 |
|---------------------------------|---------------------|---------------------|
| Working capital | 13,298 | (5,399) |
| Current liquidity ratio | 3.82 | 0.73 |
| Quick liquidity ratio | 3.8 | 0.72 |
| Absolute liquidity ratio | 1.05 | 0.67 |

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

Substantial increases in working capital as well as in all liquidity ratios are basically an effect of a decrease in the amount of short-term liabilities due to the acquisition of shares in the companies of EST A.Ş. (Istanbul) and Asseco SEE o.o.d. (Bulgaria).

Debt ratios

| | 31 December 2011 | 31 December 2010 |
|-------------------------------------|---------------------|---------------------|
| | % | % |
| Debt ratio | 1% | 4% |
| Debt / equity ratio | 0% | 0% |
| Debt / (debt + equity) ratio | 0% | 0% |

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

Both as at 31 December 2011 and 31 December 2010, the Company had no debt under third-party financing.

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

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

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

- mergers of our companies conducted in four countries: Croatia, Turkey, Bosnia, and, after the balance sheet date, also in Bulgaria. We continue to pursue the Group's strategy to have one major company operating in every country of the Balkan region. This is expected to facilitate management of the whole organizational structure, and improve the flow of information among individual operating segments;
- successful completion of acquisitions described in item 9;

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

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

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

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

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

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

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

13. SIGNIFICANT RISK FACTORS AND THREATS

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

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

Risk related to general macroeconomic situation in South Eastern Europe

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

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

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

Risk related to intensified competition in South Eastern Europe

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

Risk of potential legal disputes concerning copyrights

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

Foreign currency exposure risk

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

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

Risk of fluctuations in our revenues and expenditures

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

Risk involved in integration of the Group

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

Risk related to dividends

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

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

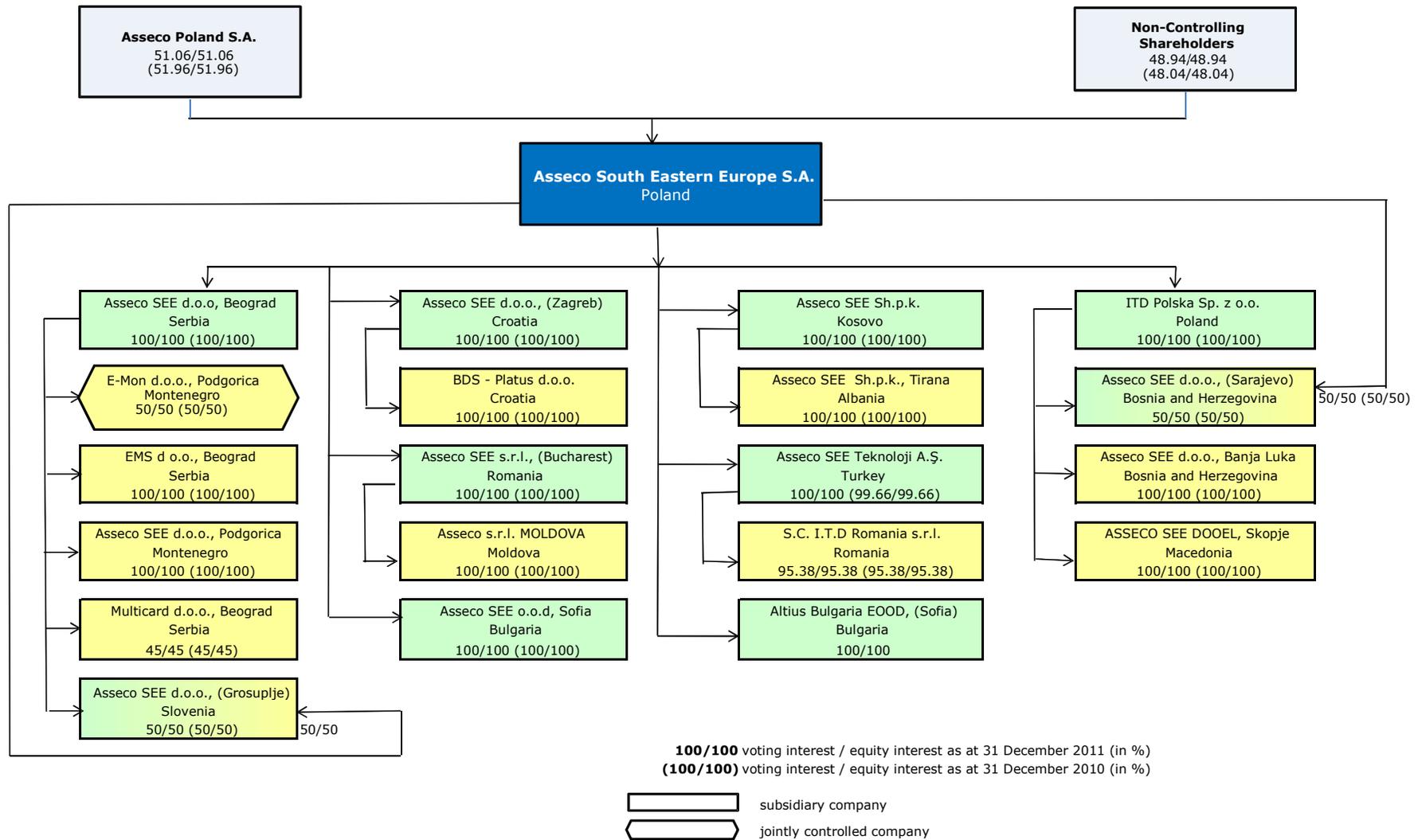
As at the date of publication of this report, Asseco Poland S.A., our majority shareholder, holds 51.06% of shares in our Company. We expect that Asseco Poland S.A. will maintain its position as a majority shareholder and retain significant influence on our Company's business operations. Asseco Poland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

14. ORGANIZATIONAL AND EQUITY RELATIONSHIPS OF THE ISSUER

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

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

COMPOSITION OF THE ASSECO SOUTH EASTERN EUROPE GROUP AS AT 31 DECEMBER 2011



15. RELATED PARTY TRANSACTIONS

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

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

Information on transactions with related companies carried out in the period of 12 months ended 31 December 2011 has been presented in explanatory note 24 to the annual financial statements of Asseco South Eastern Europe S.A. for 2011.

16. AGREEMENTS FOR BANK LOANS AND BORROWINGS

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

On 30 December 2009, Asseco South Eastern Europe S.A. signed with the European Bank for Reconstruction and Development an agreement for an investment loan facility in the maximum amount of EUR 7 million. The loan interest rate equals 3M EURIBOR + margin. The repayment deadline specified in the agreement was 31 January 2016. As at 31 December 2011 and 31 December 2010, the Company had no liabilities under this loan. As the Company did not draw any amounts of this loan facility till 31 December 2011, the loan agreement has been terminated.

17. LOANS GRANTED DURING THE FINANCIAL YEAR

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

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

18. SURETIES AND GUARANTIES

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

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

19. UTILIZATION OF PROCEEDS FROM THE ISSUANCE

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

In the period of 12 months ended 31 December 2011, Asseco South Eastern Europe S.A. issued 902,119 shares of series T with a par value of PLN 10.00 each, which were registered by the District Court in Rzeszów on 28 June 2011. The series T shares were paid up with a non-cash contribution of shares in Asseco SEE A.Ş. (Istanbul).

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

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

21. ASSESSMENT OF THE FINANCIAL RESOURCES MANAGEMENT

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

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

The Company's spare financial resources are invested in financial assets, such as bank deposits and participation units in investment funds.

22. FEASIBILITY OF INVESTMENT PLANS

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

According to the above disclosures, Asseco South Eastern Europe S.A. has got spare cash in the amount of PLN 4.9 million as well as additional funds invested in short-term financial assets, which may 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 S.A.

23. CHANGES IN THE PRINCIPLES OF COMPANY AND GROUP MANAGEMENT

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

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

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

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

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

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

Information on remuneration due to the Issuer's management and supervisory personnel has been disclosed in explanatory note 26 to the annual financial statements of Asseco South Eastern Europe S.A. for 2011.

26. MONITORING OF EMPLOYEE STOCK OPTION PLANS

Information of the monitoring of employee stock option plans.

The Company does not run any employee stock option plans.

27. AGREEMENT WITH THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

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

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

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

Information on remuneration due to the entity authorized to audit financial statements has been presented in explanatory note 27 to the annual financial statements of Asseco South Eastern Europe S.A. for 2011.

29. SIGNIFICANT OFF-BALANCE-SHEET ITEMS

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

Both as at 31 December 2011 and the date of publication of this report, the Company did not carry any significant off-balance-sheet items.

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

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

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

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

31. INFORMATION ON THE ISSUER

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

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

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

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

Rzeszów, 23 February 2012

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

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

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

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

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

Rzeszów, 23 February 2012