



**ANNUAL REPORT
OF ASSECO SOUTH EASTERN EUROPE S.A.
FOR 12 MONTHS ENDED
31 DECEMBER 2012**

Rzeszów, 20 February 2013



**PRESIDENT'S LETTER TO SHAREHOLDERS OF
ASSECO SOUTH EASTERN EUROPE S.A.**

Rzeszów, 20 February 2013

Dear Shareholders,

It is our pleasure to present to you the Annual Report of Asseco South Eastern Europe Group (ASEE) for 2012.

The past year was only the sixth one in the relatively short history of our company. During this time, we have become a regional leader among providers of software and IT services in South Eastern Europe and have also expanded our operations into Turkey. Despite the unfavourable economic situation in the region, last year we managed to generate nearly EUR 111 million in revenues and achieved an operating profit of more than EUR 12.5 million, which confirms our strong market position. When the economy faces hard times, we are trying our best to carry out an internal reorganization of our Group and believe this will stimulate dynamic growth of ASEE in the future.

During 2012, we continued the process of building and development of ASEE, while focusing on the operational integration of our organization. The Group is managed in a matrix environment, which is currently dominated by two dimensions: geographical management which aims at full integration of operations within each country, and business management whose task is to unify the strategies adopted for our key product groups. For some time we have been implementing the third dimension of the organizational matrix – integrated function-oriented management, which involves the centralization and standardization of procedures within the key organizational functions, such as sales, project management, finance, human resources, marketing and public relations.

Last year we focused primarily on the strategic reorganization of our sales process. The management team of ASEE S.A. was joined by a Head of Group Sales responsible for sales in the entire Group. This reorganization also resulted in appointing Sales Directors for our segments of Banking Solutions and Payment Solutions, as well as in creating the position of a Solution Sales Specialist (SOS), this is an expert responsible for selling individual strategic solutions. We believe that these changes will facilitate the development of a more coherent sales strategy in our operating segments, as well as enable better coordination of the Group's key customer service, and a clear allocation of responsibility for the sale of certain solutions or products. We also expect that the sales process reorganization is going to boost our sales revenues, especially in New Markets (meaning new markets for our products, irrespective of whether they are located within or outside the existing geographical coverage of the Group's operations).

A top priority of the Management Board of ASEE is to further concentrate on increasing the value of sales in New Markets, both in 2013 and in subsequent years. In 2012, revenues generated in New Markets reached EUR 13 million, improving by more than EUR 4.5 million or 53% as compared to the previous year. In 2013, we would like to achieve a slightly higher rate of growth, among others, by taking advantage of the newly established mechanisms that stimulate mutual sales of proprietary solutions by various companies of ASEE Group (cross-selling).

Another important goal for 2013, and for the next years, is to unify and promote the ASEE Group's product portfolio, with a special emphasis on several solutions demonstrating the highest potential for international growth. These solutions will be supported by an independent product strategy and a dedicated Solution Sales Specialist, whose major role will be to provide assistance in the distribution of a given solution in New Markets. In our opinion, selected products of ASEE Group are able to compete effectively in the emerging markets (also outside the territory of our current operations), which we are planning to enter primarily through collaboration with local partners.

Acquisitions continue to be one of the key pillars of the ASEE Group's development. In 2012, we strengthened our presence in Turkey through the acquisition of Sigma, which specializes in the development of web-based solutions for business. Sigma offers primarily enterprise asset management solutions as well as software solutions dedicated to the leasing industry. Sigma's clients include institutions from the sectors of finance, telecommunication and public administration. IT solutions provided by Sigma are complementary to the ASEE's product portfolio and will be distributed internationally. We hope to conduct further valuable transactions in 2013 in order to expand the existing offering of ASEE Group.

We are also satisfied with the organic growth achieved by ASEE Group in 2012. Last year was particularly favourable for internet payment solutions, including the NestPay Payment Gateway, whose sales surged by 36% when compared to the prior year. Solid financial results generated by our banking solutions confirm that ASEE is a strong player in this segment of the market. During 2012, we implemented several significant contracts, including the implementations of: InACT risk management and anti-money laundering solutions for two banks in Turkey; NestPay online card payment solution for a bank in Turkey; ASEBA Core Banking Intranet system for a bank in Bosnia and Herzegovina; mobile token solution for a bank in Romania; and ASEBA JiMBa m-banking system for a bank in Croatia. Concurrently, our orders backlog for 2013 increased by over 5 percentage points as compared to the corresponding period last year, which justifies some cautious optimism in assessing the ASEE Group's business prospects.

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 2012 accomplishments lay a solid foundation for further development of Asseco South Eastern Europe in the years to come.

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



**MANAGEMENT'S REPORT ON BUSINESS OPERATIONS
ASSECO SOUTH EASTERN EUROPE S.A.
FOR 12 MONTHS ENDED
31 DECEMBER 2012**

Rzeszów, 20 February 2013

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OF ASSECO SOUTH EASTERN EUROPE S.A.
FOR 12 MONTHS ENDED 31 DECEMBER 2012**

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1. GENERAL INFORMATION ON THE ISSUER

Asseco South Eastern Europe S.A. (the "Company", "Issuer", "ASEE S.A.") 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. The Company has been listed on the Warsaw Stock Exchange since 28 October 2009.

2. MERGER OF ASEE S.A. WITH ITD POLAND SP. Z O.O.

The Merger Plan for the combination of ASEE S.A. with its subsidiary ITD Poland was signed on 29 February 2012. On 1 June 2012 the District Court in Rzeszów, XII Commercial Department of the National Court Register, made an entry in the register of entrepreneurs of the Company's merger with ITD Poland. The merger was conducted pursuant to article 492 § 1 item 1 of the Polish Commercial Companies Code, this is by transferring all the assets of ITD Poland (the Acquired Company) to ASEE S.A. (the Taking-over Company). Following the merger, the company of ITD Poland has been dissolved without going into liquidation. The merger aimed at enhancing the business potential of the merging companies and improving their ability to effectively compete in the local and European markets. It is also expected that the merger will contribute significantly to the financial stability of business operations and, in a longer run, to the creation of higher value for shareholders of our Company.

3. BUSINESS PROFILE OF THE ISSUER

Asseco South Eastern Europe S.A. is engaged in holding operations which involve investments in new IT companies of South Eastern Europe and Turkey, as well as management of companies that have been already incorporated into Asseco South Eastern Europe Group in that region. Since 1 June 2012, this is from the merger with its subsidiary ITD Poland, ASEE S.A. has been also engaged in the sales of services and software for voice automation solutions, payment systems and mobile communication.

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

Company	Short name	Seat	Equity interest held	
			31 Dec. 2012	31 Dec. 2011
Asseco SEE d.o.o., Beograd	ASEE Serbia	Serbia	100%	100%
Asseco SEE d.o.o., (Zagreb)	ASEE Croatia	Croatia	100%	100%
Asseco SEE s.r.l., (Bucharest)	ASEE Romania	Romania	100%	100%
Asseco SEE Sh.p.k., (Pristina)	ASEE Kosovo	Kosovo	100%	100%
Asseco SEE Teknoloji A.Ş., (Istanbul)	ASEE Turkey	Turkey	100%	100%
Sigma Danışmanlık ve Uygulama Merkezi A.Ş (Istanbul) ⁵⁾	Sigma, Turkey	Turkey	87%	-
Asseco SEE d.o.o., (Grosuplje) ¹⁾	ASEE Slovenia	Slovenia	100%	50%
Asseco SEE o.o.d., Sofia ²⁾	ASEE Bulgaria	Bulgaria	100%	100%
Altius Bulgaria EOOD, (Sofia) ²⁾	Altius, Bulgaria	Bulgaria	-	100%
ITD Poland Sp. z o.o., (Warsaw) ³⁾	ITD Poland	Poland	-	100%
Asseco SEE d.o.o., (Sarajevo) ⁴⁾	ASEE B&H	Bosnia & Herzegovina	100%	50%
Asseco SEE DOOEL, Skopje ⁴⁾	ASEE Macedonia	Macedonia	100%	-

1) On 18 April 2012, ASEE S.A. acquired a 50% stake in ASEE Slovenia from ASEE Serbia. Following this transaction, ASEE S.A. has become a direct owner of 100% of shares in ASEE Slovenia.

- 2) On 10 February 2012, there was registered a merger of ASEE Bulgaria (the taking-over company) with Altius, Bulgaria (the acquired company).
- 3) On 1 June 2012, there was registered a merger of ASEE S.A. (the taking-over company) with ITD Poland (the acquired company).
- 4) As a result of the merger of ASEE S.A. and ITD Poland, ASEE S.A. has become a direct owner of 100% of shares in the following companies: ASEE Macedonia, ASEE B&H (Sarajevo), and ASEE B&H (Banja Luka). ASEE B&H (Sarajevo) and ASEE B&H (Banja Luka) merged on 19 July 2012.
- 5) ASEE S.A. acquired an 86.68% stake in Turkey-based Sigma on 14 September 2012.

4. SHAREHOLDERS STRUCTURE

According to the best knowledge of the Management Board of Asseco South Eastern Europe S.A., the shareholders who as at 20 February 2013 as well as at 31 December 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%

Both as at 31 December 2012 and 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.

5. 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 shares held by the Company's management and supervisory staff:

Supervisory Board Members	Number of shares held as at			
	20 February 2013	31 Dec. 2012	24 October 2012	31 Dec. 2011
Adam Góral ¹⁾	-	-	-	-
Jacek Duch	-	-	-	-
Jan Dauman	-	-	-	-
Andrzej Mauberg	-	-	-	-
Mihail Petreski ²⁾	-	-	-	-
Przemysław Sęczkowski	-	-	-	-
Gabriela Żukowicz	150	150	150	150

Management Board Members	Number of shares held as at			
	20 February 2013	31 Dec. 2012	24 October 2012	31 Dec. 2011
Piotr Jeleński	550	550	550	550
Hatice Ayas	-	-	-	21,364
Calin Barseti	-	-	-	-
Miljan Mališ ³⁾	-	-	-	-
Miodrag Mirčetić ⁴⁾	-	-	-	-
Dražen Pehar	949,900	949,900	949,900	949,900
Marcin Rulnicki ⁵⁾	-	-	-	n/a
Rafał Kozłowski ⁶⁾	n/a	n/a	n/a	150

¹⁾ Adam Góral, Member of the Supervisory Board of ASEE S.A. and a shareholder in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; as at 31 December 2012, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

²⁾ Mihail Petreski, Member of the Supervisory Board of ASEE S.A. and a shareholder in the company Liatris d.o.o. which in turn is a shareholder in ASEE S.A.; as at 31 December 2012, Liatris d.o.o. held 3,838,683 shares in ASEE S.A.

³⁾ Miljan Mališ, Member of the Management Board of ASEE S.A. and a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A.; as at 31 December 2012, Mini Invest d.o.o. held 835,597 shares in ASEE S.A.

⁴⁾ Miodrag Mirčetić, Member of the Management Board of ASEE S.A. and a shareholder in the company I4-INVENTION d.o.o. which in turn is a shareholder in ASEE S.A.; as at 31 December 2012, I4-INVENTION d.o.o. held 1,772,971 shares in ASEE S.A.

⁵⁾ Marcin Rulnicki was appointed as Member of the Management Board on 24 May 2012.

⁶⁾ Rafał Kozłowski resigned from the position of Vice President of the Management Board of ASEE S.A. as of 1 June 2012.

6. 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.

7. 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 as well as on extending its geographical coverage and product portfolio (holding activities). Since 1 June 2012, this is from the merger with its subsidiary ITD Poland, ASEE S.A. has been also engaged in the sales of services and software for voice automation solutions, payment systems and mobile communication. Because ASEE S.A. is primarily engaged in holding operations, any directions of the Company's development need to be examined taking into account the development and business performance of the entire group of Asseco South Eastern Europe, as described in the Management's Report on the Group's Business Operations in 2012, which has been published on 20 February 2013.

8. 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.

At present, Asseco South Eastern Europe S.A. is engaged in holding activities involving management of its Group of companies, as well as in operating activities involving sales of services and software for voice automation solutions, payment systems, and mobile communication.

9. 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.

Dividend income received from subsidiary companies represents the largest portion of the Company's total revenues. Revenues from sales of services were recognized from the provision of business and technical support services to the Company's subsidiaries.

In 2012, ASEE S.A. also generated revenues from the sale of services and software for voice automation systems, as well as from the sale of software, services and hardware to the banking sector as it participated in a contract implemented by one of its subsidiaries. Sales of IT services and software were performed in the Polish market.

10. 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 influenced by the acquisition of shares in Sigma, Turkey. The above-mentioned transaction has been described in explanatory note 12 to the annual financial statements of Asseco South Eastern Europe S.A. for 2012.

The business profile of ASEE S.A. was also affected by its merger with ITD Poland.

11. 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 2012

	Year ended 31 Dec. 2012	Year ended 31 Dec. 2011
	PLN '000	PLN '000
Dividend income	44,774	21,227
Revenues from sales of services	10,123	3,391
Cost of sales (-)	(8,456)	(3,391)
Selling expenses (-)	(1,795)	-
General administrative expenses (-)	(52)	(1,027)
Operating profit	45,830	20,002
Net profit for the reporting period	46,712	16,864

Asseco South Eastern Europe S.A. is primarily engaged in holding operations, which substantially determines the structure of its income statement. Most revenues recognized by ASEE S.A. represent dividend income, which amounted to PLN 44,774 thousand in 2012.

b) Structure of the statement of financial position of ASEE S.A.

Structure of assets	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011
	PLN '000	PLN '000	%	%
Non-current assets	597,200	569,671	97%	97%
Property, plant and equipment, and intangible assets	686	577	0%	0%
Goodwill arising from a merger	4,567	-	1%	-
Investments in subsidiary companies	588,840	567,785	95%	97%
Other	3,107	1,309	1%	0%
Current assets	19,401	18,016	3%	3%
Trade receivables and prepayments	3,458	328	1%	0%
Cash and cash deposits	2,644	4,950	0%	1%
Current financial assets	12,648	10,171	2%	2%
Other	651	2,567	0%	0%
TOTAL ASSETS	616,601	587,687	100%	100%

The structure of assets of ASEE S.A. is dominated by investments in subsidiary companies. Over the period from 31 December 2011 to 31 December 2012, the total value of such investments increased by PLN 21,055 thousand.

Investments in subsidiary companies increased following the acquisition of an 86.68% stake in Sigma, Turkey. The value of investment recognized on this transaction currently amounts to PLN 25,333 thousand. Additionally, as a result of the merger of ASEE S.A. and ITD Poland, the value of investment in ITD Poland decreased by PLN 124,962 thousand; whereas, investments in the companies of ASEE Macedonia and ASEE B&H (subsidiaries of ITD Poland) have been transferred directly to ASEE S.A. and valued at PLN 98,480 thousand (ASEE Macedonia) and PLN 21,199 thousand (ASEE B&H).

Owing to the acquisition of a 50% stake in ASEE Slovenia from ASEE Serbia, ASEE S.A. has become a direct owner of 100% of shares in ASEE Slovenia, while the value of this investment grew by PLN 1,005 thousand.

A new item disclosed in the Company's assets is goodwill recognized on the merger of ASEE S.A. and ITD Poland, in the amount of PLN 4,567 thousand.

Structure of equity and liabilities	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011
	PLN '000	PLN '000	%	%
Shareholders' equity	612,197	582,963	99%	99%
Non-current liabilities	583	6	0%	0%
Current liabilities	3,821	4,718	1%	1%
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	616,601	587,687	100%	100%

In line with the adopted strategy, the operations of ASEE S.A. are financed primarily with equity. In 2012, the structure of equity and liabilities remained unchanged.

c) Structure of the statement of cash flows

	Year ended 31 Dec. 2012 PLN '000	Year ended 31 Dec. 2011 PLN '000
Net cash provided by (used in) operating activities	19,179	15,681
Net cash provided by (used in) investing activities	(2,683)	(10,320)
Net cash provided by (used in) financing activities	(18,798)	(14,045)
Net increase in cash and cash equivalents	2,644	4,950

Cash inflows generated from operating activities in 2012 comprise primarily dividends received from subsidiary companies in the amount of PLN 42,427 thousand, proceeds from the disposal of shares in EST A.Ş. amounting to PLN 2,173 thousand, and expenditures for the acquisition of shares in Sigma Turkey, ASEE Bulgaria and ASEE Slovenia in the total amount of PLN 26,991 thousand (presented under operating activities because ASEE S.A. operates as a holding company). Cash inflows from investing activities were related primarily to the disposal of participation units in investment funds (PLN 10,299 thousand) and investments in cash deposits with maturities of over 3 months (PLN -12,509 thousand). Net outflows from financing activities reflect basically the dividend payment to shareholders of ASEE S.A. (PLN 18,682 thousand)

d) Analysis of financial ratios

Profitability ratios

	Year ended 31 Dec. 2012 %	Year ended 31 Dec. 2011 %
Return on equity (ROE)	7.82%	2.93%
Return on assets (ROA)	7.76%	2.86%

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 improved in 2012 as compared to those reported in 2011 as a result of a higher amount of dividends received from subsidiary companies, which contributed to an increase in net profit for the reporting period.

Liquidity ratios

	31 December 2012	31 December 2011
Working capital	15,580	13,298
Current liquidity ratio	5.08	3.82
Quick liquidity ratio	4.91	3.80
Absolute liquidity ratio	4.00	1.05

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 - prepayments) / current liabilities

Absolute liquidity ratio = (bonds and securities held to maturity + cash and short-term bank deposits) / current liabilities

Working capital increased due to an increase in trade receivables; whereas, liquidity ratios improved primarily on higher amount of dividends received.

12. 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:

- financial results of our subsidiary that will determine the amounts of dividends receivable as well as foreign exchange rates at which such dividends will be recognized in the accounting books of ASEE S.A.;
- the merger of ASEE S.A. with its subsidiary ITD Poland. The merger aims at enhancing the business potential of the merging Companies and improving their ability to effectively compete in the local and European markets;
- acquisition of shares in Sigma, Turkey.

13. 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.

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

- economic growth in the region of Southeastern Europe, given a possible recession and actions currently undertaken by individual countries in order to overcome the crisis, and with a view to the future economic conditions and eventual return to sustainable 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 SEE countries;
- 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, Bulgaria and Croatia, as well as pre-accession funds in 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 debt financing for customers;
- 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 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.

14. 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

ASEE S.A. is the parent company of the Group which runs operations in the countries of South Eastern Europe and Turkey. 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, business operations of ASEE S.A. may be influenced by factors depending on the economic and political stability of the region. 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.

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 ASEE 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 ASEE S.A. and to make further company acquisitions in South Eastern Europe and Turkey. 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. 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, ASEE S.A. made a commitment to distribute at least 30% of its net profits in the form of dividends.

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

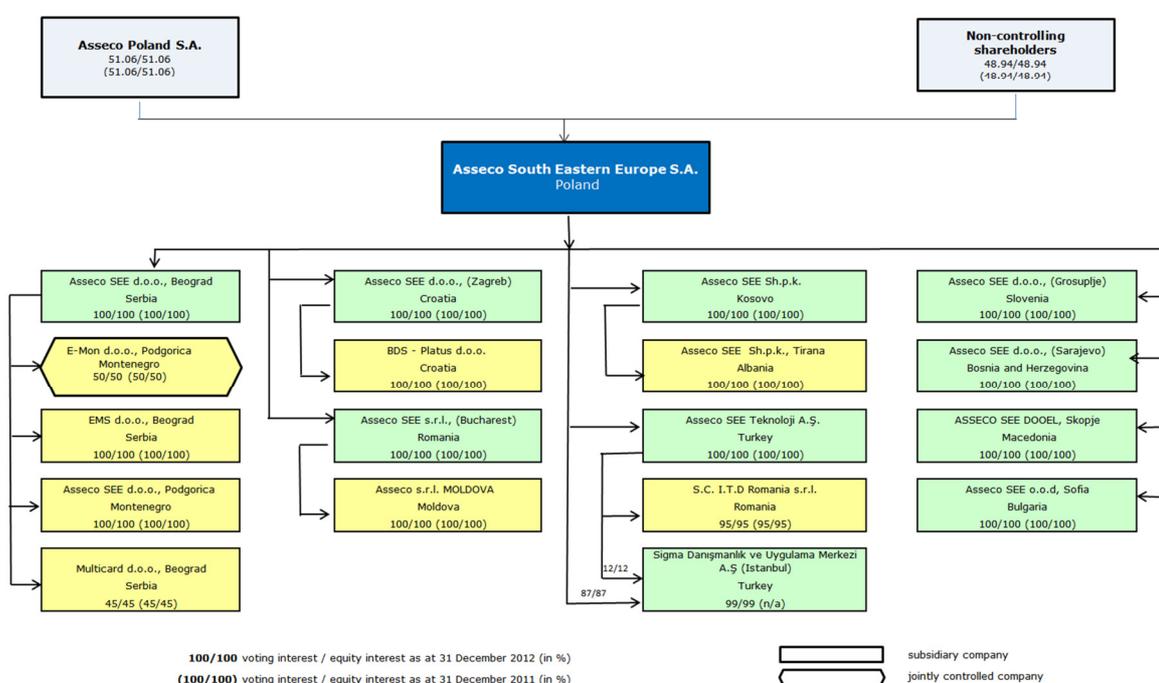
As at the date of publication of this report, Asseco Poland S.A., our majority shareholder, holds 51.06% of shares in our Company. We expect that Asseco Poland S.A. will maintain its position as a majority shareholder and retain significant influence on our Company's business operations. Asseco Poland 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.

15. 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 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 in the chart of organizational structure below:

STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP AS AT 31 DECEMBER 2012



16. 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 2012, 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 2012 has been presented in explanatory note 25 to the annual financial statements of ASEE S.A. for the year 2012.

17. 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 10 September 2012, ASEE S.A. concluded an agreement with ASEE Romania to take a loan of EUR 1,000 thousand. The loan interest rate equalled 3M EURIBOR + margin. The entire amount of the loan was paid back by ASEE S.A. on 21 September 2012.

On 10 September 2012, ASEE S.A. entered into a loan agreement with ASEE Croatia for the amount of HRK 7,448 thousand (being equivalent of EUR 1,000 thousand). The loan interest rate equalled 7%. ASEE S.A. repaid this loan entirely on 20 September 2012.

18. 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.

On 29 June 2012, Asseco South Eastern Europe S.A. granted a loan of EUR 200 thousand to its subsidiary ASEE Bulgaria. The loan interest rate equalled 2M EURIBOR + margin. All the amounts due under this loan were repaid in third quarter of 2012.

19. 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 2012, Asseco South Eastern Europe S.A. did not grant or obtain any sureties or guaranties.

20. 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 2012, Asseco South Eastern Europe S.A. did not issue any new shares.

21. 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 the year reported.

22. 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.

During the 12-month period ended 31 December 2012, Asseco South Eastern Europe S.A. had no problems with timely settlement of its trade payables, 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.

23. 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.

As at 31 December 2012, Asseco South Eastern Europe S.A. held PLN 2.6 million of spare cash, which may be appropriated for the planned company acquisitions in the region of South Eastern Europe. Such planned acquisitions will be financed partially from the Company's own funds, but it is also probable that the Company will seek external sources of financing. Furthermore, the Company may choose to finance its investment plans through the issuance of new shares.

24. CHANGES IN THE POLICIES OF COMPANY AND GROUP MANAGEMENT

In 2012 the policies applied for managing the company of ASEE S.A. remained unchanged; whereas, changes in the Group's management policies have been described in the Management's report on business operations of the Group for the year 2012.

25. 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.

ASEE S.A. did not sign any agreements of such nature.

26. 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 27 to the annual financial statements of Asseco South Eastern Europe S.A. for the year 2012.

27. MONITORING OF EMPLOYEE SHARE OPTION PLANS

Information of the monitoring of employee share option plans.

The Company does not run any employee share option plans.

28. 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 ASEE S.A. drawn up for the period of 12 months ended 31 December 2012 was signed on 24 July 2012.

29. 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 28 to the annual financial statements of Asseco South Eastern Europe S.A. for the year 2012.

30. SIGNIFICANT OFF-BALANCE-SHEET ITEMS

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

Both as at 31 December 2012 and the date of publication of this report, the Company did not carry any significant off-balance-sheet items.

31. 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.

32. 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 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 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 2012.

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

Piotr Jeleński	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
Marcin Rulnicki	Member of the Management Board

Rzeszów, 20 February 2013

