**ASSECO SOUTH EASTERN EUROPE GROUP**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**WITH THE OPINION OF THE INDEPENDENT STATUTORY AUDITOR**

**PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**16 March 2010**

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**FOR THE YEAR ENDED 31 DECEMBER 2009**

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

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

Person responsible for keeping accounting ledgers:

| | | |
|---|---|---|
| Lucyna Pieniążek | Chief Accountant | ----------------------------- |

# OPINION OF THE INDEPENDENT AUDITOR

## OPINION OF THE INDEPENDENT AUDITOR

## CONSOLIDATED PROFIT AND LOSS ACCOUNT
## for the year ended 31 December 2009

| | Note | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|---|
| ***Continuing operations*** | | | |
| **Revenues on sales** | 1.1. | **436,654** | **339,166** |
| **Cost of goods sold (-)** | 1.2. | **(332,065)** | **(256,480)** |
| **Gross sales profit** | | **104,589** | **82,686** |
| Sales costs (-) | 1.2. | (20,086) | (15,444) |
| Overhead costs (-) | 1.2. | (27,524) | (22,068) |
| **Net sales profit** | | **56,979** | **45,174** |
| Other operating income | 1.3. | 1,501 | 855 |
| Other operating expenses (-) | 1.4. | (2,735) | (1,416) |
| **Operating profit** | | **55,745** | **44,613** |
| Financial income | 1.5. | 3,154 | 1,986 |
| Financial costs (-) | 1.6. | (3,258) | (11,654) |
| Share in the profits of associated entities | | (4) | (4) |
| **Gross profit** | | **55,637** | **34,941** |
| Income tax (current and deferred tax liability) | 1.7. | (8,258) | (3,605) |
| **Net profit on economic activity** | | **47,379** | **31,336** |
| ***Discontinued operations*** | | | |
| Profit (loss) for the financial year on discontinued operations | | - | - |
| **Profit for the reporting period** | | **47,379** | **31,336** |
| **Attributed to:** | | | |
| **Parent company shareholders** | | **38,276** | **16,189** |
| Minority shareholders | | 9,103 | 15,147 |
| **Earnings per share** | | | |
| - basic from the financial year profit Attributable to parent company shareholders | 1.10. | 1.00 | 0.63 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## for the year ended 31 December 2009

| Other comprehensive income | Note | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|---|
| **Net profit for the period** | | **47,379** | **31,336** |
| **Other comprehensive income** | | | |
| FX differences from conversion of foreign entities | | (31,048) | 23,870 |
| Financial assets available for sale | | (7) | 7 |
| Cash flow hedging | | (1,069) | - |
| Dividends paid to minority shareholders | | - | (101) |
| **Net other comprehensive income** | | **15,255** | **55,112** |
| **COMPREHENSIVE INCOME FOR THE PERIOD** | | **15,255** | **55,112** |
| *Comprehensive income attributed to:* | | | |
| Parent company shareholders | | 5,960 | 39,880 |
| Minority shareholders | 2.9. | 9,295 | 15,232 |

# CONSOLIDATED BALANCE SHEET
## As at 31 December 2009

| ASSETS | Note | 31 December 2009 | 31 December 2008 |
|---|---|---|---|
| **Non-current assets** | | **467,213** | **486,158** |
| Property, plant and equipment | 2.1. | 11,392 | 12,832 |
| Investment property | | 889 | 929 |
| Intangible assets | 2.1. | 8,699 | 6,166 |
| Consolidation goodwill | 2.2. | 443,867 | 463,105 |
| Investments in associated entities carried using the equity method | | 33 | 38 |
| Long-term financial assets available for sale | | 48 | 87 |
| Long-term loans | | 33 | 61 |
| Deferred income tax assets | 1.9. | 2,233 | 2,940 |
| Long-term prepayments and accruals | | 19 | - |
| **Current assets** | | **213,205** | **145,645** |
| Inventory | 2.3. | 25,197 | 32,584 |
| Prepayments and accruals | 2.14. | 4,018 | 2,367 |
| Trade receivables | 2.4. | 53,101 | 51,957 |
| Receivables on account of Corporate Income Tax | 2.4. | 1,459 | 2,556 |
| Receivables from the state budget | 2.4. | 5,358 | 5,279 |
| Receivables on account of valuation of IT contracts | 2.17. | 9,650 | 8,440 |
| Other receivables | 2.4. | 8,853 | 1,317 |
| Financial assets available for sale | | 31 | 30 |
| Financial assets held to maturity | 2.5. | 575 | - |
| Short-term loans | | 228 | - |
| Restricted cash | 2.6. | 184 | - |
| Cash and short-term deposits | 2.6. | 104,551 | 41,115 |
| **Non-current assets classified as held for trading** | 2.16. | **2,695** | - |
| **TOTAL ASSETS** | | **683,113** | **631,803** |

# CONSOLIDATED BALANCE SHEET
## As at 31 December 2009

| LIABILITIES AND EQUITY | | 31 December 2009 | 31 December 2008 |
|---|---|---|---|
| **EQUITY (ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS)** | | **578,509** | **296,853** |
| Share capital | 2.7. | 480,375 | 257,700 |
| Share premium account | 2.8. | 26,790 | - |
| Issued but unregistered capital | 2.8. | 25,897 | - |
| Other capital | | 24 | - |
| Revaluation capital | | (1,069) | 7 |
| FX gains from converting subordinated units | | (7,557) | 23,684 |
| Profit (loss) carried forward and current year profit (loss) | | 54,049 | 15,462 |
| **MINORITY SHARE** | 2.9. | **102** | **1,651** |
| **TOTAL EQUITY** | | **578,611** | **298,504** |
| **Long-term liabilities** | | **10,791** | **247,789** |
| Interest-bearing bank credits, loans and debt securities | 2.11. | - | 2,024 |
| Long-term reserves | 2.10. | 192 | 164 |
| Deferred income tax reserves | | 33 | 50 |
| Long-term financial liabilities | 2.12. | 10,317 | 244,307 |
| Deferred income | | 24 | 1,244 |
| Other long-term liabilities | | 225 | - |
| **Short-term liabilities** | | **91,731** | **85,510** |
| Interest-bearing bank credits, loans and debt securities | 2.11. | 3,379 | 483 |
| Trade liabilities | 2.13. | 33,666 | 31,859 |
| Liabilities on account of Corporate Income Tax | 2.13. | 2,205 | 1,197 |
| Liabilities to the state budget | 2.13. | 7,125 | 6,786 |
| Financial liabilities | 2.12. | 9,209 | 10,099 |
| Liabilities on account of valuation of IT contracts | 2.17. | 985 | 971 |
| Other liabilities | 2.13. | 10,936 | 15,339 |
| Short-term reserves | 2.10. | 1,892 | 928 |
| Prepayments and accruals | 2.14. | 9,623 | 8,215 |
| Deferred income | 2.14. | 12,711 | 9,633 |
| **Liabilities directly related to non-current assets classified as held for trading** | 2.16. | **1,980** | **-** |
| **TOTAL LIABILITIES** | | **104,502** | **333,299** |
| **TOTAL LIABILITIES AND EQUITY** | | **683,113** | **631,803** |

# CONSOLIDATED CASH FLOW STATEMENTS
## for the year ended 31 December 2009

| | Note | *Year ended 31 December 2009* | *Year ended 31 December 2008* |
|---|---|---|---|
| **Cash flow on operating activity** | | | |
| Gross profit (loss) on continued operations and profit (loss) on discontinued operations | | 55,637 | 34,941 |
| **Adjustments for the following items:** | | **4,209** | **9,976** |
| Depreciation | | 4,498 | 3,158 |
| Movement in inventories | | 7,809 | (14,472) |
| Movement in receivables | | (7,220) | 1,088 |
| Movement in liabilities | | (865) | 3,874 |
| Movement in prepayments, deferred income and accruals | | 1,255 | 9,698 |
| Movement in reserves | | 1,670 | 583 |
| Interest income and costs | | (498) | 4,050 |
| FX gains (losses) | | 540 | 1,653 |
| Profit (loss) on investing activity | | (563) | (315) |
| Other | | (2,417) | 659 |
| **Net cash on operating activity** | | **59,846** | **44,917** |
| Paid income tax | | (6,338) | (7,156) |
| **Net cash on operating activity** | | **53,508** | **37,761** |
| **Cash flow on investing activity** | | | |
| Proceeds on the sale of property, plant and equipment | | 405 | 955 |
| Acquisition of tangible non-current assets | | (5,419) | (2,625) |
| Acquisition of intangible assets | | (4,258) | (4,113) |
| Acquisition of financial assets available for sale | | - | (43) |
| Proceeds on the sale of financial assets held to maturity | | 3,966 | - |
| Proceeds on the sale of financial assets available for sale | | 35 | - |
| Acquisition of financial assets held to maturity | | (4,581) | - |
| Acquisition of subsidiaries, joint subsidiaries and associates, after deduction of acquired cash | | (53,047) | (72,845) |
| Loans repaid and granted | | (213) | 800 |
| Interest received | | 938 | 610 |
| Other items | | 10 | - |
| **Net cash used in investing activity** | | **(62,164)** | **(77,261)** |
| **Cash flow on financing activity** | | | |
| Proceeds from equity issues | | 87,777 | 256,700 |
| Proceeds from debt securities issues | | - | 73,267 |
| Proceeds from loans and credits drawn | | 3,410 | 291 |
| Redemption of debt securities | | - | (227,204) |
| Repayment of credits/loans | | (300) | (116) |
| Repayment of financial lease liabilities | | (808) | (855) |
| Interest paid | | (439) | (6,027) |
| Dividends paid to minority shareholders | | (15,161) | (30,659) |
| Other | | (15) | - |
| **Net cash on financing activity** | | **74,464** | **65,397** |
| Increase (decrease) in the net balance of cash and cash equivalents | | 65,808 | 25,897 |
| Net foreign exchange differences | | (2,372) | 3,144 |
| Cash and cash equivalents as at 1 January | | 41,115 | 12,074 |
| **Cash and cash equivalents as at 31 December** | 2.6. | **104,551** | **41,115** |

(in thousands of PLN)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## for the year ended 31 December 2009

| | Note | Share capital | Share premium account | Issued but unregistered capital | Other capital | Revaluation capital | Consolidation FX differences | Profit (loss) carried forward and current year result | Parent Company's equity | Minority share | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2009** | | **257,700** | **-** | **-** | **-** | **7** | **23,684** | **15,462** | **296,853** | **1,651** | **298,504** |
| **Total comprehensive income for the reporting period** | | - | - | - | - | **(1,076)** | **(31,241)** | **38,587** | **6,270** | **9,295** | **15,565** |
| Acquisition of minority interest | | - | - | - | - | - | - | - | - | (9,000) | **(9,000)** |
| Changes in the Group's composition | | - | - | - | 24 | - | - | - | **24** | (1,844) | **(1,820)** |
| Issue of E series shares | | 9,565 | - | - | - | - | - | - | **9,565** | - | **9,565** |
| Issue of F series shares | | 14,755 | - | - | - | - | - | - | **14,755** | - | **14,755** |
| Issue of G series shares | | 27,084 | - | - | - | - | - | - | **27,084** | - | **27,084** |
| Issue of H series shares | | 10,620 | - | - | - | - | - | - | **10,620** | - | **10,620** |
| Issue of I series shares | | 17,706 | - | - | - | - | - | - | **17,706** | - | **17,706** |
| Issue of J series shares | | 17,142 | - | - | - | - | - | - | **17,142** | - | **17,142** |
| Issue of K series shares | | 45,905 | - | - | - | - | - | - | **45,905** | - | **45,905** |
| Issue of L series shares | | 21,000 | 8,400 | - | - | - | - | - | **29,400** | - | **29,400** |
| Issue of M series shares | | 48,109 | 11,766 | - | - | - | - | - | **59,875** | - | **59,875** |
| Issue of N series shares | | 10,789 | 6,624 | - | - | - | - | - | **17,413** | - | **17,413** |
| Issue of P series shares | | - | - | 25,897 | - | - | - | - | **25,897** | - | **25,897** |
| **As at 31 December 2009 (audited)** | | **480,375** | **26,790** | **25,897** | **24** | **(1,069)** | **(7,557)** | **54,049** | **578,509** | **102** | **578,611** |
| **As at 1 January 2008** | | **500** | **-** | **-** | **-** | **-** | **-** | **(727)** | **(227)** | **1,322** | **1,095** |
| **Total comprehensive income for the reporting period** | | **-** | **-** | **-** | **-** | **7** | **23,684** | **16,189** | **39,880** | **15,232** | **55,112** |
| Settlement of minority share in the result | | - | - | - | - | - | - | - | **-** | (14,903) | **(14,903)** |
| Issue of D series shares (after re-split of series D shares) | | 500 | - | - | - | - | - | - | **500** | - | **500** |
| Issue of C series shares (after re-split of series D shares) | | 256,700 | - | - | - | - | - | - | **256,700** | - | **256,700** |
| **As at 31 December 2008 (audited)** | | **257,700** | **-** | **-** | **-** | **7** | **23,684** | **15,462** | **296,853** | **1,651** | **298,504** |

# NOTES AND EXPLANATIONS
# TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
# ASSECO SOUTH EASTERN EUROPE
# FOR THE YEAR ENDED 31 DECEMBER 2009

## I. GENERAL INFORMATION AND ACCOUNTING POLICIES

### 1. General information

The Asseco South Eastern Europe Capital Group („Group”) consists of Asseco South Eastern Europe Spółka Akcyjna („Parent Company”) and subsidiaries (see Clause 5.2.).

The Parent Company Asseco, South Eastern Europe S.A. seated in Rzeszów at Al. Armii Krajowej 80 was established on 10 April 2007 as a joint stock company under the name of Asseco Adria S.A. On 11 July 2007, the company was entered in the 12th Economic Division of the National Court Register under file number KRS 0000284571. The Parent Company received a statistical number REGON 180248803. On 11 February 2008 the change of the Parent Company's name from Asseco Adria Spółka Akcyjna to Asseco South Eastern Europe Spółka Akcyjna was registered.

According to the Articles of Association, the Parent Company's line of business involves:

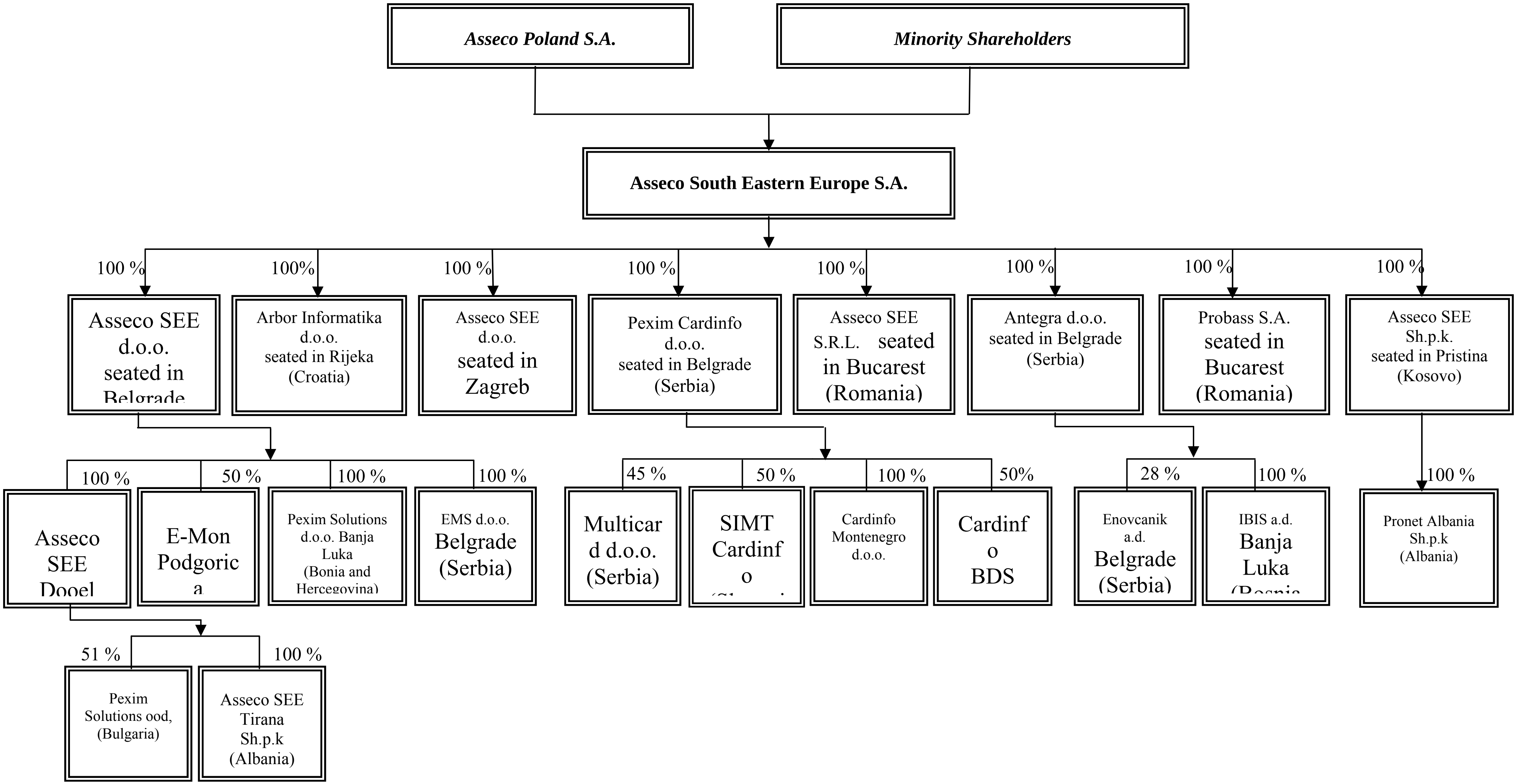
- Holding activity,
- Reproduction of computer media carriers,
- Manufacture of computers and other information processing devices,
- Data transmission,
- Leasing real estate on its own account,
- Renting of office machinery, office equipment and computer hardware,
- Advisory services related to computer hardware,
- Software activity,
- Data processing,
- Activity related to databases,
- Other activity related to information technology,
- Research and development in the area of technical sciences,
- Business activity and management consulting services,
- Business and management consultancy activities,
- Holding activity,
- Advertising,
- Non-scholastic forms of education,

The Parent Company may operate in the territory of the Republic of Poland and abroad.

The duration of the Parent Company and of the units comprising the Capital Group is unlimited.

Asseco Poland S.A (a higher-level parent company) is the parent of Asseco South Eastern Europe S.A. As at 31 December 2009, Asseco Poland S.A. held a 55.15% stake in the equity of Asseco South Eastern Europe S.A.

## 2. Composition of the Group



(in thousands of PLN)

## 3. Composition of the Parent Company's Management Board

The Company's Management Board on 31 December 2009 included:

| **First and last name** | **Function** |
|---|---|
| Piotr Jeleński | President of the Management Board |
| Rafał Kozłowski | Vice-President of the Management Board |
| Miljan Mališ | Management Board Member |
| Calin Barseti | Management Board Member |
| Miodrag Mirčetić | Management Board Member |
| Dražen Pehar | Management Board Member |

The Company's Management Board did not change by the date of approving these financial statements.

The following change was made to the Company's Management Board in the reporting period:

- On 27 August 2009, the following were appointed to the Management Board: Calin Barseti, Miodrag Mirčetić and Dražen Pehar.

The Company's Supervisory Board on 31 December 2009 included:

| **First and last name** | **Function** |
|---|---|
| Adam Góral | Supervisory Board Chairman |
| Jacek Duch | Supervisory Board Member |
| Przemysław Sęczkowski | Supervisory Board Member |
| Gabriela Żukowicz | Supervisory Board Member |
| Mihail Petreski | Supervisory Board Member |
| Nicholas Jeffery | Supervisory Board Member |

The following changes were made to the Company's Supervisory Board in the reporting period:

- On 17 August 2009, Nicholas Jeffery was appointed to the Supervisory Board
- On 22 May 2009, Andrzej Gerlach stepped down as the Supervisory Board Member
- On 22 May 2009, Mihail Petreski was appointed to the Supervisory Board.

As at the date of approving the financial statements, i.e. 16 March 2010, the Supervisory Board's composition was as follows:

| **First and last name** | **Function** |
|---|---|
| Adam Góral | Supervisory Board Chairman |
| Przemysław Sęczkowski | Supervisory Board Member |
| Gabriela Żukowicz | Supervisory Board Member |
| Mihail Petreski | Supervisory Board Member |
| Nicholas Jeffery | Supervisory Board Member |

On 12 January 2010, the Company received a resignation of Mr. Jacek Duch from the function of the Supervisory Board Member, also from the function of the Company's Supervisory Board Deputy Chairman effective on 18 January 2010.

## 4. Approval of the financial statements

These consolidated financial statements have been approved for publication by the Management Board on 16 March 2010.

## 5. Significant values based on professional judgment and estimates

### 5.1. Professional judgment and uncertainty of estimates

***Preparation of the financial statements according to IFRS requires that subjective estimations and assumptions are made, which influence the amounts presented in the financial statements, including the Notes to the financial statements.***

*Uncertainty of estimates*

The key assumptions for the future and other main sources of uncertainty occurring as at the balance sheet date, which entail a significant risk of considerable adjustment of the book value of assets and liabilities in the next financial year, are presented below.

*Operating flows assumed for the valuation of IT contracts and measurement of progress level*

The Group is performing a number of contracts to build and implement IT systems. Additionally, flows under some contracts are denominated in foreign currencies. In order to valuate IT contracts, future operating flows must be determined to calculate the fair value of revenues and costs as well as the fair value of embedded derivatives and the progress of work in the project must be measured. The progress of work is determined as the ratio of costs incurred (which increase the progress of work) to planned costs or the ratio of working days performed to the total work time.

The assumed future operating flows are not always consistent with contracts with clients or suppliers due in connection with changes in IT project execution schedules. As at 31 December 2009, receivables on account of valuation of IT contracts was PLN 9,650 thousand and liabilities on that account were PLN 985 thousand. In the case of contracts denominated in foreign currencies considered to be functional currencies, embedded derivatives are not separated. Revenues and expenses resulting from such contracts are calculated based on the current FX rate.

*Depreciation rates*

The amount of depreciation rates is determined on the basis of expected economic life of the tangible asset components and intangible assets. Every year, the Group revises the assumed periods of economic life, based on its current estimates.

*Value of deferred income tax assets (after compensation against the reserve)*

During the 12 months ended 31 December 2009, the Group recognized deferred income tax assets (after compensation against the reserve). In connection with absence of unambiguous interpretations of the currently applicable tax regulations, the Parent Company did not recognize the whole deferred tax asset pertaining to the losses carried forward.

The Group's management believes that the future realization of the recognized asset of PLN 2,233 thousand is very probable based on the current financial plan and the currently applicable tax regulations.

### *Goodwill – impairment test*

As at 31 December 2009, the Parent Company's Management Board conducted an impairment test of the goodwill created as a result of acquiring subsidiary companies. It required an estimate of the useful values of the cash generating units to which the goodwill is allocated. The estimation of useful value consists in determining future cash flows to be generated by the cash generating unit and the discount rate to be used to calculate the present value of such cash flows. As at 31 December 2009, the goodwill created by the acquisition of subsidiaries was PLN 443,867 thousand.

*Liability on account of payment for remaining stakes in subsidiaries*

As at 31 December 2009, the Asseco South Eastern Europe Group recognized the liability for future payments to minority shareholders of Multicard d.o.o., while as at 31 December 2008 to minority shareholders in Pexim d.o.o., Net Consulting Srl, FIBA Software Srl., Arbor Informatika d.o.o., Logos d.o.o., Pexim Cardinfo d.o.o. and Antegra d.o.o. Determination of the value of such liabilities required estimation of the financial performance of those companies. The value of liabilities on that account was PLN 9,658 thousand as at 31 December 2009 and PLN 243,388 thousand as at 31 December 2008.

## 6. Basis for drawing up the consolidated financial statements

The consolidated financial statements have been drawn up according to the historical cost convention, with the exception of the hedged assets and liabilities. The balance sheet value of the hedged assets and liabilities is adjusted by the changes to the fair value, which may be attributed to the risk against which such assets and liabilities are hedged.

The presentation value of the Group's consolidated financial statements is the Polish zloty (“PLN”, “zł”), and unless stated otherwise, all the values are expressed in PLN thousands.

The consolidated financial statements have been drawn up under the assumption that the Group, the Parent Company and the subsidiaries are a going concern for the foreseeable future. There are no known circumstances that would indicate that the continuity of their operations is at risk for at least 12 months after the balance sheet date.

These consolidated financial statements cover the period of 12 months ended 31 December 2009 and contain comparative data for the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the 12 months ended 31 December 2008, while for the consolidated balance sheet as at 31 December 2008.

### 6.1. Compliance Statement

These consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards ("IFRS") and IFRS approved by the European Union. As at the date of approving these financial statements, considering the pending implementation of IFRS standards by the EU and the business activity conducted by teh Group, there is no difference between the implemented IFRS standards and the IFRS approved by the European Union.

IFRS include standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

### 6.2. Measurement currency and currency of financial statements

The Parent Company's measurement currency and the reporting currency used in these financial statements is the Polish zloty (PLN).

The standalone and consolidated statements of Group companies are drawn up in the currency of their primary business environment (in their functional currencies). The functional currencies of the direct subsidiaries of Asseco South Eastern Europe S.A. include: Romanian leu, Croatian kuna, Serb dinar and the Euro.

## 7. Changes to the accounting principles used

The accounting principles (policy) used to prepare the annual consolidated financial statements are consistent with those used to prepare the Group's annual consolidated financial statements for the year ended 31 December 2008, with the exception of the following changes to the standards and new interpretations applicable to the annual periods starting on or after 1 January 2009.

- IFRS 8 *Operating segments* which as of the date of its entry into force replaced IAS 14 *Segment reporting*. In this standard, an approach consistent with the management's approach was adopted to identify and measure the results of the reported operating segments.
- IAS 1 Presentation of financial statements (changed in September 2007) – this standard introduces a *distinction between the changes to the equity that result from transactions with owners* and the changes that follow from other transactions. Consequently, the statement of changes in equity comprises only the details of the transactions with owners, whereas all other changes in equity are presented in one line. In addition, the standard introduces a statement of comprehensive income which comprises all revenue and cost items captured in the profit or loss and all other recognized revenue and cost items, however it is possible to present all these items together in one report or present two interconnected reports. The Asseco South Eastern Europe Group presents a statement of comprehensive income in the form of two interconnected reports.
- IAS 23 *Borrowing costs* (amended in March 2007) – the changed standard requires that costs of borrowing associated with purchase, construction or production of an adjusted asset are captured as an element of the purchase price or production cost.

- IFRS 2 *Share-based payment: conditions for acquisition of rights and termination* – this amendment defines more precisely the definition of the condition of acquisition of rights and applies to termination of rights to bonuses. Application of this interpretation did not have impact on the financial standing or on the Group's operating results because there were no events to which it would apply.
- Amendments to IAS 32 *Financial instruments: presentation* and IAS 1 *Presentation of financial statements: financial instruments with the put option and obligations following from liquidation (of the company)* – introduce a limited exception pertaining to instruments with a put option which may be classified as a capital component, under the condition of satisfying a number of specified conditions. Application of this amendment did not have influence on the Group's financial standing or operating results because the Group did not issue such instruments.
- Interpretation of IFRIC 13 *Customer loyalty programs* – the interpretation requires that loyalty points are presented as a separate element of the sales transaction in which they were granted. Application of this amendment did not have influence on the Group's financial standing or operating results because the Group does not have any loyalty programs.
- Amendments to IFRS 1 *First-time adoption of International Financial Reporting Standards and IAS* 27 *Consolidated and separate financial statements*: *Cost of investments in a subsidiary company, affiliate company and company under common control* – according to the amendments to IFRS 1, an entity applying IFRS for the first time will be able to determine in its stand-alone financial statements the "cost" of investments in subsidiary companies, affiliate companies and companies under common control pursuant to IAS 27 or on the basis of an assumed cost. The amendment to IAS 27 requires all dividends received from a subsidiary company, affiliate company or company under common control to be reflected in the stand-alone financial statements of the Parent Company in the profit and loss account. The amendment to IAS 27 is applied prospectively. The new requirements apply only to stand-alone financial statements of the Parent Company and will not have impact on the consolidated financial statements.
- Interpretation of IFRIC 12 – the interpretation applies to concessionaires of service concession arrangements and explains how to capture obligations and rights following from such arrangements. The interpretation does not influence the Group's financial statements since no entity in the Group is a concessionaire.
- Amendments to IFRS 7 Financial Instruments: disclosures – the amended standard imposes an obligation to disclose additional information on fair value valuation and liquidity risk. For each class of financial instruments carried at fair value, information on the valuation should be disclosed, using the fair value hierarchy which takes into consideration the materiality of the input data for the valuation. In addition, for fair value valuations included in Level 3 of the fair value hierarchy, reconciliation between the opening balance and the closing balance should be presented. In addition any material shifts between Level 1 and Level 2 of the fair value hierarchy should be presented. The amendments also define precisely the requirements for disclosure of information about the liquidity risk. The amendments pertaining to disclosure of information about the liquidity risk did not have material influence on the information in this respect presented by the Group so far.

- The interpretation of IFRIC 15 *Arrangements for the construction of real estate* determines how and when revenues from the sale of real properties and the related costs should be presented if the agreement between the developer and the buyer is concluded before completion of the construction. The interpretation also comprises guidelines regarding the method for determining whether the agreement is covered by the scope of IAS 11 or IAS 18. Application of IFRIC 15 will not influence the consolidated financial statements because the Group does not conduct this type of activity.
- The interpretation of IFRIC 16 : identification of FX risks qualifying for hedge accounting within net investment hedging, location of hedging instruments in the structure of the capital group, and determination by the company of the positive or negative FX differences pertaining to both the net investment and the hedging instrument, which should be reclassified from equity to the profit and loss account at the time of disposal of the foreign entity. Application of IFRIC 16 will not influence the consolidated financial statements because the Group does not hedge shares in the net assets of a foreign entity.
- The interpretation of IFRIC 18 *Transfers of assets from customers* – the interpretation comprises guidelines pertaining to presentation of assets received from the customer and used to provide services to it. The interpretation applies to transactions which were concluded on or after 1 July 2009. Application of IFRIC 18 will not influence the consolidated financial statements because the Group did not receive any assets from customers or cash designated for construction of this type of assets.
- Amendments to the interpretation of IFRIC 9 *Reassessment of embedded derivatives and IAS 39 Financial instruments: presentation and valuation: Embedded derivative instruments* – the amendment introduces a requirement to assess whether the embedded derivative instrument has to be presented separately at the time of reclassification of the hybrid financial instrument from the category of financial assets carried at fair value through the financial result. The assessment is carried out on the basis of the conditions that existed as at the later of: the date when the entity became a party to the contract for the first time and the date when changes were made to the contract resulting in material changes to the cash flows following from the contract. IAS 39 currently requires that in a situation where an embedded derivative instrument cannot be reliably valuated, the entire hybrid instrument remained classified into the category of financial instruments carried at fair value through the financial result. Application of the amendments will not influence the consolidated financial statements because the Group did not carry out reclassification from the category of financial assets carried at fair value through the financial result and does not have hybrid financial instruments for which it would be possible to reliably value the embedded derivative instrument.

## 8. New standards and interpretations which have been published but have not entered into force

The following standards and interpretations have been issued by the International Accounting Standards Council or International Financial Reporting Interpretation Committee but have not come into force yet:

- IFRS 3 Business combinations (amended in January 2008) – applicable to annual periods starting on 1 July 2009 or later,

- IAS 27 Consolidated and separate financial statements (amended in January 2008) – applicable to annual periods starting on 1 July 2009 or later,
- Amendments to IAS 39 Financial instruments: presentation and valuation: Hedged items meeting the criteria (amendments published in July 2008) – applicable to annual periods starting on 1 July 2009 or later,
- Transformed IFRS 1 First-time adoption of International Financial Reporting Standards (amended in November 2008) – applicable to annual periods starting on 1 July 2009 or later,
- Interpretation of IFRIC 17 Distribution of non-cash assets to owners – applicable to annual periods starting on 1 July 2009 or later,
- Amendments following from the IFRS review (published in April 2009) - some of the amendments apply to annual periods starting on 1 July 2009 or later and some to annual periods starting on 1 January 2010 – until approval of these financial statements, unapproved by the EU,
- Amendments to IFRS 2 Share-based payment: group transactions involving Share-based payment settled in cash (amended in June 2009) – applicable to annual periods starting on 1 January 2010 or later – until the approval of these financial statements, unapproved by the EU,
- Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards: additional exemptions for those applying IFRS for the first time – applicable to annual periods starting on 1 January 2010 or later – until the approval of these financial statements, unapproved by the EU,
- Amendments to IAS 32 Financial Instruments: presentation: Classification of rights issue – applicable to annual periods starting on 1 February 2010 or later,
- IAS 24 Related party disclosures (amended in November 2009) – applicable to annual periods starting on 1 January 2011 or later – until the approval of these financial statements, unapproved by the EU,
- IFRS 9 Financial instruments – applicable to annual periods starting on 1 January 2013 or later – until the approval of these financial statements, unapproved by the EU,
- Amendments to IFRIC 14 IAS 19 – Limit for valuation of assets on account of specified considerations, minimum financing requirements and their interdependencies: prepayments of minimal financing requirements – applicable to annual periods starting on 1 January 2011 or later – until the approval of these financial statements, unapproved by the EU,
- IFRIC 19 Extinguishing financial liabilities with equity instruments – applicable to annual periods starting on 1 January 2010 or later – until the approval of these financial statements, unapproved by the EU,
- Amendment to IFRS 1 First-time adoption of International Financial Reporting Standards: limited exemption from the obligation to present comparable data required by IFRS 7 for those

applying IFRS for the first time – applicable to annual periods starting on 1 July 2010 or later – until the approval of these financial statements, unapproved by the EU.

Apart from the amendments of IFRS 3 and IAS 27, in the opinion of the Management Board of the Parent Company, introduction of the standards and interpretations will not have significant influence on the accounting principles (policy) in 2010.

# 9. Key accounting principles:

## 9.1. Consolidation rules

These consolidated financial statements comprise the financial statements of the Parent Company Asseco South Eastern Europe S. A. and the financial data of its subsidiaries prepared for the period from 1 January 2009 to 31 December 2009. The financial data of the subsidiaries were prepared using consistent accounting principles, based on uniform accounting principles applied to transactions and business events of similar nature.

Subsidiaries are entities in which the Group has more than half of the votes at the shareholder meeting or is otherwise able to manage the financial and operating policy of such entities. To assess whether the Group has control over other entities, one also takes into account the existence and influence of potential votes that can be exercised at the shareholder meetings of such entities.

Subsidiaries are consolidated in the period from the date of the Group acquiring control over them until the date such control ceases. If control over a subsidiary ceases, the consolidated financial statements take into consideration the results for the part of the year covered by the financial statements, in which period the Group had such control. Acquisition of subsidiaries, including entities under common control, is settled using the acquisition method. The purchase price comprises the fair value of the assets handed over, shares issued or liabilities incurred as at the date of acquisition and the costs directly related to the transaction. The surplus of the purchase price over the fair value of the assets, liabilities and contingent liabilities of the subsidiary taken over is presented as goodwill.

All balances and transactions between Group entities, including unrealized profits resulting from intra-Group transactions, are eliminated during consolidation in their entirety. Losses are excluded to the extent to which they do not indicate impairment.

Minority shareholdings constitute the value of the Group's assets attributable to minority shareholders, according to their share in the capitals of individual Group entities, up to the amounts they guarantee. In the case of increase of the Group's percentage share in the capital of the subsidiary the transaction is not considered to be a combination of business entities. The values of assets and liabilities of a subsidiary are not valued at fair value as at the date of increase of the Group's percentage share. The difference between the purchase price of minority shareholdings and the book value of net assets taken over is capitalized as goodwill in the Group's consolidated financial statements.

### 9.2. Goodwill

Goodwill is the surplus of the purchase price over the fair value of the group's share in the subsidiary's identifiable assets, liabilities and contingent liabilities on the date of its acquisition. The goodwill related to subsidiaries is presented in a separate balance sheet item as one of non-current assets.

As at the date of acquisition, the acquired goodwill is allocated to each of the cash generating units which may benefit from merger synergies. Each center or complex of centers to which the goodwill has been allocated:

- corresponds to the lowest level in the Group at which the goodwill is monitored for internal management needs, and
- is not higher than one business segment, according to the definition of the core or supplementary Company financial reporting pattern determined on the basis IAS 8 Segment Reporting.

After the initial capture, goodwill is recognized at purchase price minus all the accumulated impairment charges. As at every balance sheet date, the Group checks the goodwill for a possible impairment. The charge is made if the balance sheet value exceeds the recoverable value. Irrespective of the occurrence of impairment signals, an impairment test is carried out once a year. Impairment charges are posted to operating expenses.

An impairment charge is determined by estimating the recoverable value of the cash generating unit to which the given goodwill has been allocated. If the recoverable value of the cash generating unit is lower than its book value, an impairment charge is made. If goodwill constitutes part of the cash generating unit and part of the business within that center is sold then, for the purpose of determining gains or losses on the sale of such business, the goodwill linked to the business sold is included in its book value. In such circumstances, the goodwill sold is calculated based on the relative value of the business sold and the value of the retained part of the cash generating unit.

### 9.3. Conversion of items denominated in foreign currency

The measurement currency of the Parent Company and the reporting currency of these consolidated financial statements is the Polish zloty (PLN).

Stand-alone and consolidated financial statements of the Group companies are prepared in the currency of the primary business environment in which they operate (in functional currencies). The functional currencies of Asseco South Eastern Europe S.A.'s direct subsidiaries are Romanian leu, Croatian kuna, Serbian dinar and euro.

Transactions denominated in foreign currencies are initially captured according to the rate of the functional currency prevailing as at the date of the transaction. Cash assets and liabilities denominated in foreign currencies are converted at the rate of the functional currency prevailing at the balance sheet date. Non-cash items carried at historical cost in a foreign currency are converted at the exchange rate as at the original transaction date. Non-cash items carried at fair value in a foreign currency are converted at the exchange rate as at the date of determining such fair value.

(in thousands of PLN)

As at the balance sheet date, the cash assets and liabilities denominated in currencies other than the Polish zloty are converted into Polish zloty using the National Bank of Poland's average exchange rate for the respective currency as at the end of the reporting period. The FX gains and losses resulting from this conversion are appropriately captured in the line item entitled financial income (costs) or in equity.

As at the balance sheet date assets and liabilities of foreign entities are converted into the presentation currency of the Asseco South Eastern Europe Capital Group at the exchange rate prevailing at the balance sheet date, and their profit and loss accounts are converted at the average weighted exchange rate for the respective financial year. FX differences resulting from such conversion are presented directly in the equity as its separate component. At the time of sale of a foreign entity, cumulative annual FX differences presented in equity pertaining to the respective foreign entity are presented in the profit and loss account.

The following exchange rates were adopted for the needs of the balance sheet valuation:

| Currency | 31 December 2009 | 31 December 2008 |
|---|---|---|
| EUR (euro) | 4.1082 | 4.1724 |
| RON (Romanian leu) | 0.9698 | 1.0409 |
| HRK (Croatian kuna) | 0.5632 | 0.5664 |
| RSD (Serbian dinar) | 0.0428 | 0.0465 |

Weighted average exchange rates for individual financial periods were as follows:

| Currency | 12 month period ended 31 December 2009 | 12 month period ended 31 December 2008 |
|---|---|---|
| EUR (euro) | 4.3406 | 3.5321 |
| RON (Romanian leu) | 1.0255 | 0.9542 |
| HRK (Croatian kuna) | 0.5910 | 0.4879 |
| RSD (Serbian dinar) | 0.0459 | 0.0430 |

## 9.4. Put options for minority shareholders

Minority shareholdings are recognized in the year in the capital line item with all changes to their value resulting from allocation of part of the financial result attributable to the minority, from the share in the changes to other capital items and from declared dividend until the balance sheet date. As at each balance sheet date, the minority shareholdings are temporarily reversed, as if the purchase of the minority shareholding subject to the put option occurred on such day.

Financial liabilities are recognized on each balance sheet date at fair value and the difference between the value of the reversed minority shareholding and the financial liability is presented as goodwill as at each balance sheet date.

If option rights are exercised the aforementioned settlement takes place and the financial liability expires through actual repayment of the price for exercise of the option.

If an option expires unutilized, corrections of the goodwill or capital made in the past for each balance sheet date are reversed and the minority shareholding is recognized in the amount in which it would be captured if the option had not been recognized by the Company.

### 9.5. Property, plant and equipment

Property, plant and equipment is presented at the purchase price/production cost, minus cumulative amortization and any and all impairment charges. The original value of fixed assets comprises their purchase price plus all the costs directly associated with the purchase and adaptation of the asset to be fit for use. The cost comprises also the cost of replacement of the spare parts of machinery and equipment at the time of incurring, if the recognition criteria are met. The costs incurred after the fixed asset is delivered for use, such as maintenance and repair costs, are charged to the profit and loss account when incurred.

Fixed assets at the time of purchase are broken down into constituents that are items of material value to which a separate economic life period can be attributed. Also general overhaul costs are a constituent.

Amortization is accrued using the straight-line method over the estimate period of use of a given asset, amounting to:

| *Type* | *Period* |
|---|---|
| Buildings and structures | 40 years |
| Investments in foreign fixed assets | 5 years |
| Computers and telecommunication hardware | 1 -5 years |
| Furniture | 2 -8 years |
| Air conditioners | 5 -10 years |
| Means of transportation | 4 -6 years |
| Other fixed assets | 2 -5 years |

The final value, use period and asset amortization method are verified on an annual basis and, if necessary, adjusted effective as of the beginning of the financial year just finished.

If there are any events or changes which indicate that the balance sheet value of the fixed assets may not be recoverable, such assets are reviewed for impairment. If there are premises indicating that impairment could have taken place and the balance sheet value exceeds the estimate recoverable value then the value of such assets or cash-generating centers is reduced to the recoverable value. The recoverable value of fixed assets corresponds to the higher of: the fair value minus sale costs or the value-in-use. When determining the value-in-use, estimate future cash flows are discounted to the present value using the gross discount rate reflecting the current market assessments of the value of money over time and the risk associated with the respective asset. In the case of an asset which does not generate cash flows in a manner that is significantly independent, the recoverable value is determined for the cash generating center to which the asset belongs. Impairment charges are recorded in the profit and loss account, in operating expenses.

A given property, plant and equipment line item can be removed from the balance sheet after its disposal or if no economic benefits resulting from further use of such asset are expected. Profits/losses from the sale of fixed assets are determined by comparing the funds obtained from the disposal with the present book value, and are presented in the operating result. Any profits or losses resulting from removal of an asset from the balance sheet (calculated as the difference between the net sales proceeds and the balance sheet value of the respective item) are presented in the profit and loss account in the period in which such removal took place.

Investments under way pertain to fixed assets under construction or assembly and are presented at purchase price or production cost, minus impairment changes, if any. Fixed assets under construction are not amortized until completion of the construction and delivery of the fixed assets for use.

### 9.6. Investment real properties

An investment property is initially carried at purchase price or production cost.

After initial capture of the real property, the entity, using the purchase price model, values all its investment real properties according to the requirements applied to property, plant and equipment determined for such model, i.e. at purchase price or production cost, minus amortization to date and cumulative impairment charges, except for investment real properties meeting the criteria for classifying them as available for sale or captured in the sellable group classified as available for sale.

Investment real properties are removed from the balance sheet if they are sold or if a given investment real property is withdrawn from use, when no future benefits from its sale are expected. Any profits or losses arising out of removing the investment property from the balance sheet are carried in the profit and loss account in the period in which the removal takes place.

Amortization is accrued using the straight-line method over the estimate period of use of a given asset.

### 9.7. Intangible assets

*Acquired separately and as a result of combination of business entities*

Intangible assets acquired in an independent transaction are carried at purchase price. Intangible assets acquired in a business entity take-over transaction are carried at fair value as at the take-over date.

The intangible asset use period is assessed and recognized as limited or unspecified. Intangible assets with a limited use period are amortized using the straight-line method based on their estimate use period and the amortization costs are captured in the profit and loss account according to the place of their generation. The use periods constituting the basis for determining the amortization rates are subject to annual verification and if necessary are adjusted as of the next financial year.

Except for development work, intangible assets generated by the entity with its own resources are not captured in assets and the outlays incurred to manufacture them are charged to the profit and loss account for the year in which they were incurred.

Intangible assets with unspecified use period and those which are not used are subject to annual verification for impairment. Other intangible assets are tested for impairment if there are premises indicating that impairment could have taken place. If the balance sheet value exceeds the estimate recoverable value (higher of the net sales price or value-in-use) the value of such assets is reduced to the level of recoverable value.

*Costs of research and development*

Intangible asset developed as a result of development work or execution of a development work stage in a project carried out with own resources should be captured only when the business entity is able to prove:

- the possibility of completion of the intangible asset from the technical perspective, in such way that the asset is capable of being used or sold,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- the manner in which the intangible asset will generate probable future economic benefits. Inter alia, the business unit should prove existence of a market for the products developed thanks to the intangible asset or the asset itself or – if the asset is to be used by the entity – the usability of the intangible asset,
- availability of appropriate technical, financial and other resources which are to serve the purpose of completion of development work and use or sale of the intangible asset,
- the possibility of reliable determination of the outlays incurred during development work that can be attributed to such intangible asset.

Costs of development work that do not meet the above criteria are charged to the profit and loss account.

The costs of development work that meet the above criteria are captured at purchase price, minus cumulative amortization and cumulative impairment charges. All outlays moved to the next period are amortized throughout the anticipated period of earning revenues from the sale of the given project. The amortization period for costs of development work corresponds to the economic life of the asset and does not exceed 5 years.

The costs of development work are subject to assessment for impairment on an annual basis – if an asset has not been delivered for use or more frequently – if during the reporting period there is a premise indicating that their balance sheet value may not be recoverable.

With regard to intangible assets subject to amortization charges, the straight-line amortization method is used.

Profits or losses following from removal of intangible assets from the balance sheet are valued according to the difference between the net sales proceeds and the balance sheet value of the respective asset, and are presented in the profit and loss account at the time of removal.

### 9.8. Leasing

Financial leasing agreements, which transfer to the Company essentially the whole risk and the benefits derived from possession of the leased item, are recognized in the balance sheet as at the leasing commencement date, at the lower of: fair value of the fixed asset representing the leased item or present value of minimum leasing fees. Leasing fees are allocated between financial expenses and to the reduction of principal lease debt balance in the manner that facilitates a fixed interest rate be calculated on the outstanding liability. Financial expenses are posted directly to the profit and loss account.

Fixed assets used pursuant to financial lease agreements are depreciated during the shorter of: the expected usage period of the fixed asset or the lease period.

The leasing agreements under which the Company keeps essentially the whole risk and all the benefits derived from possession of the leased item are classified as operating lease contracts. The initial direct costs incurred in the course of negotiating operating lease agreements are added to the balance sheet value of the leased item and are recognized during the leasing term on the same basis as rental revenues. Conditional leasing fees are recognized as revenues in the period in which they become due.

### 9.9. Borrowing costs

Borrowing costs are capitalized as part of the cost of production of fixed assets, investment real properties and intangible assets. Borrowing costs comprise interest accrued using the effective interest rate method, financial charges on account of financial lease agreements and FX differences related to borrowing up to the amount corresponding to the adjustment of the interest cost.

### 9.10. Impairment of non-financial assets

On every balance sheet date, the Group assesses assets for signs of impairment. If there is such a sign, the Group assesses the recoverable value. If the balance sheet value of an asset is greater than its recoverable value, impairment is deemed to have occurred and the value is written off to match the recoverable value. Recoverable value is the higher of the following values: fair value of the given asset or cash generating unit minus the selling cost, or the useful value determined for respective assets if an asset generates cash flows that are significantly independent from those generated by other assets or asset groups or cash generating units.

On each balance sheet date, the Group estimates whether there are any prerequisites indicating that the impairment charge applied in previous periods to such asset is redundant or whether it should be decreased. If there are such prerequisites the Group estimates the recoverable value of the asset. The previous impairment charge is reversed only and exclusively when the estimated values used to determine the recoverable value of the asset changed since the last impairment charge was made. In such a case, the book value of the asset is increased to its recoverable value. The increased amount may not exceed the book value of the asset which would be determined (after deducting depreciation) if the impairment charge had not been applied at all to such asset in previous years. A reversal of an asset impairment charge is recognized immediately as income in the profit and loss account. After an impairment charge is reversed, the depreciation charge of the asset is adjusted in the following periods in a way that would allow, during the remaining usage period of that asset, making regular write-offs of its adjusted book value minus its final value.

### 9.11. Financial instruments

Financial instruments are divided into the following categories:

- Financial assets held to maturity,
- Financial instruments at fair value through profit or loss
- Loans and receivables
- Financial assets available for sale, and
- Financial liabilities

All the financial assets are initially captured at their purchase price corresponding to the fair value of the payment made, with an exception of the financial instruments at fair value through profit or loss.

Financial assets held to maturity include investments with specified or determinable payments and a set maturity date, which the Group intends and is able to hold until such time. Financial assets held to maturity are carried at depreciated cost using the effective interest rate method. Financial assets held to maturity are classified as long-term assets if their maturity exceeds 12 months from the balance sheet date.

Financial instruments purchased to generate profit thanks to short-term price fluctuations are classified as financial instruments at fair value through profit or loss. Financial instruments carried at fair value through profit or loss are carried at fair value, taking into account their market value as at the balance sheet date. Any changes in such instruments are recognized in financial income or expenses. Financial assets carried at fair value through profit or loss are recognized as current assets if the Management Board intends to realize them within 12 months from the balance sheet date, except for forward transactions, which are classified as short-term items, irrespective of their maturity.

Loans granted and receivables are carried at amortized cost. They are included in current assets unless their maturity exceeds 12 months from the balance sheet date. Loans and receivables with maturities exceeding 12 months from the balance sheet date are classified as non-current assets.

All the other financial assets are financial assets available for sale. Financial assets available for sale are carried at fair value, without deducting transactions costs, taking into account the market value as at the balance sheet date. If there are no stock exchange listings on the active market and it is not possible to determine their fair value in a reliable manner using alternative methods, financial assets available for sale are captured at the purchase price adjusted for the impairment charge. Positive and negative difference between the fair value and the purchase price, after deducting deferred tax, of assets available for sale, if there is a market price determined on an active regulated market or whose fair value can be determined in a different way, are reflected in the revaluation reserve. Depreciation of assets available for sale caused by their impairment is carried through the profit and loss account as a financial cost.

A purchase and sale of financial assets are recognized as at the date of the transaction. Upon the initial capture, they are recognized at the purchase price, that is at fair value including transaction costs.

Financial liabilities, which are not financial instruments carried at fair value through profit or loss are recognized at their amortized cost using the effective interest rate method.
A financial instrument is removed from the balance sheet when the Group loses control over its contractual rights constituting the financial instrument; this usually happens when the instrument is sold or when all the cash flows ascribed to a given instrument are transferred to an independent third party.

### 9.12. Embedded derivative instruments

Embedded derivative instruments are singled out from the main agreements and presented in the ledgers separately as derivatives carried at fair value through the financial result if the following conditions are satisfied:

- the economic nature of the embedded instrument and the related risks are not closely related to the nature of the main agreement and the resulting risks,
- a separate instrument whose nature corresponds to the features of an embedded derivative instrument would satisfy the requirements of the definition of a derivative instrument,
- hybrid (combined) instrument comprising an embedded derivative instrument is not carried at fair value whose changes are charged to the revenues or costs of the reporting period.

Embedded derivative instruments are presented in the ledgers similarly to other derivative instruments which are not included in hedging instruments.

In the case of some types of transactions, embedded derivative instruments that are not closely tied to the main agreement are recognized in the ledgers as other derivative instruments. Profits/losses on account of change of the fair value of the derivative instrument are carried in the profit and loss account of the period in which they occurred.

In the case of some types of transactions, if the transaction is effected in a currency recognized as customarily used in this type of transactions in the given economic environment, the embedded derivative instrument is not separated from the main agreement and captured separately. This type of agreements includes, inter alia, property lease agreements and, due to the increasing popularity and scale of application of EUR, also IT service contracts.

In the case of agreements denominated in foreign currencies recognized as functional currencies for one of the parties to the transaction, embedded derivative instruments are not singled out. Revenues and costs following from such agreements are determined on the basis of the current rate.
The Group caries out an assessment to determine whether a given embedded derivative instrument is to be singled out at the time of its initial capture. In the case of embedded instruments acquired in a combination of business entities the Group assesses the embedded derivative instruments as at the combination date, which date is the date of the initial capture by the Group.

### 9.13. Derivative instruments and hedging

Derivative instruments that the Group uses to hedge against the risk of interest rate and exchange rate fluctuations include primarily forward FX contracts and interest rate swaps. Instruments of this type are carried at fair value. Derivative instruments are carried as assets if their value is positive and as liabilities if their value is negative.

Profits and losses on account of change of the fair value of derivative instruments which do not satisfy the principles of hedge accounting are directly carried in the net financial result of the financial year.

The fair value of forward contracts is determined through reference to current forward rates in contracts with similar maturities. The fair value of interest rate swap contracts is determined through reference to the market value of similar instruments.

In hedge accounting, hedging is classified as:

- fair value hedge, hedging against changes of the fair value of the respective asset or liability, or
- cash flow hedge, hedging against changes of cash flows which can be attributed to a specific type of risk associated with the respective asset, liability or forecast transaction, or
- hedge of net investment in a foreign entity.

*Cash flow hedging*

The Parent Company of the Asseco South Eastern Europe Group introduced hedge accounting of future cash flows so that the financial statements reflect the economic value of the Group's acquisition activity and policy. Cash on euro accounts which hedge liabilities on account of purchase of companies has been determined to be the hedging instrument. Because the requirements for application of hedge accounting of future cash flows have been satisfied, in the reporting period the effective change of the fair value of the hedging and hedged item was moved from the profit and loss account to other comprehensive income. The underlying values of the hedging and hedged instrument in the hedging relations created match, and in the reporting period there were no events that could impair the probability of occurrence of future hedged payments, hence there were no recognized material FX differences that constitute the ineffective part of the hedging.

At the time of establishing the hedge, the Company formally determines and documents the hedging relationship and the objective of risk management, and the hedging strategy. The documentation comprises identification of the hedging instrument, hedged item or transaction, the nature of the hedged risk and the method for assessment of the effectiveness of the hedging instrument in compensation of the threat of changes to the fair value of the hedged item or cash flows associated with the hedged risk. It is expected that hedging will be highly effective in compensating changes to the fair value or cash flows following from the hedged risk. Effectiveness of the hedge is assessed on a current basis to check whether it is highly effective in all reporting periods for which it was established.

Cash flow hedging is a hedge against the threat of volatility of cash flows which can be attributed to a specific risk type associated with the respective asset or liability or with a highly probable contemplated transaction and which could influence profit or loss. Some of the profits or losses associated with a hedging instrument which constitutes an effective hedge are captured directly in equity and the ineffective part is captured in profit or loss.

If the contemplated transaction to be hedged subsequently results in capture of a financial asset or financial liability, the related profits or losses which were captured in other comprehensive income and accumulated in the equity are moved to the profit and loss account in the same period or in the periods in which the acquired asset or taken over liability influence the profit or loss.

If hedging of the contemplated transaction subsequently results in capturing a non-financial asset or non-financial liability, or the contemplated transaction associated with a non-financial asset or non-financial liability becomes a probable future liability to which the fair value hedging will apply, then profits or loses which were captured in other comprehensive income are excluded from equity and included in the cost of purchase or in other balance sheet value of the asset or liability.

Profits or losses occurring as a result of changes to the fair value of derivative instruments which do not satisfy the conditions for applying special hedge accounting principles are captured directly in the net financial result for the current period.

The Company stops using the hedge accounting principles if the hedging instrument has expired or has been sold, its use has come to an end or it has been realized, or if the hedge has ceased to satisfy the conditions that make it possible to apply special hedge accounting principles to it. In such case the total profit or loss on the hedging instrument which were captured in other comprehensive income and accumulated in equity, are still presented in the equity until the forecast transaction takes place. If the Company no longer expects that the forecast transaction will occur, the total net profit or loss accumulated in the equity is carried in the net financial result for the current period.

### 9.14. Impairment of financial assets

As at every balance sheet date, the Group evaluates whether there exist objective premises indicating impairment of a financial asset or a group of financial assets.

*Assets carried at amortized cost*

If there are objective premises indicating that a loss has been incurred on impairment of loans and receivables carried at amortized cost, the amount of the impairment charge equals the difference between the balance sheet value of the financial asset and the current value of estimate future cash flows (excluding future losses on uncollected receivables, which have not been incurred yet), discounted using the original effective interest rate (i.e. the interest rate set at the initial capture). An asset's balance sheet value is reduced directly or through a revaluation charge. The amount of loss is captured in the profit and loss account.

The Group first assesses whether there are objective premises for impairment of individual financial assets which are individually material and the premises for impairment of financial assets which are not individually material. If the analysis shows that there are no objective premises for impairment of an individually assessed financial asset, regardless of its materiality, the Group includes such asset in a group of financial assets of similar credit risk parameters and jointly assesses it for impairment. Assets which are individually assessed for impairment and for which an impairment charge was captured or it was determined that the existing charge will not change, are not taken into account in the total assessment of the Group's assets for impairment.

If in the next period the revaluation charge decreased and the decrease can be objectively tied to an event following the capture of the charge, the previous charge is reversed. Subsequent reversal of the revaluation charge is captured in the profit and loss account to the extent to which the balance sheet value of the asset does not exceed its amortized cost as at the reversal date.

*Financial assets carried at cost*

If there are objective premises indicating that there is impairment of an unlisted equity instrument which is not carried at fair value because it is not possible to reliably determine its fair value, or a derivative instrument that is tied and has to be settled through delivery of such unlisted equity instrument, the amount of the impairment charge is determined as the difference between the balance sheet value of the financial asset and the current value of future discounted cash flows using the current market rate of return for similar financial assets.

*Financial assets available for sale*

If there are objective premises indicating that there is impairment of a financial asset available for sale, the amount constituting the difference between the purchase price of such asset (minus any and all capital repayments and amortization) and its present value, minus any and all impairment charges of such asset previously captured in the profit and loss account, it is removed from equity and moved to the profit and loss account. It is not possible to capture in the profit and loss account a reversal of an impairment charge of capital instruments classified as available for sale. If in the next period the fair value of a debt instrument available for sale increases and the increase may be objectively tied to an event occurring after the capture of the impairment charge in the profit and loss account, the amount of the reversed charge is captured in the profit and loss account.

### 9.15. Inventories

Inventories are carried at the lower of: the purchase price/production cost and the recoverable net value. Recoverable net value is the estimate sales price in the ordinary course of business, minus the completion costs and the estimate costs required to effect the sale. The Group uses the method of detailed identification to valuate the expenditure of inventories. Revaluation charges are posted in operating expenses.

### 9.16. Accruals and prepayments

Prepaid costs and accruals show expenditures incurred before the balance sheet date which pertain to future periods (cost prepayments).

In particular prepayments include:

- prepaid rents,
- insurance,
- subscriptions,
- prepaid foreign services to be provided in future periods,
- other expenditures incurred in the period and pertaining to future periods.

Revenue prepayments include primarily services pertaining to future services. The Group records accruals and pre-payments of costs and revenues if they apply to future reporting periods.

### 9.17. Trade receivables

Trade receivables whose maturity usually amounts to 14 to 90 days are captured and carried at the original invoiced cost, taking into account the bad debt revaluation charge. The bad debt revaluation charge is estimated when the recovery of the full amount of the receivable ceased to be probable. Bad debt is written off to the profit and loss account at the time when its uncollectability is determined.

If the impact of the time value of money is material, the value of receivables is determined through discounting forecast future cash flows to the present value, using the gross discount rate reflecting the current market assessments of the value of money over time. If the discounting method has been used, increase of the receivables in connection with elapse of time is captured as financial revenues.

### 9.18. Cash and cash equivalents, restricted cash

Cash and cash equivalents presented in the balance sheet comprise cash in bank and in hand, short-term deposits with the original maturity up to 3 months and other high-liquidity instruments.

The balance of cash and cash equivalents presented in the consolidated cash flow statement consists of the aforementioned cash and its equivalents. For the purposes of the cash flow statement, the Group has adopted the principle of not capturing the equivalents of current account overdraft constituting an element of financing and restricted cash in the cash balance. Restricted cash is presented in a separate balance sheet item.

### 9.19. Interest-bearing bank credit and loans

Upon initial capture, all the bank credits, loans and debt securities are usually recognized at their purchase price corresponding to the fair value of cash received, minus the costs of obtaining the award of the credit or loan or the debt securities issue.

After the initial capture, interest-bearing credits, loans and debt securities are then measured at their amortized purchase price using the effective interest rate method. When calculating amortized purchase price, the cost of obtaining the credit or loan or a debt securities issue must be taken into account, as well as discounts and premiums obtained when the liability is settled.

The difference between funds received (minus the costs of obtaining the credit or loan or debt securities issue) and the repayment value is captured in the profit and loss account during the term of the credit or loan. Profits and losses are shown in the profit and loss account upon removing the liability from the balance sheet. Any costs of servicing the credit or loan or a debt securities issue are posted in the profit and loss account in the period to which they refer.

### 9.20. Trade liabilities

Trade liabilities related to operating activity are carried in the balance sheet at their required payment value in the reporting periods to which they refer. Other liabilities are related primarily to the operating activity, but unlike trade liabilities they have not been invoiced.

If the impact of the time value of money is material, the value of the liabilities is determined by discounting forecast future cash flows to the present value, using the gross discount rate reflecting the current market assessment of the time value of money. If a discounting-based method was used, an increase of liabilities associated with passage of time is recognized as financial expenses.

### 9.21. Reserves

Reserves are created when a duty (legal or customary) is imposed upon the Group, resulting from prior events and when it is probable that the fulfillment of this duty will require an outflow of resources personalizing economic benefits and that the amount of this liability may be credibly estimated. If the Group expects the cost covered by the reserve to be reimbursed, for example by virtue of an insurance agreement then such reimbursement is captured as a separate asset component, but only when it is virtually certain that such reimbursement will actually take place. The costs linked to the reserve are posted in the profit and loss account, net of any reimbursements.

The Group recognizes reserves for agreements that establish obligations, provided that unavoidable costs of fulfilling such obligations are greater than the obtainable benefits.

If the impact of the time value of money is significant then the reserve amount is set by discounting the future cash flow forecasts to their present value, using the gross discounting rate reflecting the current market estimations of the time value of money and the possible risk associated with the obligation. If a discounting-based method was used, an increase of the reserve associated with passage of time is recognized as external financing expenses.

*Retirement and other benefits after the employment period and reserve for unused holiday leaves*

The Group establishes a reserve for the present value of the liability for future retirement severance pays. The Group also establishes a reserve for unused holiday leaves, which relate to periods before the balance sheet data and will be used in the future. The level of payments depends on the average monthly salary and the number of unused holiday leave days which employees have at their disposal as at the balance sheet date. The costs of both retirement severance pays and unused holiday leaves, are recognized on the accrual basis, based on their estimated values.

### 9.22. Revenues

Revenues and expenses of implementation contracts

Revenues from an unfinished service covered by a contract and performed to a significant extent by the balance sheet date are measured as at the balance sheet date in proportion to the progress in its performance, provided that a profit amount may be estimated credibly. The progress of performance is measured by the share of costs incurred from the date of entering into the contract to the date of determining revenues, to the estimated total cost of performing the service, or the percentage of work expenditure made, out of the total work expenditure. When determining the contractual costs incurred until the balance sheet date, all the costs related to any future activities related to that contract are disregarded.

If the result on the contract cannot be estimated reliably then revenues earned under the contract are recognized only up to the level of the costs that the Group expects to recover.

If the progress level of an unfinished service cannot be determined reliably as at the balance sheet date, then the revenues are set at the amount of costs incurred in the given reporting period, but never higher than the costs which are probable to be covered by the principal in the future.

When it is probable that the total costs of performing the contract will exceed the total contracted revenues, the projected loss is accounted as cost of the period in which it is disclosed.

The cost of generating an unfinished service includes the costs incurred from the date of concluding a contract to the balance sheet date. The production costs incurred prior to conclusion of the contract, but related to its performance, are posted as assets when it is probable that these costs would be covered in the future by revenues from the buyer.

If the progress (expressed as a percentage) of the costs incurred minus expected losses plus profits recognized in the profit and loss account exceed the progress (expressed as a percentage) of the invoiced sales then the uninvoiced sales amount resulting from such a difference is presented as other receivables in balance sheet assets.

If the progress (expressed as a percentage) of the invoiced sales exceeds the progress (expressed as a percentage) of the costs incurred minus expected losses plus profits recognized in the profit and loss account then the future revenues resulting from the aforementioned difference are presented in other liabilities.

*Revenues*

The accounting principles related to the recognition of revenues on the performance of IT contracts are described in the above item of the Notes. Revenues are recognized at the amount to which it is probable that the Group will obtain economic benefits from a given transaction and when the amount of revenues may be credibly estimated.

The Group recognizes revenues on sales of products, merchandise and services. Such presentation reflects the profile of the Group delivering comprehensive IT solutions based on its proprietary solutions. The revenues result from the execution of IT projects under which IT system development and maintenance services are provided.

When recognizing revenues, the following criteria are also applied:

*Revenues on sales*

Revenues are recognized when the significant risk and benefits resulting from the ownership title to merchandise, products and services have been surrendered to the buyer and when the amount of revenues may be priced credibly. Revenues on sales of computer software licenses are recognized gradually during the term of the agreements referring to them. On the other hand, revenues on the provision of implementation services are recognized based on the progress in their receipt. Revenues from licensing fees are recognized on the accrual basis.

*Interest*

Interest income is recognized gradually as it accrues (taking the effective interest rate method into account, where the effective rate is the rate precisely discounting the future cash proceeds for the estimated period of use of the financial instruments) in relation to the net book value of the given financial asset.

Interest income constitutes interest on loans made, investments in securities held to maturity, bank deposits and other titles.

*Dividends*

Dividends are recognized when the entitlements of shareholders to receive such are determined.

### 9.23. Taxes

*Current tax*

Current tax liabilities and receivables for the current period and previous periods are carried according to the amounts of expected payment to tax authorities (refundable by tax authorities) using the tax rates and tax regulations which legally or actually prevailed as at the balance sheet date.

*Deferred tax*

For the needs of financial reporting, deferred income tax is calculated by using the method of balance sheet liabilities, compared to all temporary differences as at the balance sheet date, between the tax value of the assets and liabilities and their balance sheet value presented in the financial statements. Reserve for deferred income tax is established with reference to all positive temporary differences, unless the reserve for deferred income tax is established as a result of initial presentation of an asset or liability in a transaction which does not constitute a merger of business entities and at the time of its conclusion it has no influence on the gross financial result or taxable income or taxable loss and in the case of positive temporary differences resulting from investments in subsidiary or affiliated entities and ownership interests in joint ventures with the exception of a situation, when temporary difference reversal dates are being controlled by the investor and when it is probable that in the foreseeable future the temporary differences will not be reversed.

Deferred income tax assets are posted with reference to all negative temporary differences and unused deferred fax assets and unused tax losses transferred to subsequent years, at the amount, which will make it probable that a taxable income will be achieved, which will make it possible to utilize the above differences, assets and losses with the exception of a situation when deferred tax assets pertaining to negative temporary differences occur as a result of initial presentation of an asset or liability in a transaction which does not constitute a merger of business entities and at the time of its conclusion they have no influence on the gross financial result or taxable income or taxable loss and in the case of negative temporary differences resulting from investments in subsidiary or affiliated entities and ownership interests in joint ventures, the deferred tax asset is recorded in the balance sheet only at the amount, for which it is probable that in the foreseeable future those temporary differences will be reversed and a taxable income will be achieved that will make it possible to deduct negative temporary differences.

The balance sheet value of the deferred income tax asset is verified on each balance sheet date and is gradually decreased or increased by the amount by which the estimates regarding the achievement of taxable income sufficient for the deferred income tax asset to be partially or fully realized have changed.

Deferred income tax assets and deferred tax reserve are valued using the tax rates which are expected to apply at the time when the asset will be realized or the reserve dissolved, using as the basis the tax rates (and tax regulations) legally or actually binding on the balance sheet date.

*Value added tax*

Revenues, costs and assets are captured at the value decreased by the value added tax, with the exception of situations where:

- the tax on goods and services paid at the purchase of the goods and services is not recoverable from the tax authorities; then the value added tax is captured respectively as part of the costs of purchasing the asset or as part of the cost item, and
- receivables and liabilities are presented taking into account the amount of the value added tax.

The net amount of the value added tax recoverable from or payable to the tax authorities is captured in the balance sheet as part of receivables or liabilities.

(in thousands of PLN)

# II. NOTES AND EXPLANATIONS

## 1. Notes and explanations to the profit and loss account

### 1.1. Structure of sales revenues

| | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|
| Software and own services | 128,990 | 90,173 |
| Software and third party services | 109,514 | 60,333 |
| Hardware and infrastructure | 168,911 | 166,893 |
| Outsourcing | 26,009 | 19,290 |
| Others sales | 3,230 | 2,477 |
| | **436,654** | **339,166** |

### 1.2. Structure of operating costs

| | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|
| Value of merchandise and materials sold (-) | (246,051) | (190,883) |
| Consumption of materials and energy (-) | (2,896) | (3,434) |
| Third party services (-) | (34,956) | (35,618) |
| Remuneration (-) | (66,930) | (46,489) |
| Benefits in favor of employees (-) | (15,064) | (7,622) |
| Depreciation (-) | (4,498) | (3,158) |
| Taxes and fees (-) | (1,104) | (853) |
| Business trips (-) | (3,782) | (3,149) |
| Other (-) | (4,394) | (2,786) |
| | **(379,675)** | **(293,992)** |
| Cost of goods sold (-), of which: | **(332,065)** | **(256,480)** |
| *Cost of manufacturing (-)* | (86,014) | (65,597) |
| *Value of merchandise, materials and services sold (-)* | (246,051) | (190,883) |
| Sales costs (-) | (20,086) | (15,444) |
| Overhead costs (-) | (27,524) | (22,068) |

### 1.3. Other operating income

| | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|
| Profit on the sale of property, plant and equipment | 114 | 375 |
| Indemnification received | 254 | 180 |
| Others | 1,133 | 300 |
| | **1,501** | **855** |

(in thousands of PLN)

## 1.4. Other operating expenses

| | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|
| Loss on the sale of property, plant and equipment (-) | (881) | (62) |
| Donations to unrelated entities (-) | (149) | (332) |
| Establishment of other reserves (-) | (1,176) | (943) |
| Other (-) | (529) | (79) |
| | **(2,735)** | **(1,416)** |

## 1.5. Financial income

| | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|
| Interest income earned on loans granted, debt securities and bank deposits | 1,533 | 1,106 |
| Discounting of settlements | 242 | 115 |
| Other interest income | 16 | 709 |
| FX gains | 998 | 56 |
| FX differences on dividends | - | - |
| Other financial income | 365 | - |
| | **3,154** | **1,986** |

## 1.6. Financial expenses

| | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|
| Interest cost of bank loans and current account overdrafts (-) | (185) | (110) |
| Financial lease interest costs (-) | (118) | (100) |
| Discounting of settlements (-) | (94) | (763) |
| Bank fees and commissions (-) | (124) | (22) |
| Other interest costs (-) | (13) | (25) |
| Negative FX differences (-) | (2,327) | (956) |
| Interest on corporate bonds (-) | - | (5,684) |
| Share capital issue costs (-) | - | (3,976) |
| Other financial expenses | (397) | (18) |
| | **(3,258)** | **(11,654)** |

(in thousands of PLN)

### 1.7. Key components of the tax liability for the period of 12 months ended 31 December 2009

**Tax liability recognized in the profit and loss account, including:**

| | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|
| Current income tax, of which: | (7,520) | (5,663) |
| *Adjustments to current income tax from past years* | (339) | - |
| Deferred income tax | (367) | 2,058 |
| *associated with creation and reversal of temporary differences* | (365) | 2,072 |
| Withholding tax on dividends received | (371) | - |
| | **(8,258)** | **(3,605)** |

### 1.8. Reconciliation of effective tax rate

The reconciliation of the income tax on the gross financial result before tax according to the statutory tax rate, to the income tax calculated according to the Group's effective tax rate for the period of 12 months ended 31 December 2009 is as follows:

| | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|
| Pre-tax gross financial result on continued operations | 55,637 | 34,941 |
| Pre-tax loss on discontinued operations | | - |
| **Gross profit (loss) before tax** | **55,637** | **34,941** |
| Applicable corporate income tax rate | 19% | 19% |
| **Income tax at the Poland's statutory tax rate of 19%** | **(10,571)** | **(6,639)** |
| Non-taxable financial income and expenses | (385) | (1,315) |
| Adjustments to current income tax from past years | (339) | - |
| Other non-taxable income and expenses | (1,426) | (1,556) |
| Difference resulting from a different income tax rate paid outside of Poland | 3,540 | 2,176 |
| Tax exemptions related to investments | 695 | 4,686 |
| Taxable income and expenses which do not constitute accounting income/expenses | (289) | - |
| Charge pertaining to the lack of possibility to realize the deferred income tax asset | 302 | (772) |
| Deduction for withholding tax charged | 718 | - |
| Others | (503) | (185) |
| **At the effective tax rate of 14.84% in 2009 (10.32% in 2008)** | **(8,258)** | **(3,605)** |

(in thousands of PLN)

## 1.9. Deferred income tax

The deferred income tax results the following items:

| | Balance sheet | | | Profit and Loss Account | |
|---|---|---|---|---|---|
| | 31 December 2009 | Acquisition of control over the Companies | 31 December 2008 | Year ended 31 December 2009 | Year ended 31 December 2008 |
| **Deferred tax reserve** | | | | | |
| Difference between tax and accounting depreciation (-) | (18) | - | (22) | 4 | (19) |
| Revenues on account of book valuation of IT contracts (-) | - | (163) | - | 163 | |
| Reserve for the income tax to be paid by the subsidiary upon payment of dividends (-) | (622) | - | (2) | (620) | 5 |
| Financial income from FX differences (-) | - | - | (26) | 26 | 39 |
| **Gross deferred income tax reserve** | **(640)** | **(163)** | **(50)** | | |
| **Deferred tax assets** | | | | | |
| Tax exemption on account of the withholding tax paid abroad | 553 | - | 1,022 | (469) | 1,022 |
| Tax exemption resulting from capital expenditures made | 1,684 | - | 1,829 | (145) | 1,829 |
| Revenues on account of balance sheet valuation of IT contracts | 27 | - | - | 27 | - |
| Financial expenses – discounting of bonds | - | - | - | - | (53) |
| Prepayments and accruals, reserves and other liabilities | 128 | - | - | 128 | - |
| Losses deductible from future taxable income | 276 | - | 852 | (576) | 803 |
| Asset established during the year in connection with acquisition of control over the subsidiary | - | - | - | - | (724) |
| Financial costs resulting from FX differences | - | - | - | - | (55) |
| Employee benefits | 43 | - | 60 | (17) | 60 |
| Difference between tax and accounting depreciation | 37 | - | 29 | 8 | 29 |
| Other | 220 | - | - | 220 | - |
| FX differences from conversion of foreign entities | - | - | - | 162 | (169) |
| **Gross deferred tax assets** | **2,968** | | **3,792** | | |
| Charge pertaining to the lack of possibility to realize the deferred tax asset | (128) | - | (852) | 724 | (695) |
| **Net deferred tax assets** | **2,840** | | **2,940** | | |
| **Encumbrance for deferred income tax** | | | | **(365)** | **2,072** |
| **Net assets after compensation against the deferred income tax reserve** | 2,233 | - | 2,940 | | |
| **Deferred income tax reserve after compensation against deferred income tax assets** | (33) | (163) | (50) | | |

(in thousands of PLN)

### 1.10. Earnings per share

Basic earnings per one share attributable to Parent Company shareholders is calculated by dividing net profit for the reporting period by the weighted average number of common shares outstanding during the reporting period.

Diluted earnings per share are calculated by dividing the net profit for the period by the adjusted (for the impact of potential diluting shares) weighted average number of common shares outstanding during the period, adjusted by the impact of conversion of convertible bonds to common shares.

The following data regarding profit and shares were used to calculate the basic and diluted earnings per share ratio:

| | *Year ended* **31 December 2009** | *Year ended* **31 December 2008** |
|---|---|---|
| Net profit attributable to Parent Company Shareholders | 38,276 | 16,189 |
| Net profit on continued operations attributable to Parent Company Shareholders used to calculate the basic and diluted earnings per share | 38,276 | 16,189 |

| | *Year ended* **31 December 2009** | *Year ended* **31 December 2008** |
|---|---|---|
| Weighted average number of issued common shares used to calculate the basic earnings per share ratio | 38,213,675 | 25,770,009 |
| Diluting elements: | - | - |
| Adjusted weighted average number of common shares used to calculate diluted earnings per share | **38,213,675** | **25,770,009** |

### 1.11. Proposed distribution of profits or coverage of losses

Based on the financial result determined in individual annual financial statements of Asseco South Eastern Europe S.A., the profit carried forward of PLN 6,881 thousand as at 31 December 2009 includes: the 2009 profit of PLN 16,609 thousand, the 2008 net loss of PLN 9,001 thousand and the 2007 net loss of PLN 727 thousand. The loss recorded in 2007 and 2008 will be covered with the results earned in the subsequent years.

### 1.12. Discontinued operations

In the period from 1 January to 31 December 2009 and in the comparable period of 2008, the Group did not discontinue any operations.

### 1.13. Capital expenditures

In the financial year of 2009, the Asseco South Eastern Europe Group incurred capital expenditures of PLN 14,961 thousand, including PLN 9,820 thousand for non-financial non-current assets and intangible assets.

In the financial year of 2008, the Asseco South Eastern Europe Group incurred capital expenditures of PLN 11,211 thousand, including PLN 7,250 thousand for non-financial non-current assets.

(in thousands of PLN)

# 2. Notes and explanations to the Balance Sheet

## 2.1. Property, plant and equipment and intangible assets

The range of changes in the values of the type groups of fixed assets and intangible assets is presented in the following tables:

### Property, plant and equipment

| **As at 31 December 2009** | **Land and buildings** | **Machinery and equipment** | **Means of transportation** | **Other fixed assets** | **Fixed assets under construction** | **Total** |
|---|---|---|---|---|---|---|
| **As at 1 January 2009, including accumulated depreciation and revaluation charges** | **3,573** | **4,771** | **3,660** | **807** | **21** | **12,832** |
| Increases, by virtue of: | - | 2,876 | 1,741 | 658 | 1,349 | **6,624** |
| Increases | - | 2,023 | 1,160 | 406 | 1,965 | **5,554** |
| Acquisition of control over subsidiaries | - | 601 | 313 | 148 | - | **1,062** |
| Other changes | - | 252 | 268 | 104 | (616) | **8** |
| Decreases, by virtue of: | 2,790 | 2,455 | 1,507 | 458 | - | **7,210** |
| Depreciation charge for the reporting period | 94 | 2,096 | 1,322 | 317 | - | **3,829** |
| Sale and liquidation | - | 331 | 185 | 40 | - | **556** |
| Reclassification - asset held for sale | 2,695 | - | - | - | - | **2,695** |
| Other changes | 1 | 28 | - | 101 | - | **130** |
| FX differences from conversion of foreign entities (+/-) | (268) | (213) | (223) | (67) | (83) | **(854)** |
| **As at 1 January 2009, including accumulated depreciation** | **515** | **4,979** | **3,671** | **940** | **1,287** | **11,392** |
| As at 1 January 2009 | | | | | | |
| Gross value | 3,230 | 5,596 | 4,081 | 840 | 21 | **13,768** |
| Accumulation depreciation and impairment charge | 46 | 1138 | 778 | 115 | - | **2,077** |
| FX differences from conversion of foreign entities (+/-) | 389 | 313 | 357 | 82 | - | **1,141** |
| **Net balance sheet value as at 1 January 2009** | **3,573** | **4,771** | **3,660** | **807** | **21** | **12,832** |
| As at 31 December 2009 | | | | | | |
| Gross value | 923 | 7,635 | 5,723 | 1,481 | 1,370 | **17,132** |
| Accumulation depreciation and impairment charge | 140 | 2,443 | 1,829 | 474 | - | **4,886** |
| FX differences from conversion of foreign entities (+/-) | (268) | (213) | (223) | (67) | (83) | **(854)** |
| **Net balance sheet value as at 31 December 2009** | **515** | **4,979** | **3,671** | **940** | **1,287** | **11,392** |

(in thousands of PLN)

| **As at 31 December 2008** | **Land and buildings** | **Machinery and equipment** | **Means of transportation** | **Other fixed assets** | **Fixed assets under construction** | **Total** |
|---|---|---|---|---|---|---|
| **As at 1 January 2008, including accumulated depreciation and revaluation charges** | **1,343** | **3,299** | **430** | **61** | **-** | **5,133** |
| Increases, by virtue of: | 2,690 | 3,366 | 3,879 | 786 | 21 | **10,742** |
| Increases | - | 1,785 | 1,163 | 442 | 21 | **3,411** |
| Acquisition of control over subsidiaries | 2,690 | 1,581 | 2,669 | 258 | - | **7,198** |
| Other changes | - | - | 47 | 86 | - | **133** |
| Decreases, by virtue of: | 849 | 2,207 | 1,006 | 122 | - | **4,184** |
| Depreciation charge for the reporting period | 46 | 1,578 | 897 | 117 | - | **2,638** |
| Sale and liquidation | - | 512 | 109 | 5 | - | **626** |
| Transfer to investment property | 797 | - | - | - | - | **797** |
| Other changes | 6 | 117 | - | - | - | **123** |
| FX differences from conversion of foreign entities (+/-) | 389 | 313 | 357 | 82 | - | **1,141** |
| **As at 31 December 2008, including accumulated depreciation** | **3,573** | **4,771** | **3,660** | **807** | **21** | **12,832** |
| As at 1 January 2008 | | | | | | |
| Gross value | 1,343 | 3,299 | 430 | 61 | - | **5,133** |
| Accumulation depreciation and impairment charge (-) | - | - | - | - | - | **-** |
| **Net balance sheet value as at 1 January 2008** | **1,343** | **3,299** | **430** | **61** | **-** | **5,133** |
| As at 31.12.2008 | | | | | | |
| Gross value | 3,230 | 5,596 | 4,081 | 840 | 21 | **13,768** |
| Accumulation depreciation and impairment charge (-) | 46 | 1,138 | 778 | 115 | - | **2,077** |
| FX differences from conversion of foreign entities (+/-) | 389 | 313 | 357 | 82 | - | **1,141** |
| **Net balance sheet value as at 31 December 2008** | **3,573** | **4,771** | **3,660** | **807** | **21** | **12,832** |

As at 31 December 2009, no property, plant and equipment constituted collateral for any credit or loans incurred. As at 31 December 2008, property, plant and equipment with a book value of PLN 3,770 thousand constituted collateral for credit and loans incurred. As at 31 December 2008, liabilities under loans secured on those assets were PLN 2,182 thousand. In the financial years of 2009 and 2008, the Group did not make any revaluation charges for fixed assets.

(in thousands of PLN)

## Intangible assets

| **As at 31 December 2009** | **Costs of development work** | **Software** | **Patents and licenses** | **Other** | **Total** |
|---|---|---|---|---|---|
| **As at 1 January 2009, including accumulated depreciation and revaluation charges** | **3,529** | **1,639** | **225** | **773** | **6,166** |
| Increases, by virtue of: | 3,768 | 480 | 73 | 81 | **4,402** |
| Increases | 3,768 | 421 | 73 | 4 | **4,266** |
| Other changes | - | 59 | - | 77 | **136** |
| Decreases, by virtue of: | - | 591 | 146 | 487 | **1,224** |
| Depreciation charge for the reporting period | - | 531 | 102 | 3 | **636** |
| Other changes | - | 60 | 44 | 484 | **588** |
| FX differences from conversion of foreign entities (+/-) | (459) | (140) | (22) | (24) | **(645)** |
| **As at 31 December 2009, including accumulated depreciation** | **6,838** | **1,388** | **130** | **343** | **8,699** |
| As at 1 January 2009 | | | | | |
| Gross value | 3,265 | 1,809 | 352 | 782 | **6,208** |
| Accumulation depreciation and impairment charge | - | 263 | 129 | 120 | **512** |
| FX differences from conversion of foreign entities (+/-) | 264 | 93 | 2 | 111 | **470** |
| **Net balance sheet value as at 1 January 2009** | **3,529** | **1,639** | **225** | **773** | **6,166** |
| As at 31 December 2009 | | | | | |
| Gross value | 7,297 | 2,109 | 240 | 534 | **10,180** |
| Accumulation depreciation and impairment charge | - | 581 | 88 | 167 | **836** |
| FX differences from conversion of foreign entities (+/-) | (459) | (140) | (22) | (24) | **(645)** |
| **Net balance sheet value as at 31 December 2009** | **6,838** | **1,388** | **130** | **343** | **8,699** |

(in thousands of PLN)

| **As at 31 December 2008** | **Costs of development work** | **Software** | **Patents and licenses** | **Other** | **Total** |
|---|---|---|---|---|---|
| **As at 1 January 2008, including accumulated depreciation and revaluation charges** | **258** | **609** | **781** | **-** | **1,648** |
| Increases, by virtue of: | 3,264 | 1,200 | 91 | 782 | **5,337** |
| Increases | 3,264 | 875 | 81 | - | **4,220** |
| Acquisition of control over subsidiaries | - | 325 | 10 | 5 | **340** |
| Other changes | - | - | - | 777 | **777** |
| Decreases, by virtue of: | 257 | 271 | 649 | 120 | **1,297** |
| Depreciation charge for the reporting period | - | 271 | 129 | 120 | **520** |
| Other changes | 257 | - | 520 | | **777** |
| FX differences from conversion of foreign entities (+/-) | 264 | 101 | 2 | 111 | **478** |
| **As at 31 December 2008, including accumulated depreciation** | **3,529** | **1,639** | **225** | **773** | **6,166** |
| As at 1 January 2008 | | | | | |
| Gross value | 258 | 609 | 781 | - | **1,648** |
| Accumulation depreciation and impairment charge | - | - | - | - | **-** |
| **Net balance sheet value as at 1 January 2008** | **258** | **609** | **781** | **-** | **1,648** |
| As at 31.12.2008 | | | | | |
| Gross value | 3,265 | 1,809 | 352 | 782 | **6,208** |
| Accumulation depreciation and impairment charge | - | 263 | 129 | 120 | **512** |
| FX differences from conversion of foreign entities (+/-) | 264 | 93 | 2 | 111 | **470** |
| **Net balance sheet value as at 31 December 2008** | **3,529** | **1,639** | **225** | **773** | **6,166** |

As at 31 December 2009 and 31 December 2008, no intangible assets constituted collateral for any credit or loans incurred. In the financial years of 2009 and 2008, the Group did not make any revaluation charges for its intangible assets.

(in thousands of PLN)

## 2.2. Consolidation goodwill

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| Banking Solutions | 164,934 | 140,523 |
| Mobile Banking & Authentication | 43,674 | 58,418 |
| Card Business | 75,075 | 98,537 |
| Systems Integration | 160,184 | 165,627 |
| | **443,867** | **463,105** |

**Share conversion agreements concluded by the Parent Company Asseco South Eastern Europe S.A.**

By 12 May 2009, Asseco South Eastern Europe S.A. signed a full set of agreements with minority shareholders of the seven companies forming part of the Asseco South Eastern Europe Capital Group. The agreements pertained to the conversion of shares held by the minority shareholders of the respective subsidiaries, to the shares in Asseco South Eastern Europe S.A. (*'swap transactions'*).

As a result of all of the aforementioned transactions, Asseco South Eastern Europe S.A. has become the sole shareholder in seven of its subsidiaries. The prices for the minority stakes acquired were as follows:

| | | |
|---|---|---|
| - Pexim d o.o. | 40% | PLN 46,093 thousand |
| - Fiba Software Srl | 30% | PLN 10,664 thousand |
| - Net Consulting Srl | 30% | PLN 17,213 thousand |
| - Arbor Informatika d o.o. | 30% | PLN 14,816 thousand |
| - Logos d o.o. | 40% | PLN 17,779 thousand |
| - Pexim Cardinfo d o.o. | 40% | PLN 27,195 thousand |
| - Antegra d o.o. | 30% | PLN 9,604 thousand |

The settlement of the *'swap transactions'* (calculation of goodwill in connection with the acquisition of minority interest) for the purpose of these consolidated financial statements was made as at 15 May 2009. The simplification as to the transaction settlement date was assumed due to the large number of individual transactions and the insignificant differences as compared to the actual transaction dates. This has also made it possible to unify the date of recognizing each of those transactions.

**Examination of impairment of consolidation goodwill**

Consolidation goodwill is subject to annual impairment tests.

The goodwill established as a result of the acquisition of subsidiaries was examined for impairment as at 31 December 2009. The value of cash generating units to which the goodwill was allocated was determined based on the useful value, using the model of discounted free cash flows to the owners of equity and FCFF debtors.

The following unified assumptions have been adopted for the calculation:

- the "business units" were analyzed which, when aggregated, comprise the budget and forecasts for the whole Group,

(in thousands of PLN)

- a detailed forecast covered the period of 5 years, for which cash flow growth rates were assumed for individual years; residual value was calculated for the remaining part of the units' operating period, assuming that there was no further cash flow growth,
- the assumed cash flow growth rates depend on the strategy for the whole Group, tactical plans of the individual units and take into account the conditions in respective geographic markets and sectors, while reflecting the current and potential order portfolio. The potential order portfolio assumes that the current clients are retained, while new ones are acquired. The assumed growth rates do not differ significantly from average growth rates on respective markets,
- forecasts of foreign units assume growth in EUR,
- the discount rate is consistent with the weighted average cost of capital for the South-Eastern Europe market.

Additionally, the Parent Company analyzed sensitivity of the impairment tests conducted on the goodwill created upon acquisition of shares in the subsidiaries. The analysis examines the impact that a change in the discount rate used would have on the recoverable value of the cash generating unit. Since the profitability thresholds were greater than the weighted average cost of capital in respective segments, no revaluation charge was made for the goodwill created upon the acquisition of shares in the companies in the 12-month period ended 31 December 2009 and in the 12-month period ended 31 December 2008. Results of this analysis are presented in the table below:

| | Discount rate | | Revenue growth rate | |
|---|---|---|---|---|
| | rate used in the model | threshold rate | used in the model | threshold |
| Banking Solutions | 12.2% | 21.6% | 8.5% | -3.2% |
| Mobile Banking & Authentication | 12.1% | 13.4% | 5.4% | 2.4% |
| Card Business | 12.3% | 15.9% | 8.8% | 2.1% |
| Systems Integration | 12.2% | 14.7% | 6.4% | 1.9% |

(in thousands of PLN)

During the reporting and comparative period, the following changes occurred in the consolidation goodwill:

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| **Consolidation goodwill at the beginning of the period (without revaluation charges)** | **463,105** | **131,620** |
| Banking Solutions | 140,523 | 64,614 |
| Mobile Banking & Authentication | 58,418 | - |
| Card Business | 98,537 | 10,908 |
| Systems Integration | 165,627 | 56,098 |
| **Change in consolidated goodwill due to the acquisition of shares and due to purchase options under the contracts concluded** | **6,514** | **312,481** |
| Banking Solutions | 33,707 | 71,748 |
| Mobile Banking & Authentication | (13,426) | 54,064 |
| Card Business | (17,585) | 84,481 |
| Systems Integration | 3,818 | 102,188 |
| **FX differences from conversion of goodwill created for foreign subsidiaries (+/-)** | **(25,752)** | **19,004** |
| Banking Solutions | (8,908) | 4,161 |
| Mobile Banking & Authentication | (1,319) | 4,355 |
| Card Business | (5,878) | 3,148 |
| Systems Integration | (9,647) | 7,340 |
| **Total balance sheet value at the end of the period** | **443,867** | **463,105** |

**Acquisition of shares in Asseco SEE Sh.p.k. (formerly: Pronet IT Konsalting Inxhiniering Telekomunikime Sh.p.k - Pronet Sh.p.k) seated in Kosovo**

The purchase agreement of a 100% stake in Asseco SEE (formerly Pronet Sh.p.k) was signed on 5 November 2009. The purchase price of the 60% stake consists of two installments: the first one of EUR 5.4 million, while the second depends on the performance achieved by Asseco SEE (formerly Pronet Sh.p.k) in 2009 and will amount to no more than EUR 0.7 million. The remaining 40% was acquired in exchange for 1,078,909 shares in Asseco South Eastern Europe S.A. (‘swap transaction'). The share capital increase of Asseco South Eastern Europe S.A., which was made in connection with the swap transaction, was registered on 1 December 2009. The Asseco South Eastern Europe Group acquired control over Asseco SEE (formerly Pronet Sh.p.k.) starting on 1 July 2009. On 25 January 2010, the company changed its name to Asseco SEE Sh.p.k.

Asseco SEE (formerly Pronet Sh.p.k) has a leading position on the IT market in Kosovo and a significant share in the Albanian IT market. Asseco SEE (formerly Pronet Sh.p.k) conducts activity in the area of system integration, development and implementation of its proprietary software to banks and public institutions. The company's key clients include the Central Bank of Kosovo, Nova Ljubljanska Banka, Kosovo Ministry of Justice, Kosovo International Airport and EU institutions in Kosovo.

(in thousands of PLN)

Temporary settlements of the identifiable assets and liabilities of Asseco SEE (formerly Pronet Sh.p.k.) as at the acquisition date is as follows:

| **ASSECO SEE SH.P.K (PRONET SH.P.K)** | **Fair value as at the acquisition date** |
|---|---|
| **Non-current assets** | **2,618** |
| Property, plant and equipment | 846 |
| Other non-current assets | 1,772 |
| **Current assets** | **9,438** |
| Inventory | 1,720 |
| Receivables | 2,676 |
| Cash and short-term deposits | 3,791 |
| Other assets | 1,251 |
| **TOTAL ASSETS** | **12,056** |
| | |
| **Equity** | **4,069** |
| **Liabilities and reserves** | **7,987** |
| Liabilities | 7,342 |
| Other liabilities and equity | 645 |
| **TOTAL LIABILITIES AND EQUITY** | **12,056** |
| | |
| **Net asset value** | **4,069** |
| Acquired % of net assets | 100% |
| **Value of acquired net assets** | **4,069** |
| Purchase price | 44,789 |
| **Goodwill as at the acquisition date** | **40,720** |

The fair value of the company's identifiable assets and liabilities is equal to their book value.

**Acquisition of shares in Professional Bank Systems & Software - Probass S.A. (Probass S.A.) inRomania**

On 11 December 2009, an agreement was signed to acquire 100% of shares in Probass S.A., a Romanian law company. The cost of acquiring the 60% stake was EUR 7.7 million, while the remaining 40% was acquired in exchange for 1,524,269 shares in Asseco South Eastern Europe S.A. *('swap transaction').* The share capital increase of Asseco South Eastern Europe S.A., which was made in connection with the swap transaction, was registered after the balance sheet date, on 22 January 2010. Additionally, on the date of the purchase agreement, Asseco South Eastern Europe S.A. concluded an agreement to transfer the title to one share in Probass S.A. to Asseco Poland S.A.

The activity of Probass S.A. includes primarily the sale and maintenance of its proprietary IT solutions for banks and financial institutions.

(in thousands of PLN)

Temporary settlements of the identifiable assets and liabilities of Probass S.A. as at the acquisition date is as follows:

| **PROBASS S.A.** | **Fair value as at the acquisition date** |
|---|---|
| **Non-current assets** | **62** |
| Property, plant and equipment | 62 |
| Other non-current assets | |
| **Current assets** | **6,321** |
| Receivables | 2,348 |
| Cash and short-term deposits | 3,973 |
| **TOTAL ASSETS** | **6,383** |
| | |
| **Equity** | **4,920** |
| **Liabilities and reserves** | **1,463** |
| Liabilities | 1,003 |
| Other liabilities and equity | 460 |
| **TOTAL LIABILITIES AND EQUITY** | **6,383** |
| | |
| **Net asset value** | **4,920** |
| Acquired % of net assets | 100% |
| **Value of acquired net assets** | **4,920** |
| Purchase price | 58,355 |
| **Goodwill as at the acquisition date** | **53,435** |

The fair value of the company's identifiable assets and liabilities is equal to their book value.

### Acquisition of shares in Multicard d o.o.

On 19 October 2010, Pexim Cardinfo d.o.o. signed a founding agreement of Multicard d o.o. seated in Serbia, subscribing to the capital corresponding to 45% of its shares worth EUR 18 thousand.

In connection with minority share purchase options included in the articles of association of Multicard d o.o., offering Pexim Cardinfo d.o.o. the right to purchase the remaining shares, Multicard d.o.o. is treated as a subsidiary consolidated using the full method. As at 31 December 2009, the Group has a put option liability towards minority shareholders in Multicard d.o.o. in the amount of PLN 9,658 thousand. As at 31 December 2009, the goodwill of Multicard d o.o. at PLN 9,584 thousand was included in the consolidated financial statements of Pexim Cardinfo d.o.o.

(in thousands of PLN)

## 2.3. Inventory

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| Materials and components used in implementations of IT systems (at purchase prices) | 6,616 | 4,724 |
| Computer hardware and software licenses for resale | 12,714 | 23,604 |
| Finished products (at purchase price/ manufacturing cost) | 3,238 | 4,256 |
| Merchandise in transit | 1,078 | - |
| Others | 1,551 | - |
| **Total inventories**, at the lower of the two values: purchase price (manufacturing cost) and net obtainable value. | **25,197** | **32,584** |

In the period of the 12 months ended 31 December 2009, the Group made revaluation charges for inventories in the total amount of PLN 907 thousand. In the period of the 12 months ended 31 December 2008, the Group made revaluation charges for inventories in the total amount of PLN 1,491 thousand.

As at 31 December 2009, inventories worth PLN 3,075 thousand constituted collateral for awarded loans. As at 31 December 2009, there were no liabilities under the loan secured by those assets. As at 31 December 2008, inventories worth PLN 729 thousand constituted collateral for awarded loans. As at 31 December 2008, there were no liabilities under the loans secured by those assets.

## 2.4. Trade receivables, receivables from the state budget and other receivables

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| Trade receivables, of which: | 55,841 | 53,359 |
| - from other entities | 55,841 | 53,359 |
| **Total receivables (gross)** | **55,841** | **53,359** |
| Revaluation charge for uncollectible receivables (-) | (2,740) | (1,402) |
| **Net receivables** | **53,101** | **51,957** |

As at 31 December 2009, current and future receivables worth PLN 4,040 thousand constituted collateral for loans incurred. As at 31 December 2009, there was no liability under the loan secured by those assets. As at 31 December 2008, no receivables category constituted collateral for any credit or loans.

Presented below is the age analysis of trade receivables as at 31 December 2009 and 31 December 2008.

| | **Total** | **Not overdue** | **< 30 days** | **30–90 days** | **90–180 days** | **> 180 days** |
|---|---|---|---|---|---|---|
| ***31 December 2009*** | 53,101 | 44,988 | 4,539 | 2,516 | 601 | 457 |

| | ***Total*** | ***Not overdue*** | ***< 30 days*** | ***30–90 days*** | ***90–180 days*** | ***> 180 days*** |
|---|---|---|---|---|---|---|
| ***31 December 2008*** | 51,957 | 42,751 | 4,805 | 3,055 | 832 | 514 |

(in thousands of PLN)

Revaluation charges for trade receivables and other receivables were as follows:

| Balance as at 1 January 2009 (audited) | Increases due to merger and acquisition of control over companies | Establishment | Dissolution (-) | Utilization (-) | FX differences from conversion of foreign entities (+/-) | Balance as at 31 December 2009 (audited) |
|---|---|---|---|---|---|---|
| 1,402 | 748 | 2,367 | (773) | (1,048) | 44 | 2,740 |

| Balance as at 1 January 2008 (audited) | Increases due to merger and acquisition of control over companies | Establishment | Dissolution (-) | Utilization (-) | FX differences from conversion of foreign entities (+/-) | Balance as at 31 December 2008 (audited) |
|---|---|---|---|---|---|---|
| - | 1,776 | 1,078 | (1,423) | - | (29) | 1,402 |

Trade receivables do not bear interest. The average payment term is from 30 to 50 days.

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| **Receivables from the state budget, including:** | | |
| Corporate income tax | 1,459 | 2,556 |
| VAT | 5,059 | 4,509 |
| Others | 299 | 770 |
| | **6,817** | **7,835** |

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| **Other receivables, including:** | | |
| Advance payments towards deliveries | 1,080 | 1,061 |
| Receivables on account of uninvoiced deliveries | 5,504 | - |
| Other receivables | 2,269 | 256 |
| | **8,853** | **1,317** |

Receivables on account of uninvoiced deliveries pertain primarily to uninvoiced deliveries to Makedonski Telekom AD, Skopje and deliveries to European Commission institutions in Kosovo

## 2.5. Financial assets held to maturity

| | Interest Rate | Maturity | 31 December 2009 | 31 December 2008 |
|---|---|---|---|---|
| T-bills | 07-Apr-09 | 5.5% | 575 | - |
| | | | **575** | **-** |

## 2.6. Cash and cash equivalents

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| Cash at bank and in hand | 83,775 | 30,350 |
| Short-term investments | 20,759 | 10,765 |
| Other | 17 | - |
| | **104,551** | **41,115** |
| Restricted cash | 184 | - |

(in thousands of PLN)

## 2.7. Data on ownership structure of the the share capital and the number and par value of subscribed shares, including preferred shares

### 2.7.1. List of shareholders and description of changes in the ownership structure of large blocks of shares

According to the best knowledge of the Management Board of Asseco South Eastern Europe S.A., as at 31 December 2009 the status of Shareholders holding, directly or through subsidiaries at least 5% of the overall number of votes at the Shareholder Meeting was as follows:

| *Shareholder* | *Number of shares and votes at the Shareholder Meeting* | *% of share capital and votes at the Shareholder Meeting* |
|---|---|---|
| Asseco Poland S.A. | 26,494,676 | 55.15% |
| EBRD | 4,810,880 | 10.01% |
| Liatris d.o.o. | 3,842,683 | 8.00% |
| Other shareholders | 12,889,211 | 26.84% |
| | **48,037,450** | **100.00%** |

As at 31 December 2009, the share capital of Asseco South Eastern Europe S.A. was PLN 480,374,500.00 and was divided into 48,037,450 common shares with the par value of PLN 10.00 each, for the total of 48,037,450 of votes at the Shareholder Meeting of Asseco South Eastern Europe S.A.

According to the best knowledge of the Company's Management Board, as at 31 December 2009 the status of Shareholders holding, directly or through subsidiaries at least 5% of the overall number of votes at the Shareholder Meeting was as follows:

| *Shareholder* | *Number of shares and votes at the Shareholder Meeting* | *% of share capital and votes at the Shareholder Meeting* |
|---|---|---|
| Asseco Poland S.A. | 26,494,676 | 53.46% |
| EBRD | 4,810,880 | 9.71% |
| Liatris d.o.o. | 3,842,683 | 7.75% |
| Other shareholders | 14,413,480 | 29.08% |
| | **49,561,719** | **100.00%** |

During the 12 months ended 31 December 2009, Asseco Poland S.A. reduced its share in the share capital and its share in votes at the Shareholder Meeting of Asseco South Eastern Europe S.A. from 99.97% to 55.15%.

During the 12 months ended 31 December 2009, the following changes occurred in the Company's shareholding structure:

- *Capital increase within the framework of the target capital*

  On 28 January 2009, the District Court issued a decision to register amendments to the Articles of Association of Asseco South Eastern Europe S.A. pertaining to the introduction in the Articles of Association of provisions authorizing the Management Board of Asseco South Eastern Europe S.A. to increase the share capital within the framework of the target capital, by one or more share capital increases, by PLN 193,275 thousand to the total value of PLN 450,975 thousand. The authorization for the Management Board is valid till 1 January 2012.

- *Share conversion agreements concluded by the Parent Company Asseco South Eastern Europe S.A.*

  By 12 May 2009, Asseco South Eastern Europe S.A. signed a full set of agreements with minority shareholders of the seven companies forming part of the Asseco South Eastern Europe Capital Group. The agreements pertained to the conversion of shares held by the minority shareholders of the respective companies to the shares in Asseco South Eastern Europe S.A. (*'swap transactions'*). As a result of all of the aforementioned transactions, Asseco South Eastern Europe S.A. has become the sole shareholder in seven of its subsidiaries. Asseco South Eastern Europe S.A. was registered as the owner of additional blocks of shares in respective local jurisdictions from 6 May to 27 May 2009. The capital increase of PLN 142,777 thousand within the framework of the "swap transactions" was registered by the District Court in Rzeszów on 16 July 2009.

- *Capital increase within the framework of the public offering*

  On 18 February 2009, the Company's Management Board adopted a resolution to increase the share capital within the framework of the target capital, by issuing up to 10,000,000 Series L common bearer shares with a par value of PLN 10 each to be acquired in private subscription within the framework of the public offering. According to the Resolution, the public offering of Series L Shares was only targeted at qualified investors within the meaning of the Act of 29 July 2005 on public offering and conditions for This Securities offer does not constitute a public offer within the meaning of the Act of 29 July 2005 on Public Offerings and the Conditions for Floating Financial Instruments in an Organized Trading System and on Public Companies (Journal of Laws No. 184 Item 1539 as amended). In June 2009, after the book-building is completed, the Company's Management Board set the list of qualified investors, to which Series L Shares were offered. Within the framework of the public offering, 2,100,000 shares with the total issue value of PLN 29,400 thousand were subscribed to. Series L Shares were registered by the District Court in Rzeszów on 24 July 2009.

- *Capital increase within the framework of the private subscription by the European Bank for Reconstruction and Development*

(in thousands of PLN)

On 17 August 2009, Asseco South Eastern Europe S.A. signed an agreement with the European Bank for Reconstruction and Development a series M share subscription agreement. According to the agreement, on 16 September 2009, EBRD subscribed to 4,810,880 shares of the new issue with the issue value of EUR 15,000 thousand. The capital increase was made within the framework of the target capital set by the Shareholder Meeting resolutions of 28 August 2009 and 9 January 2009. As a result of the transaction, the share capital of the Parent Company Asseco South Eastern Europe S.A. increased from PLN 421,477 thousand to PLN 469,585 thousand. Series M Shares were registered by the District Court in Rzeszów on 19 October 2009.

- *Capital increase within the framework of the Series N share issue*

  By the power of the resolution adopted by the Management Board of Asseco South Eastern Europe S.A. on 28 October 2009, the Parent Company's share capital was increased by PLN 10,789 thousand by issuing Series N shares with a par value of PLN 10 each. Series N shares were paid for by a constribution-in-kind in the form of shares constituting a 40% stake in the share capital of Asseco SEE (formerly Pronet Sh.p.k) seated in Kosovo. On 1 December 2009 the District Court in Rzeszów registered the capital increase within the framework of the Series N share issue.

In the period from the balance sheet date to the date of approving these statements, the following changes were made to the Company's shareholding structure:

- *Capital increase within the framework of the Series P share issue*

  By the power of the resolution adopted by the Management Board of Asseco South Eastern Europe S.A., the Parent Company's share capital was increased by PLN 15,243 thousand by issuing 1,524,269 Series P common bearer shares with a par value of PLN 10 each. Series P shares were paid for by a contribution-in-kind in the form of shares constituting a 40% stake in the share capital of Professional Bank Systems & Software Probass S.A. seated in Bucharest. On 22 January 2010 the Registration Court in Rzeszów registered the capital increase within the framework of the Series P share issue.

As at 31 December 2008, the following shareholders held, directly or through subsidiaries, at least 5% of the overall number of votes at a Shareholder Meeting:

| *Shareholder* | *Number of shares and votes at the Shareholder Meeting* | *% of share capital and votes at the Shareholder Meeting* |
|---|---|---|
| Asseco Poland S.A. | 25,763,000 | 99.97% |
| Other shareholders | 7,009 | 0.03% |
| | **25,770,009** | **100%** |

As at 31 December 2008, the share capital of Asseco South Eastern Europe S.A. was PLN 257,700,090.00 and was divided into 25,770,009 common shares with a par value of PLN 10.00 each, for the total of 25,770,009 votes at the Shareholder Meeting of Asseco South Eastern Europe S.A.

(in thousands of PLN)

### 2.7.2. Statement of changes in Asseco South Eastern Europe S.A. shares held by persons managing and supervising the Parent Company

| | number of shares - balance as at | | | |
|---|---|---|---|---|
| | **16 March 2010** | **31 December 2009** | **13 November 2009** | **31 December 2008** |
| **Management Board** | | | | |
| Piotr Jeleński | 550 | 550 | 550 | 550 |
| Rafał Kozłowski | 150 | 150 | 150 | 150 |
| Miljan Mališ * | - | - | - | n/a |
| Dražen Pehar (1) | 779,068 | 779,068 | 779,068 | n/a |
| Calin Barseti (1) | - | - | - | n/a |
| Miodrag Mirčetić (1)**** | - | - | - | n/a |
| | | | | |
| **Supervisory Board** | | | | |
| Adam Góral ** | - | - | - | - |
| Jacek Duch (2) | n/a | - | - | - |
| Nicholas Jeffery (3) | - | - | - | n/a |
| Mihail Petreski (4) *** | - | - | - | n/a |
| Przemysław Sęczkowski | 2,500 | 2,500 | 2,500 | 2,500 |
| Gabriela Żukowicz | 150 | 150 | 150 | 150 |
| Andrzej Gerlach (5) | n/a | n/a | n/a | 300 |

1) Appointed to the Management board on 27 August 2009
2) Stepped down as the Supervisory Board Member on 18 January 2010
3) Appointed to the Supervisory Board on 17 August 2009
4) Appointed to the Supervisory Board on 22 May 2009
5) Stepped down as the Supervisory Board Member on 22 May 2009

*) Miljan Mališ, the Management Board Member of Asseco South Eastern Europe S.A. is the shareholder of Mini Invest d o. o, a shareholder of Asseco South Eastern Europe S.A.; as at 31 December 2009, Mini Invest d o.o. held 839,597 shares of Asseco South Eastern Europe S.A.
**) Adam Góral, the Supervisory Board Member of Asseco South Eastern Europe S.A. is the shareholder of Asseco Poland S.A., a shareholder of Asseco South Eastern Europe S.A.; as at 31 December 2009, Asseco Poland S.A. held 26,494,676 shares of Asseco South Eastern Europe S.A.
***) Mihail Petreski, the Supervisory Board Member of Asseco South Eastern Europe S.A. is the shareholder of Liatris d o.o. a shareholder of Asseco South Eastern Europe S.A.; as at 31 December 2009, Liatris d o.o. held 3,842,683 shares of Asseco South Eastern Europe S.A.
****) Miodrag Mirčetić, the Management Board Member of Asseco South Eastern Europe S.A. is the shareholder of 14-INVENTION d o. o, a shareholder of Asseco South Eastern Europe S.A.; as at 31 December 2009, 14-INVENTION d o.o. held 1,776,971 shares of Asseco South Eastern Europe S.A.

(in thousands of PLN)

### 2.7.3. Share capital

| *Basic (share) capital* | | | *31 December 2009* | | *31 December 2008* | |
|---|---|---|---|---|---|---|
| *Equity* | *Series* | *Par value per share* | *Number of of shares* | *Value of shares* | *Number of of shares* | *Value of shares* |
| Registered common shares - Series | A* | 0.1 | 5,000,000 | 500 | 5,000,000 | 500 |
| Registered common shares - Series | B* | 0.1 | 5,000,000 | 500 | 5,000,000 | 500 |
| Registered common shares - Series | C* | 0.1 | 2,567,000,900 | 256,700 | 2,567,000,900 | 256,700 |
| Registered common shares - Series | D | 10 | 25,770,009 | 257,700 | 25,770,009 | 257,700 |
| Registered common shares - Series | E | 10 | 956,447 | 9,565 | - | - |
| Registered common shares - Series | F | 10 | 1,475,509 | 14,755 | - | - |
| Registered common shares - Series | G | 10 | 2,708,378 | 27,084 | - | - |
| Registered common shares - Series | H | 10 | 1,062,030 | 10,620 | - | - |
| Registered common shares - Series | I | 10 | 1,770,609 | 17,706 | - | - |
| Registered common shares - Series | J | 10 | 1,714,209 | 17,142 | - | - |
| Registered common shares - Series | K | 10 | 4,590,470 | 45,905 | - | - |
| Registered common shares - Series | L | 10 | 2,100,000 | 21,000 | - | - |
| Registered common shares - Series | M | 10 | 4,810,880 | 48,109 | - | - |
| Registered common shares - Series | N | 10 | 1,078,909 | 10,789 | - | - |
| **Total** | | | **48,037,450** | **480,375** | **25,770,009** | **257,700** |

***** *series D shares after the re-split*

During the financial year, the share capital was increased by the total of PLN 222,674,410 by issuing 22,267,441 new common shares worth PLN 10 each, in the following tranches:

- Series E_K share capital issues performed within the framework of the "swap transactions" in the total amount of PLN 142,777 thousand were registered by the District Court in Rzeszów on 16 July 2009.
- The series L share issue in the amount of PLN 21,000 thousand conducted within the framework of the public offering was registered by the District Court in Rzeszów on 24 July 2009.
- The series M share issue in the amount of PLN 48,109 thousand conducted as a private subscription to the European Bank for Reconstruction and Development was registered by the District Court in Rzeszów on 19 October 2009.
- The series N share issue in the amount of PLN 10,789 thousand was registered by the District Court in Rzeszów on 1 December 2009.

## 2.8. Share premium account,subscribed but unregistered capital, revaluation reserve

(in thousands of PLN)

The capital includes the surplus of the issue price over the nominal price of series L, M and N shares in the amount of PLN 30,395 thousandminus the capital issue costs of PLN 3,605 thousand.
The "Capital subscribed but unregistered" line item contains the issue of 1,524,269 series P shares with a total issue value of PLN 25,897 thousand pertaining to the "swap transaction" for the 40% shares in Probass S.A. The capital increase within the framework of the P series issue was registered after the balance sheet date on 22 January 2010.

During the 12 months ended 31 December 2009, the Company recognized in its comprehensive income the amount of PLN 1,069 thousand for the valuation of the hedging instrument and transferred, from capital to investments of Asseco SEE Sh. p.k. (formerly Pronet Sh. p.k.) and Probass S.A. for the overall amount of PLN 51 thousand.

The table below describes the hedging instruments along with their payment term and their fair value:

| ***Hedge type*** | ***Risk hedged*** | ***Hedging instrument*** | ***Fair value of the hedging instrument PLN thous.*** | ***Cash flow date*** |
|---|---|---|---|---|
| of cash flows | Currenncy | Cash | 35,605 | 2010-2014 |

(in thousands of PLN)

## 2.9. Minority share

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| **At the beginning of the period** | 1,651 | 1,322 |
| Share in profits of subsidiaries | 9,103 | 15,147 |
| Settlement of the contingent financial liability to minority shareholders | (9,000) | (14,903) |
| Dividends to minority shareholders: | - | (101) |
| FX differences from conversion of foreign entities | 192 | 186 |
| Changes in the shareholding structure in the subsidiaries | (1,844) | - |
| **At the end of the period** | **102** | **1,651** |

## 2.10. Reserves

| | Reserves for warranty repairs and returns | Post-employment benefits | Other provisions | Total |
|---|---|---|---|---|
| **As at 1.01.2009** | **924** | **82** | **86** | **1,092** |
| Established during the financial year | 722 | 23 | 1,194 | 1,939 |
| Utilized (-) | (735) | - | (1) | (736) |
| Solved (-) | (161) | - | (13) | (174) |
| FX differences from conversion of foreign entities (+/-) | (35) | (14) | 12 | (37) |
| **As at 31 December 2009** | **715** | **91** | **1,278** | **2,084** |
| Short-term as at 31 December 2009 | 715 | - | 1,177 | **1,892** |
| Long-term as at 31 December 2009 | - | 91 | 101 | **192** |
| As at 31.12.2008 | | | | |
| Short-term as at 31 December 2008 | 924 | - | 4 | 928 |
| Long-term as at 31 December 2008 | - | 82 | 82 | 164 |
| | **924** | **82** | **86** | **1,092** |

### Warranty repairs

The reserve for the warranty repair costs is related to the warranty services provided by manufacturers of computer hardware sold to Group clients.

### Post-employment benefits

The reserve for post-employment benefits is related in its entirety to retirement benefits, which will be paid out to Group employees when they retire.

### Other provisions

Other reserves include primarily the reserve for possible income tax liabilities.

(in thousands of PLN)

## 2.11. Interest-bearing bank credits, loans and debt securities

**Short-term**

| | Company name | Maximum indebtedness as at 31 December 2009 | Maximum indebtedness as at 31 December 2008 | Effective interest rate % | Currency | Maturity | Year ended 31 Dec. 2009 | Year ended 31 Dec. 2008 |
|---|---|---|---|---|---|---|---|---|
| Current account overdraft | NLB Tutunska Banka AD Skoplje | 67 | n/a | 19.5% | MKD | 31-Dec-2009 | 16 | - |
| Current account overdraft | NLB Tutunska Banka AD Skoplje | 13 | n/a | 0% | MKD | 31-Dec-2009 | 1 | - |
| Current account overdraft | Nova Ljubljanska Banka | 1,643 | n/a | n/a | EUR | 23-Nov-10 | - | - |
| Current account overdraft | BancPost Floreasca | - | n/a | n/a | multi-currency | 19-Dec-11 | - | - |
| Current account overdraft | BancPost Floreasca | 8,201 | 8,345 | 3M LIBOR + margin 3M BUBOR + margin | multi-currency | 15-Jul-10 | - | - |
| | | **9,924** | **8,345** | **-** | **-** | | **17** | **-** |

# Other short-term loans:

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Working capital loan | Komercijalna Banka AD Banja Luka | 105 | n/a | 12.25% | MKD | 03-Jun-10 | 105 | - |
| Working capital loan | Nova Ljubljanska banka | 411 | 117 | 1M EURIBOR + margin | EUR | 25-Feb-09 | - | 117 |
| Investment loan | Volksbank | - | 159 | 3M EURIBOR + margin | EUR | 23-Jun-18 | | 159 |
| Loan | Minority shareholders | 4,104 | 207 | - | RSD | 30-Sep-10 | 3,136 | 207 |
| Loan | Minority shareholders | 37 | n/a | 7% | BGN | 13-Oct-10 | 37 | - |
| Loan | Minority shareholders | 37 | n/a | 7% | BGN | 12-Oct-10 | 37 | - |
| Loan | Minority shareholders | 47 | n/a | 7% | BGN | 14-Oct-10 | 47 | - |
| | | **4,741** | **483** | **-** | **-** | **-** | **3,362** | **483** |

**Long-term**

| | Company name | Maximum indebtedness as at 31 December 2009 | Maximum indebtedness as at 31 December 2008 | Effective interest rate % | Currency | Maturity | Year ended 31 Dec. 2009 | Year ended 31 Dec. 2008 |
|---|---|---|---|---|---|---|---|---|
| Investment loan | Volksbank | - | 2,024 | 3M EURIBOR + margin | EUR | 23-Jun-18 | - | 2,024 |
| Investment loan | European Bank for Reconstruction and Development | 28,757 | - | 3M EURIBOR + margin | EUR | 31-Jan-16 | - | - |
| | | **28,757** | **2,024** | **-** | **-** | **-** | **-** | **2,024** |

(in thousands of PLN)

The Group's total indebtedness as at 31 December 2009 on account of loans incurred and debt issues was PLN 5,359 thousand, out of which PLN 1,980 thousand was related to the assets classified as available for sale and is presented in a separate balance sheet item.

As at 31 December 2009, current and future inventories and future receivables worth PLN 7,115 thousand constituted collateral for bank loans incurred. As at 31 December 2009, there were no liabilities under the bank loans secured by those assets.

The Group's total indebtedness as at 31 December 2008 on account of loans incurred and debt issues was PLN 2,507 thousand.

As at 31 December 2009, property, plant and equipment and intangible assets with the book value of PLN 3,770 thousand constituted collateral for bank loans incurred. As at 31 December 2008, liabilities under the bank loans secured on those assets were PLN 2,182 thousand.

## 2.12. Long-term and short-term financial liabilities

| **Long-term** | **31 December 2009** | **31 December 2008** |
|---|---|---|
| Liabilities related to the acquisition of minority interest in subsidiaries (put option) | 9,658 | 243,388 |
| Liabilities under financial lease agreements | 659 | 919 |
| | **10,317** | **244,307** |

As at 31 December 2009, the Group has a put option liability towards minority shareholders in Multicard d.o.o. in the amount of PLN 9,658 thousand. The liabilities of the Asseco South Eastern Europe Group are the estimated value of the future payment for the remaining stake in that company. The fair value appraisal of the liability on account of the possible exercise of the share sale option was based on several conditions. The Group assumes that the Group will be exercised by all the minority shareholders and, as a result, the Group will have a 100% share in profits. The option agreement defines the level of the liability as the audited net result in a calendar year preceding the option exercise year, times the predefined co-efficient fixed in the agreement. The net result assumed for the calculation of the liability is based on the most recent financial forecasts for the current year and future years. Every liability expressed in a foreign currency was converted to Polish zlotys using the National Bank of Poland's (NBP) exchange rate on 31 December 2009.

| ***Company*** | ***Earliest contractual option exercise date*** | ***Net profit assumptions*** |
|---|---|---|
| Multicard d o.o. | 1 January 2013 | The audited net result in the calendar year preceding the option exercise year. |

As at 31 December 2009, the Group has a put option liability towards minority shareholders in Pexim d.o.o., Net Consulting Srl, FIBA Software Srl, Arbor Informatika d.o.o., Logos d.o.o., Pexim Cardinfo d o.o. and Antegra d.o.o.. The liabilities of the Asseco South Eastern Europe Group corresponded to the estimated value of the future payment for the remaining stake in the foregoing companies. In connection with the execution of the "swap transaction", contingent liabilities under the put option have expired.

(in thousands of PLN)

| **Short-term** | **31 December 2009** | **31 December 2008** |
|---|---|---|
| Liability related to dividend payments | 5,920 | 6,428 |
| Liability related to acquisition of shares in companies | 2,761 | 2,921 |
| Liabilities under financial lease agreements | 528 | 750 |
| | **9,209** | **10,099** |

Liabilities related to acquisition of companies pertain to the second installment for Asseco SEE (formerly Pronet Sh.p.k.).

## 2.13. Trade liabilities and other liabilities

| **Short-term** | **31 December 2009** | **31 December 2008** |
|---|---|---|
| Trade liabilities | | |
| To affiliated entities | 965 | 13 |
| To other entities | 32,701 | 31,846 |
| | **33,666** | **31,859** |
| Liabilities on account of taxes, customs duties, social security and others | | |
| Corporate income tax | 2,205 | 1,197 |
| VAT | 5,809 | 5,832 |
| Personal income tax (from employees) | 422 | 272 |
| Liabilities on social security insurance | 790 | 655 |
| Flat-rate withholding tax | 20 | - |
| Others | 84 | 27 |
| | **9,330** | **7,983** |
| Other liabilities | | |
| Salary liabilities to employees | 738 | 576 |
| Liabilities on account of uninvoiced deliveries | 2,813 | 1,150 |
| Advance payments towards trade payables | 6,887 | 13,437 |
| Other liabilities | 498 | 176 |
| | **10,936** | **15,339** |

Average payment terms for liabilities in the Asseco South Eastern Europe S.A. Group are from 30 to 40 days.

## 2.14. Prepayments, accruals and deferred income

### Prepayments and accruals

| **Prepayments and accruals** | **31 December 2009** | **31 December 2008** |
|---|---|---|
| **Short-term** | | |
| Prepaid maintenance services | 2,637 | 1,142 |
| Costs of capital increase related to the *"swap transactions"* | - | 454 |
| Expenditures for the acquisition of new Companies | 42 | 111 |
| Prepaid insurance | 135 | 166 |
| Prepaid rent | 20 | 157 |
| Advisory services | 78 | 48 |
| Others | 1,106 | 289 |
| | **4,018** | **2,367** |

(in thousands of PLN)

| **Accruals and deferred income** | **31 December 2009** | **31 December 2008** |
|---|---|---|
| **Short-term** | | |
| Audit reserve | 708 | 821 |
| Reserve for other costs | 3,238 | 584 |
| Reserve for unused holiday leaves | 72 | 32 |
| Reserve for bonuses | 5,605 | 6,091 |
| Reserve for consulting services | - | 687 |
| | **9,623** | **8,215** |

### Deferred income

| **Short-term** | **31 December 2009** | **31 December 2008** |
|---|---|---|
| Maintenance and other services | 12,711 | 9,633 |
| | **12,711** | **9,633** |

## 2.15. Contingent liabilities, including ones granted by the entity

As at 31 December 2009, the balance of the Group's off-balance sheet liabilities on account of bank and insurance guarantees extended as security for good performance of trading agreements and as security for claims during warranty and statutory warranty periods was PLN 11,469 thousand.

As at 31 December 2008, there were no contingent liabilities, including guarantees and sureties extended by Group companies.

As at 31 December 2009, the Pexim Cardinfo d.o.o. Group had a commitment to purchase hardware and intangibles of PLN 1,350 thousand.

As at 31 December 2009 and 31 December 2008, the Group had concluded rental, lease and other similar agreements, which provided for the following future payments:

| **Liabilities on account of office space rentals** | **31 December 2009** | **31 December 2008** |
|---|---|---|
| Within up to 1 year | 9,944 | 6,955 |
| Within 1 to 5 years | 24,108 | 21,268 |
| Over 5 years | - | - |
| | **34,052** | **28,223** |

| **Liabilities under fixed assets operating leases** | **31 December 2009** | **31 December 2008** |
|---|---|---|
| Within up to 1 year | 236 | 211 |
| Within 1 to 5 years | 582 | 756 |
| | **818** | **967** |

(in thousands of PLN)

### 2.16. Assets earmarked for sale

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| **Assets** | | |
| Property, plant and equipment | 2,695 | - |
| **Liabilities** | | |
| Liabilities related directly to non-current assets classified as held for trading | 1,980 | - |

Pursuant to the agreement of 21 May 2008 concluded by Asseco South Eastern Europe S.A. and the minority shareholders of Antegra d o.o., the minority shareholders received the right to purchase, in the period until 30 June 2010, the following assets and liabilities of Antegra d.o.o.:

1. a building located at the Vojvode Mišića street 37-39, the value of which as at the balance sheet date was PLN 2,695 thousand,
2. investment loan granted to purchase the foregoing real property, the value of which as at 31 December 2009 was PLN 1,980 thousand.

In connection with the fact that minority shareholders requested to exercise this right, the assets and liabilities covered by the agreement were classified as available for sale.

### 2.17. Implementation contracts

In 2009 and in 2008, the Asseco South Eastern Europe Group performed a number of implementation contracts (IT). According to IAS 18, revenues under such contracts are recognized according to their progress level. In 2009 and in 2008, the Group measured the progress of performance of the implementation contracts according to the "cost" method, that is by determining the ratio of costs incurred to the costs of the entire project, or according to the "work expenditure" method.

The table below presents the key data on the implementation contracts being performed:

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| Costs incurred for the performance of IT contracts (-) | (33,157) | (11,273) |
| Profits (losses) on the performance of IT contracts | 14,270 | 16,156 |
| Invoiced revenues on the performance of IT contracts | 38,158 | 19,960 |
| Receivables on account of valuation of IT contracts | 9,650 | 8,440 |
| Liabilities on account of valuation of IT contracts (-) | (985) | (971) |
| FX differences from conversion of foreign entities | 604 | (564) |

### 2.18. Financial leasing

Asseco South Eastern Europe Group companies are parties to financial lease agreements of cars and IT hardware. The total future cash flows and liabilities under the cars and hardware lease agreements are as follows

| Leasing of cars and hardware | 31 December 2009 | 31 December 2008 |
|---|---|---|

| | | |
|---|---|---|
| **Minimum leasing fees** | | |
| in the period up to 1 year | 590 | 833 |
| in the period of 1 to 5 years | 687 | 983 |
| in the period longer than 5 years | - | - |
| **Minimum future leasing fees** | **1,277** | **1,816** |
| Future interest costs | (90) | (147) |
| **Present value of leasing liabilities** | **1,187** | **1,669** |
| in the period up to 1 year | 528 | 750 |
| in the period of 1 to 5 years | 659 | 919 |
| in the period longer than 5 years | - | - |

## 3. Information regarding segments of activity

The Asseco South Eastern Europe Group distinguishes the following reporting segments reflecting the structure of its business activity:

a) Banking Solutions,
b) Mobile Banking & Authentication,
c) Card Business,
d) System Integration,

Reporting segments correspond to operating segments.

*Banking Solutions*

The banking solutions segment encompasses integrated banking systems, including primarily core banking systems. The Asseco South Eastern Europe Group offers core banking systems on an Oracle platform: (ASEBA Banking Intranet and ASEBA INTBANK) and one other system on a Microsoft platform (ASEBA Pub2000). Moreover, the Group is at the final stage of developing a new integrated core banking system (Experience). Moreover, systems for distribution channels are offered within the framework of integrated systems (including e-bank) as well as local payment administration systems, reporting, „Business Intelligence” facilities entailing risk management, scoring and rating systems and compliance systems, etc.

*Mobile Banking & Authentication*

The mobile banking & authentication segment encompasses systems supporting the secure authentication of bank customers or IT systems users. These solutions are sold as an integral part of core and multiple-channel banking systems offered by Group companies or separately for the purpose of integration with legacy solutions or third party software. The offering includes technologies based on the usage of mobile tokens and authentication by SMS, PKI (Public Key Infrastructure)/smartcards as electronic signature solutions, the ASEBA JiMBA mobile banking system and a range of e-commerce solutions.

*Card Business*

This segment encompasses the sales and maintenance of ATMs, payment terminals and affiliated additional services. Furthermore, this segment includes ‘Top – up’ services, i.e. sales of services provided by external providers on the basis of proprietary IT solutions using the network of ATMs and terminals (e.g. recharging services for telephone cards, bill payments).

*Systems Integration*

This segment encompasses integration services for third party software, infrastructure and hardware sales.

*Geographical structure of sales*

During the 12 months ended 31 December 2009, the Group earned 40% of its revenues on sales in Romania, 25% in Serbia, 17% in Macedonia and 6% in Croatia.

(in thousands of PLN)

| **For the year ended 31 December 2009 and as at 31 December 2009** | **Banking Solutions** *PLN thous.* | **Mobile Banking & Authentication** *PLN thous.* | **Card Business** *PLN thous.* | **Systems Integration** *PLN thous.* | **Not allocated** *PLN thous.* | **Adjustment of inter-segment sales** *PLN thous.* | **All activity** *PLN thous.* |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| **for the 12 months from 1 January 2009 to 31 December 2009** | | | | | | | |
| Sales to external clients | 80,073 | 27,746 | 60,806 | 268,029 | - | | 436,654 |
| Inter-segment sales | 760 | - | 417 | 2,269 | - | (3,446) | - |
| **Total segment revenues** | **80,833** | **27,746** | **61,223** | **270,298** | **-** | **(3,446)** | **436,654** |
| **Result** | 32,357 | 11,643 | 16,025 | 44,564 | - | - | 104,589 |
| Sales costs | (4,029) | (965) | (2,149) | (12,943) | - | - | (20,086) |
| Overhead costs | (10,628) | (3,029) | (3,086) | (9,116) | (1,665) | - | (27,524) |
| **Segment results** | **17,700** | **7,649** | **10,790** | **22,505** | **(1,665)** | **-** | **56,979** |
| **Segment assets** | | | | | | | |
| **As at 31 December 2009** | **193,442** | **51,070** | **89,378** | **218,016** | **131,207** | **-** | **683,113** |
| Goodwill | 164,934 | 43,674 | 75,075 | 160,184 | - | - | 443,867 |
| Property, plant and equipment | 8,133 | 709 | 3,542 | 7,707 | - | - | 20,091 |
| Trade receivables | 10,850 | 6,647 | 4,815 | 30,789 | - | - | 53,101 |
| Receivables on account of valuation of IT contracts | 8,485 | - | - | 1,165 | - | - | 9,650 |
| Inventory | 1,040 | 40 | 5,946 | 18,171 | - | - | 25,197 |
| Others | - | - | - | - | 131,207 | - | 131,207 |
| **Other segment information** | | | | | | | |
| **for the 12 months from 1 January 2009 to 31 December 2009** | | | | | | | |
| **Capital expenditures for property, plant and equipment and intangible assets** | (3,923) | (265) | (1,739) | (3,893) | - | - | (9,820) |

(in thousands of PLN)

| **For the year ended 31 December 2008 and as at 31 December 2008** | **Banking Solutions** | **Mobile Banking & Authentication** | **Card Business** | **Systems Integration** | **Not allocated** | **Adjustment of inter-segment sales** | **All activity** |
|---|---|---|---|---|---|---|---|
| | ***PLN thous.*** | ***PLN thous.*** | ***PLN thous.*** | ***PLN thous.*** | ***PLN thous.*** | ***PLN thous.*** | ***PLN thous.*** |
| **Revenues for the 12 months ended 31 December 2008** | | | | | | | |
| Sales to external clients | 64,937 | 15,021 | 37,808 | 221,400 | - | - | 339,166 |
| Inter-segment sales | 293 | - | 301 | 8,660 | - | (9,254) | - |
| **Total segment revenues** | **65,230** | **15,021** | **38,109** | **230,060** | **-** | **(9,254)** | **339,166** |
| **Result** | **26,283** | **6,562** | **14,448** | **35,393** | **-** | **-** | **82,686** |
| Sales costs | (3,389) | (470) | (2,624) | (8,961) | - | - | (15,444) |
| Overhead costs | (7,747) | (1,467) | (6,605) | (5,675) | (574) | - | (22,068) |
| **Segment results** | **15,147** | **4,625** | **5,219** | **20,757** | **(574)** | **-** | **45,174** |
| **Segment assets** | | | | | | | |
| **As at 31 December 2008** | **166,447** | **64,533** | **113,619** | **230,485** | **56,719** | **-** | **631,803** |
| Goodwill | 140,523 | 58,418 | 98,537 | 165,627 | - | - | 463,105 |
| Property, plant and equipment and intangible assets | 9,558 | 882 | 2,521 | 6,037 | - | - | 18,998 |
| Trade receivables | 8,244 | 3,508 | 3,779 | 36,426 | - | - | 51,957 |
| Receivables on account of valuation of IT contracts | 8,070 | 291 | - | 79 | - | - | 8,440 |
| Inventory | 52 | 1,434 | 8,782 | 22,316 | - | - | 32,584 |
| Other | - | - | - | - | 56,719 | - | 56,719 |
| **Other segment information for the 12 months from 1 January 2008 to 31 December 2008** | | | | | | | |
| **Capital expenditures for property, plant and equipment** | (721) | (302) | (501) | (1,634) | - | - | (3,158) |

(in thousands of PLN)

# 4. Human resources

## 4.1. Employment structure

| **Average headcount in the Group in the reporting period** | *Year ended* ***31 December 2009*** | *Year ended* ***31 December 2008*** |
|---|---|---|
| Management Board of the Parent Company | 6 | 3 |
| Management Boards of Group Companies | 18 | 26 |
| Production departments | 490 | 409 |
| Maintenance departments | 189 | 164 |
| Sales departments | 69 | 80 |
| Administration departments | 129 | 100 |
| Other departments | 25 | 23 |
| **Total** | **926** | **805** |

| **Headcount in the Group as at** | **31 December 2009** | **31 December 2008** |
|---|---|---|
| Management Board of the Parent Company | 6 | 3 |
| Management Boards of Group Companies | 22 | 26 |
| Production departments | 538 | 472 |
| Maintenance departments | 191 | 180 |
| Sales departments | 76 | 83 |
| Administration departments | 142 | 111 |
| Other departments | 25 | 35 |
| | **1,000** | **910** |

## 4.2. Salary of the Group's senior management

In the year ended 31 December 2009 and in the year ended 31 December 2008, the Parent Company did not pay out any salaries, including profit-linked remuneration, to the persons comprising the Parent Company's management and supervisory bodies. Members of the Asseco South Eastern Europe S.A. Management Board were not employed by the Company and their remuneration costs were incurred against re-invoices.

The value of remuneration received by members of the Asseco South Eastern Europe S.A. Management and Supervisory Boards for discharging functions in the bodies of the subordinated entities is presented in the table below:

| **Compensation paid out and due to the Company's Management Board members in subsidiaries** | **Year ended 31 December 2009** | **Year ended 31 December 2008** |
|---|---|---|
| Management Board – subsidiaries | 2,175 | - |
| | **2,175** | **0** |

The compensation paid and due to Management Board members of the subsidiaries and associates forming part of the Asseco South Eastern Europe Group in the year ended 31 December 2009 were PLN 7,087 thousand.

(in thousands of PLN)

The compensation paid and due to Management Board members of the subsidiaries and associates forming part of the Asseco South Eastern Europe Group in the year ended 31 December 2008 were PLN 10,247 thousand.

# 5. Information concerning units belonging to the Asseco South Eastern Europe Group

## 5.1. Transactions with related parties

The table below enumerates the entities in the Asseco South Eastern Europe Group that entered into transactions with related parties,

| | **Sales of ASEE Group to related units in the period** | | **Purchases by ASEE Group from related units in the period** | | **ASEE Group's liabilities as at** | |
|---|---|---|---|---|---|---|
| **Name of entity** | **12 months until 31 December 2009** | **12 months until 31 December 2008** | **12 months until 31 December 2009** | **12 months until 31 December 2008** | **31 December 2009** | **31 December 2008** |
| ASEE S.A. | - | - | 2 468 | 13 319 | 1 828 | 13 |
| Pexim Group | - | 13 | - | - | - | - |
| Asseco Romania S.A. | - | - | - | 2 | - | - |
| Net Consulting Srl | - | 4 | - | - | - | |
| **TOTAL** | **-** | **17** | **2,468** | **13,321** | **1,828** | **13** |

| | **Bond issue liabilities as at** | | **Financing costs for bond issue in the period** | |
|---|---|---|---|---|
| **Name of entity** | **30 December 2009** | **31 December 2008** | **12 months until 31 December 2009** | **12 months until 31 December 2008** |
| ASEE S.A. | - | - | - | 4,668 |
| Asseco Romania S.A. | - | - | - | 1,016 |
| **TOTAL** | **-** | **-** | **-** | **5,684** |

*Transactions by Key Management Personnel and with the Key Management Personnel of Asseco South Eastern Europe S.A.*

As at 31 December 2009 the Group had a loan liability of PLN 3,136 thousand to the companies Liatris d. o.o. and I4 Invention d o.o. 100% of the shares in the company Liatris d o.o. is held by Mihail Petreski, a member of the supervisory board of Asseco South Eastern Europe S.A. The company I4 Invention is a shareholder of Asseco South Eastern Europe S.A.

In the 12 month period ending 31 December 2009, a space lease transaction was being performed between the company Asseco SEE d.o.o., Beograd (formerly Pexim d o.o.) and the related parties of MHM d o.o.[1] and DM3 d.o.o.[1] for a total amount of PLN 6,219 thousand.

[1] Mihail Petreski, member of the Supervisory Board of Asseco South Eastern Europe S.A. is a shareholder of Liatris d.o.o. as at 31 December 2009 Liatris d o.o. was the owner of 7. 75% of the shares in Asseco South Eastern Europe S.A. Mihail Petreski and Liatris d.o.o. are the owners of 40% of the shares in MHM d.o.o. and 50% of the shares in DM3 d.o.o. Moreover, the CEO of Asseco South Eastern Europe S.A. is indirectly the owner of 15% of the shares in MHM d o.o. via a 100% share in Kompania Petyhorska d o.o. 20% of the shares in MHM d o.o. belongs to I4 Invention d o.o. a shareholder of Asseco South Eastern Europe S.A. (3.6% as at 31 December 2009). A 100% share in I4 Invention d o.o. is being subscribed for by Miodrag Mirčetić, CEO of Asseco SEE d o.o. (formerly Pexim d o.o.) and a member of the Management Board of Asseco South Eastern Europe S.A.

Additionally, Asseco SEE in Macedonia has incurred space lease costs directly and indirectly through the company MPS in favor of a member of the Supervisory Board of Asseco South Eastern Europe S.A. Mihail Petreski in the amount of PLN 129 thousand.
In the 12 month period ending 31 December 2009 Pexim Cardinfo d o.o. incurred costs in fawor of the company Mini Invest d.o.o. in the amount of PLN 753 thousand (Miljan Mališ, a member of the Management Board of Asseco South Eastern Europe S.A. is a shareholder).

*'Swap transactions'*

The following related parties were counterparties to *'swap transactions'*:

1. Asseco Poland S.A. (transaction described in item 5.2. of these consolidated financial statements),
2. Liatris d o.o. (Mihail Petreski, member of the Supervisory Board of Asseco South Eastern Europe S.A is a shareholder.); in exchange for a contribution in kind in the form of shares in subsidiaries, the company Liatris d o.o. received 3,84,683 shares in Asseco South Eastern Europe S.A. with a par value of PLN 10 per share,
3. Mini Invest d o.o.( Miljan Mališ, a member of the Management Board of Asseco South Eastern Europe S.A. is a shareholder) in exchange for a contribution in kind in the form of shares in a subsidiary, the company Mini Invest d o.o. received 839,597 shares in Asseco South Eastern Europe S.A. with a par value of PLN 10 per share,
4. I4-Invention d.o.o. (Miodrag Mirčetić, a member of the Management Board of Asseco South Eastern Europe S.A. is a shareholder) in exchange for a contribution in kind in the form of shares in a subsidiary, the company I4-Invention d.o.o. received 1,776,971 shares in Asseco South Eastern Europe S.A. with a par value of PLN 10 per share.

As at the day of approving these annual consolidated financial statements, Asseco South Eastern Europe S.A. has not received information about the existence of other material transactions with related parties by Key Management Personnel or with Key Management Personnel.

(in thousands of PLN)

## 5.2. List of companies included in the consolidated financial statements

| Asseco South Eastern Europe Group | Country of registration | Core business | Percentage share of capital 31 Dec. 2009 | 31 Dec. 2008 |
|---|---|---|---|---|
| **Asseco SEE Srl (formerly Net Consulting Srl,** After merger with Fiba Software Srl)[1] | Romania | Integration services and IT solutions for the financial and industrial sectors and for public institutions | 100% | 70% |
| **Asseco SEE d.o.o., Beograd (formerly Pexim d o.o.)** [2] | Serbia | | 100% | 60% |
| **Asseco SEE** DOOEL, Skopje (f. Pexim DOOEL)[3] | Macedonia | | 100% | 60% |
| Pexim Solution o.o.d. , Sofia | Bulgaria | | 51% | 31% |
| Asseco SEE Tirana SH.PK (formerly Pexim Tirana SH.P.K.) [4] | Albania | Developing financial applications and delivering comprehensive IT systems to financial institutions. | 100% | 60% |
| Pexim Solution d.o.o. , Banja Luka | Bosnia and Herzegovina | | 100% | 60% |
| E-Mon d.o.o., Podgorica | Montenegro | | 50% | 39% |
| eMS d.o.o. , Beograd | Serbia | | 100% | 54% |
| **Pexim Cardinfo d.o.o.** | Serbia | | 100% | 60% |
| Cardinfo Montenegro d.o.o. | Montenegro | | 100% | 60% |
| SIMT Cardinfo d.o.o. | Slovenia | Delivering IT solutions to the banking sector | 50% | 30% |
| Cardinfo BDS d.o.o. | Bosnia and Herzegovina | | 50% | NA |
| Multicard d.o.o. | Serbia | | 45% | NA |
| **Antegra d.o.o.** | Serbia | | 100% | 70% |
| Ibis a.d. | Bosnia and Herzegovina | Delivering IT solutions to the banking sector | 100% | 70% |
| Enovčanik | Serbia | | 28% | 20% |
| **Arbor Informatika d.o.o.** | Croatia | IT services for the telecommunication, public administration and banking sectors | 100% | 70% |
| **Asseco SEE d.o.o. (formerly Logos d.o.o.)** [5] | Croatia | IT services for the banking and financial, insurance and large corporate sectors | 100% | 60% |
| **Asseco SEE Sh.p.k. (formerly Pronet Sh.p.k)** [6] | Kosovo | System integration and developing and implementing proprietary software for the banking sector and public institutions | 100% | NA |
| Pronet Albania Sh.p.k. | Albania | | 100% | NA |
| **Probass S.A.** | Romania | Delivering IT solutions to banks and financial institutions | 100% | NA |

The figures in the table denote the percentage share of share capital as at 31 December 2009 converted into a share of the Parent Company

[1] On 15 October 2009 the name change of the subsidiary was registered from Net Consulting Srl to Asseco South Eastern Europe Srl., which on 29 December 2009 was changed to Asseco SEE Srl. As at 31 December 2009 the merger of the companies was recorded: Asseco SEE Srl with Fiba Software Srl,
[2] On 23 November 2009 the name change of the subsidiary was registered from Pexim d.o.o. to Asseco SEE d.o.o. Beograd,
[3] On 25 January 2010 the name change of the subsidiary was registered from Pexim DOOEL, Skopje to Asseco SEE DOOEL, Skopje,
[4] On 8 January 2010 the name change of the company forming the subject matter of the trans action was registered from Pexim Tirana Sh.p.k to Asseco SEE Tirana Sh.p.k,
[5] On 4 January 2010 the name change of the subsidiary was registered from Logos d.o.o to Asseco SEE d.o.o.,
[6] On 25 January 2010 the name change of the subsidiary was registered from Pronet Sh.p.k. to Asseco SEE Sh.p.k.

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In the Group's structure the following companies are treated as co-subsidiaries: E-Mon d.o.o., Podgorica, SIMT Cardinfo d.o.o. and Cardinfo BDS d.o.o. The company Enovčanik is an affiliate. The remaining companies are treated as subsidiaries.

As at 31 December 2009 and 31 December 2008 the percentage share of the total votes held by the Group in subsidiaries is equal to the Group's percentage share of the capital in these entities.

In conjunction with the minority share call options in the articles of association of Multicard d o.o., giving Pexim Cardinfo d.o.o. the right to buy the remaining shares, the company Multicard d.o.o. is treated as a subsidiary and is carried using the full consolidation method.

**Changes in the composition of the Asseco South Eastern Europe Group**

During the 12 months ended on 31 December 2009 the following changes took place in the Group's composition:

- *Equity conversion agreements in the Parent Company Asseco South Eastern Europe S.A.*

  By 12 May 2009 Asseco South Eastern Europe S.A. signed a complete set of agreements with the minority shareholders of seven companies belonging to the Asseco South Eastern Europe Capital Group. These agreements concerned the conversion of shares held by the minority shareholders of the individual companies into shares of Asseco South Eastern Europe S.A. (*'swap transactions'*). The following minority share stakes were covered by these conversion agreements:

  - Pexim d o.o. 40%
  - Fiba Software Srl 15%
  - Net Consulting Srl 26.4%
  - Arbor Informatika d o.o. 30%
  - Logos d o.o. 40%
  - Pexim Cardinfo d o.o. 40%
  - Antegra d o.o. 30%

- *The acquisition by the higher ranking Parent Company Asseco Poland S.A. of the remaining shares in the subsidiaries Fiba Software Srl and Net Consulting Srl and the share conversion agreement into shares of Asseco South Eastern Europe S.A.*

  On 12 May 2009 Asseco Poland S.A. acquired from the minority shareholders of the companies Fiba Software Srl and Net Consulting Srl the remaining portion of the shares in these companies. The following share stakes were covered by the sale agreements with Asseco Poland S.A.:

  - Fiba Software Srl 15%
  - Net Consulting Srl 3.6%

  Then, by the power of an equity conversion agreement between Asseco Poland S.A. and Asseco South Eastern Europe S.A. dated 12 May 2009 a swap of shares in the subsidiaries Fiba Software Srl and Net Consulting Srl was made for shares in Asseco South Eastern Europe S.A. Having in regard the specific regulations in the provisions of Romanian law, one share in Net Consulting Srl is still in the possession of Asseco Poland S.A.

As a result of all the transactions described above Asseco South Eastern Europe S.A. became the owner of 100% of the shares in seven subsidiaries. The registration of Asseco South Eastern Europe S.A. as the owner of the additional stakes was accomplished in the various local jurisdictions in the period from 6 May to 27 May 2009. The share capital increase under the *'swap transactions'* in the amount of PLN 142,777 thousand was registered by the District Court in Rzeszów on 16 July 2009. The settlement of the '*swap transactions*' (fixing the company's value in conjunction with subscribing for minority shares) for the purposes of these abbreviated consolidated financial statements took place on 15 May 2009. The simplification concerning the transaction settlement date was accepted on account of the multiplicity of standalone transactions and the immaterial differences compared with the settlement for the actual time of the transaction. At the same time, this made it possible to unify the time of carrying each one of these transactions.

- *Purchase of shares in Asseco SEE Sh.p.k. (formerly Pronet IT Konsalting Inxhiniering Telekomunikime Sh.p.k – Pronet Sh.p.k.)*

  The share purchase agreement to buy 100% of the shaers in Asseco SEE Sh.p.k. (formerly Pronet Sh.p.k) was executed on 5 November 2009. The price to buy 60% of the shares consists of two installments: the first one is EUR 5.4 million, while the second one depends on the result generated by Asseco SEE (formerly Pronet Sh.p.k) in 2009 and shall be no higher than EUR 0.7 million. The remaining 40% was subscribed for in exchange for 1 078 909 shares in Asseco South Eastern Europe S.A. („*swap transaction*"). The Group obtained the rights to operational consolidation concerning Asseco SEE (formerly Pronet Sh.p.k.) as of 1 July 2009. On 25 January 2010 the name change of the subsidiary was registered from Pronet Sh.p.k. to Asseco SEE Sh.p.k.

- *Purchase of shares in Professional Bank Systems & Software – Probass S. A.*

  On 11 December 2009 a share purchase agreement was signed to purchase 100% of the shares in Probass S.A., a company organized under Romanian law. The cost to purchase 60% of the shares was EUR 7.7 million, while the remaining 40% of the shares were subscribed for in exchange for 1 524,269 shares in Asseco South Eastern Europe S.A. *(„swap transaction").* The share capital increase in Asseco South Eastern Europe S.A. executed in conjunction with the swap transaction was registered after the balance sheet date on 22 January 2010. Furthermore, on the date of executing the share purchase agreement, Asseco South Eastern Europe S.A. entered into an agreement to transfer the ownership of one share of Probass S.A. to Asseco Poland S.A.

- *Merger of subsidiaries in Romania*

  As at 31 December 2009 the merger of the subsidiaries Asseco SEE Srl was registered (the acquiring company, formerly Net Consulting Srl ) and Fiba Software Srl (acquired company). The mergers of the companies were described in item 9 of these consolidated financial statements.

- *Changes in the Asseco SEE d.o.o., Beograd (formerly Pexim d.o.o.) group*

  The subsidiary Asseco SEE d.o.o., Beograd (formerly Pexim d.o.o.) reduced its share in E-MON d.o.o. Podgorica from 65% to 50%. The company E-MON d.o.o. Podgorica is carried in these consolidated financial statements as a co-subsidiary. Furthermore, Asseco SEE do.o., Beograd purchased more shares in the subsidiaries Pexim Content Management Solution d.o.o. and eMS d.o.o. , Beograd thereby increasing its share in both entities to 100%. As at 30 September 2009 the merger of Asseco SEE d.o.o., Beograd and Pexim Content Management Solutions d.o.o. was settled.

(in thousands of PLN)

- *Changes in the Pexim Cardinfo d.o.o. Group*

  The subsidiary Pexim Cardinfo d.o.o. subscribed for 50% of the shares in Cardinfo BDS d.o.o. seated in Bosnia and Herzegovina and 45% of the shares in Multicard d.o.o. seated in Serbia. In conjunction with the minority shareholder call options in the articles of association of Multicard d o.o. giving Pexim Cardinfo d.o.o. the right to purchase the other shares, Multicard d.o.o. is treated as a subsidiary and is carried using the full consolidation method.

After the balance sheet date, up to the date of approving these consolidated financial statements, the following changes took place in the Group's composition:

- *Mergers of subsidiaries in Serbia and Croatia*

  Within the framework of integrating the organizational structures of the Asseco South Eastern Europe Group after the balance sheet date, up to the date of approving these consolidated financial statements, subsidiaries in Serbia and Croatia were merged. The mergers of these companies were described in item 9 of these consolidated financial statements.

- *Sale of shares in a subsidiary from **Asseco SEE** DOOEL, Skopje (formerly Pexim DOOEL, Skopje) – Asseco SEE Tirana Sh.p.k (formerly Pexim Tirana Sh.p.k.) - to Asseco SEE Sh.p.k. (formerly Pronet Sh.p.k)*

  On 28 December 2009 a share purchase agreement was signed by **Asseco SEE** DOOEL, Skopje (formerly Pexim DOOEL, Skopje) and Asseco SEE Sh.p.k. (formerly Pronet Sh.p.k) concerning the shares in Pexim Tirana Sh.p.k. According to this agreement, the transfer of the ownership of shares took place on 1 January 2010. On 8 January 2010 the name change of the company forming the subject matter of the transaction from Pexim Tirana Sh.p.k to Asseco SEE Tirana Sh.p.k. was registered

## 6. Information on the fees paid to the statutory auditor or the approved audit firm

The table below depicts the fees paid or due to the approved audit firm for the year ended 31 December 2009 and 31 December 2008 with a split by types of services:

| Type of service | Year ended **31 December 2009** | Year ended **31 December 2008** |
|---|---|---|
| Obligatory audit of the annual financial statements | *222 | *420 |
| Other assurance services | ***67 | **32 |
| Other assurance services | ****9 | *351 |
| Total | 298 | 803 |

* refers to Ernst& Young Audit Sp. z o.o

** refers to Zespół Ekspertów Finansowych i Rachunkowości „ZEFIR" – Hlx Sp. z o

*** refers to Bartłomiej Korzeniewski
**** refers to Change Sp. z o.o.

The fee does not include services rendered in favor of Group companies.

## 7. Financial risk management principles and objectives

The Asseco South Eastern Europe S.A. Group is exposed to a number of risks originating both from the macroeconomic situation in the countries where the Group's companies operate and the microeconomic situation in individual enterprises. The main external factors which may adversely affect the Group's performance are: (i) fluctuations of foreign exchange rates vis-à-vis the Polish zloty and (ii) changes in market interest rates. The following factors also indirectly impact the financial result: GDP increase, volume of public procurement of IT solutions, volume of investments in enterprises and inflation rate. Among the internal factors which may adversely affect the Group's performance are: (i) risk related to increasing labor costs, (ii) risk related to inappropriate estimation of the draft agreement expenses at the time of agreement execution and (iii) risk of executing a contract with an unfair customer.

*Risk of changes in foreign exchange rates*

The currency in which the Group presents its results is the Polish zloty while the operating currencies of the subsidiaries located outside of Poland are the legal tenders of the countries where such companies are legally registered. Accordingly, the value of assets of such companies is converted into Polish zloty, therefore their value presented in the statements is affected by the foreign exchange rates vis-à-vis the Polish zloty, which may result in changes in the value of such assets.

*Risk of interest rate changes*

Changes in market interest rates may adversely affect the Group's financial result. The Group is exposed to the risk of changes in this factor due to changes in the value of interest charged on loans granted by external financial institutions to the Group's companies on the basis of a variable interest rate.

*Identification:* The risk of interest rate changes emerges and is recognized in the Group's individual companies at the time of execution of a transaction or financial instrument based on a variable interest rate. All such agreements go through the relevant departments in the Group's units and therefore the knowledge of this factor is full and direct.

*Measurement:* The Group's companies measure their exposure to this risk factor by tallying the amounts resulting from all financial instruments based on a variable interest rate. Additionally, the Group's units keep a record of their planned debt for the next 12 months or, in the case of long-term instruments, for their entire term of validity.

*Purpose:* The purpose of reducing this risk is to minimize the costs of concluded financial instruments based on a variable interest rate.

(in thousands of PLN)

*Measures*: The Group's companies have the following two risk reducing instruments at their disposal: (i) they try to avoid taking loans based on a variable interest rate, (ii) if the first solution is impossible, the Group's entities may enter into forward contracts to hedge the interest rate.

*Adjustment:* On an ongoing basis, the Group collects and analyzes market information on the current exposure to the risk of interest rate changes. Currently, the Group's companies are not hedged against interest rate changes due to the short-term nature of their financing.

*Credit risk*

The Group enters into transactions only with reputable and creditworthy companies. All customers wishing to take advantage of commercial credit are subjected to preliminary verification procedures. Moreover, thanks to the ongoing monitoring of the status of receivables, the Group's exposure to the risk of uncollectible receivables is minor.

With respect to the Group's other financial assets, such as cash and cash equivalents, financial assets available for sale and certain derivatives, the Group's credit risk arises due to the contractual counterparty's inability to make the payment and the maximum exposure to this risk equals the balance sheet value of such instruments.

No significant concentrations of credit risk exist within the Group

*Liquidity risk*

The Group monitors the risk of the absence of available funds with a tool for periodic liquidity planning. The tool takes into account the payment due/maturity dates both for investments and financial assets (e.g. receivables accounts and other financial assets accounts) and forecasted cash flows on operating activity.

The Group aims at maintaining a balance between continuity and flexibility of financing through the use of various sources of financing.

The table below presents the Group's trade liabilities as at 31 December 2009 and as at 31 December 2008 broken down by maturity date based on contractual undiscounted payments.

| ***Trade liabilities as at 31 December 2009*** | ***Amount*** | ***Structure*** |
|---|---|---|
| Overdue liabilities | 6,118 | 18% |
| Liabilities not yet due up to 3 months | 27,150 | 81% |
| Liabilities not yet due from 3 to 12 months | 398 | 1% |
| | **33,666** | **100%** |

| ***Trade liabilities as at 31 December 2008*** | ***Amount*** | ***Structure*** |
|---|---|---|
| Overdue liabilities | 6,851 | 22% |
| Liabilities not yet due up to 3 months | 24,976 | 78% |
| Liabilities not yet due from 3 to 12 months | 32 | 0% |
| | **31,859** | **100%** |

The tables below present the age structure of other financial liabilities as at 31 December 2009 and as at 31 December 2008.

| ***31 December 2009 (audited)*** | ***Liabilities due up to*** | ***Liabilities due from*** | ***Liabilities due from*** | ***Liabilities due from*** | ***TOTAL*** |
|---|---|---|---|---|---|

| | *3 months* | *3 to 12 months* | *1 year to 5 years* | *5 years* | |
|---|---|---|---|---|---|
| Investment loan | 74 | 222 | 1,179 | 1,031 | 2,506 |
| Financial leasing | 228 | 362 | 687 | 0 | 1,277 |
| | **302** | **584** | **1,866** | **1,031** | **3,783** |

| *31 December 2008 (audited)* | *Liabilities due up to* | *Liabilities due from* | *Liabilities due from* | *Liabilities due from* | |
|---|---|---|---|---|---|
| | *3 months* | *3 to 12 months* | *1 year to 5 years* | *5 years* | *TOTAL* |
| Investment loan | 200 | 246 | 1,318 | 1,481 | 3,245 |
| Financial leasing | 209 | 624 | 983 | - | 1,816 |
| | **409** | **870** | **2,301** | **1,481** | **5,061** |

Effects of reducing the foreign exchange risk:

A sensitivity analysis of the trade receivables and liabilities to changes in the USD exchange rate against the operational currencies of the Group companies demonstrates the potential possibility of additional profit in the amount of PLN 697 thousand if the USD exchange rate falls against the functional currencies by 10%. Since total trade labilities are higher than receivables, a weakening of the US dollar would influence the result favorably as the Group companies would make settlements with vendors at a lower exchange rate. The Group would record a potential loss over the assumptions in the amount of PLN 1 094 thousand if the EUR exchange rate weakens against the companies' functional currencies. In total, therefore, the weakening of the US dollar and the EUR against the operational currencies of the Group companies would have an adverse impact on the result in the amount of PLN 397 thousand. Conversely, if the US dollar and the EUR strengthen against the operational currencies, the Group would generate additional earnings in the amount of PLN 397 thousand. The Parent Company's Management Board has made the decision to apply hedge accounting for future capital transactions. Accordingly, the funds acquired from investors and funds from dividends will be converted immediately into EUR. Cash and deposits in EUR are used as the hedge instrument.

| **Receivables, liabilities and FX bank accounts** | ***Value exposed to the risk*** | ***Impact on the Group's financial result*** | |
|---|---|---|---|
| | | ***(10%)*** | ***10%*** |
| **EUR:** | | | |
| Trade receivables | 9,191 | (618) | 618 |
| Trade liabilities | 4,974 | 497 | (497) |
| FX accounts | 55,779 | (973) | 973 |
| **Total** | | **(1,094)** | **1,094** |
| | | | |
| **USD:** | | | |
| Trade receivables | 122 | (1) | 1 |
| Trade liabilities | 7,058 | 706 | (706) |
| FX accounts | 807 | (8) | 8 |
| **Total** | | **697** | **(697)** |

(in thousands of PLN)

Effects of reducing the interest rate risk

The risk related to interest rate changes is not significantly affecting the Group's result.

Methods adopted for sensitivity analysis

The percentage values applied for the analysis of sensitivity to foreign exchange rate changes which may affect the entity's result are +/- 10%. In the analysis, the exchange rate of the balance sheet date is increased or decreased by that amount. The interest rate risk is analyzed by applying the values of +/- 15%.

Fair value

The book value of the Group's assets and financial liabilities as at 31 December 2009 is not significantly different from their fair value.

**Income, cost, profit and loss items captured in the profit and loss account broken down into financial instrument categories**

| *Year ended* **31 December 2009** | *Category according to IAS 39* | *Interest income/(cost)* | *FX gains/ (losses)* | *Revaluation charges dissolved/ (established)* | *Valuation gains/(losses)* | *Other* | *Total* |
|---|---|---|---|---|---|---|---|
| *Financial assets* | | | | | | | |
| Financial assets available for sale (long-term) | DDS | - | - | - | 5 | 1 | 6 |
| Other financial assets (short-term) | | 24 | - | - | - | - | 24 |
| Trade receivables and other receivables | PiN | 1 | 1,637 | 1 594 | - | - | 3,232 |
| Cash and cash equivalents | WwWGpWF | 1,533 | 149 | - | - | - | 1,682 |
| *Financial liabilities* | | | | | | | |
| **Interest-bearing bank credits and loans, of which:** | **PZFwgZK** | **(185)** | **-** | **-** | **-** | **-** | **(185)** |
| - long-term based on a variable interest rate* | PZFwgZK | (185) | - | - | - | - | (185) |
| **Other liabilities (long-term), of which:** | **PZFwgZK** | **(118)** | **-** | **-** | **-** | **-** | **(118)** |
| - Liabilities under financial lease agreements and hire-purchase agreements | | (118) | - | - | - | - | (118) |
| Trade liabilities and other financial liabilities | PZFwgZK | (4) | (1,616) | | - | 47 | (1,573) |
| Total | | 1,251 | 170 | 1,594 | 5 | 48 | 3,068 |

(in thousands of PLN)

| *Year ended* **31 December 2008** | *Category according to IAS 39* | *Interest income/(cost)* | *FX gains/ (losses)* | *Revaluation charges dissolved/ (established)* | *Valuation gains/(losses)* | *Other* | *Total* |
|---|---|---|---|---|---|---|---|
| *Financial assets* | | | | | | | |
| Financial assets available for sale (long-term) | *DDS* | - | - | - | (66) | - | (66) |
| Other financial assets (short-term) | | - | - | | - | - | - |
| Trade receivables and other receivables | *PiN* | - | 328 | (345) | - | - | (17) |
| Cash and cash equivalents | *WwWGpWF* | 1,106 | (130) | - | - | 204 | 1,180 |
| | | | | | | | - |
| *Financial liabilities* | | | | | | | - |
| | | | | | | | - |
| **Interest-bearing bank credits and loans, of which:** | ***PZFwgZK*** | **(110)** | - | - | - | - | **(110)** |
| - long-term based on a variable interest rate* | *PZFwgZK* | (108) | - | - | - | - | (108) |
| - long-term based on a fixed interest rate* | *PZFwgZK* | (2) | - | - | - | - | (2) |
| **Other liabilities (long-term), of which:** | ***PZFwgZK*** | **(5,784)** | **(69)** | - | - | **125** | **(5,728)** |
| - Liabilities under financial lease agreements and hire-purchase agreements | | (100) | (69) | - | - | 125 | (44) |
| Trade liabilities and other financial liabilities | *PZFwgZK* | (32) | (85) | - | - | - | (117) |
| Total | | **(4,820)** | **44** | **(345)** | **(66)** | **329** | **(4,857)** |

## 8. Capital management

The primary objective of the Group's capital management is to maintain the good credit rating and safe capital ratios to support the Group's operating activity and enhance shareholder value.

The Group manages its capital structure and as a result of changes in economic conditions it adjusts it. To maintain or adjust the capital structure, the Group may alter its dividend payout to shareholders, return capital to the shareholders or issue new shares.

| **Capital management** | **31 December 2009** | **31 December 2008** |
|---|---|---|
| Interest-bearing credits and loans | 3,379 | 2,507 |
| Trade liabilities and other liabilities | 64,126 | 66,251 |
| Minus cash and cash equivalents (-) | (104,551) | (41,115) |
| **Net debt** | **(37,046)** | **27,643** |
| Equity | 578,611 | 298,504 |
| Total capital | 578,611 | 298,504 |

(in thousands of PLN)

| | | |
|---|---|---|
| **Capital and net debt** | **541,565** | **326,147** |
| **Leverage ratio** | **-6.84%** | **8.48%** |

## 9. Information on company mergers

Within the framework of integrating the organizational structures of the Asseco South Eastern Europe Group, in the 12 month period ended 31 December 2009 and after the balance sheet date, mergers of subsidiaries were conducted in the various countries in which the Group conducts its operations.

*Merger of companies in Romania*

On 15 October 2009 a name change was registered of a subsidiary from Net Consulting Srl to Asseco South Eastern Europe Srl., which on 29 December 2009 was changed to Asseco SEE Srl.
As at 31 December 2009 the merger of subsidiaries Asseco SEE Srl (acquiring company, formerly Net Consulting Srl ) and Fiba Software Srl (acquired company) was carried. This merger was registered on 5 January 2010.

*Merger of companies in Serbia*

On 23 November 2009 a name change was registered of a subsidiary from Pexim d.o.o. to Asseco SEE d.o.o. Beograd. On 4 January 2010 the merger of Asseco SEE d.o.o. Beograd (acquiring company) and Pexim Cardinfo d.o.o. (acquired company) and Antegra d o.o. (acquired company) was registered.
On 30 September 2009 the merger of Asseco SEE d.o.o., Beograd and Pexim Content Management Solutions d.o.o. was settled.

*Merger of companies in Croatia*

On 4 January 2010 a name change was registered of a subsidiary from Logos d.o.o to Asseco SEE d.o.o. On 4 January 2010 the merger of the companies Asseco SEE d.o.o. (acquiring company) and Arbor d.o.o. (acquired company) was registered.

## 10. Information on continuation of operations

In light of the information in the possession of the Management Board, there is no uncertainty on the ability for Asseco South Eastern Europe S. A. to continue operations or for the subsidiaries covered by the consolidated financial statements to continue operations.

## 11. Material events concerning the financial year and previous years carried in the financial statements and major events after the balance sheet date that do not require adjustments

11.1. Information on major events that occurred after the balance sheet date and that are not incorporated in the financial statements, After the balance sheet date there were no major events that would need to be incorporated in the financial statements.

11.2. Major events after the balance sheet date that do not require adjustments

*Changes in the Group's structure:*

- Mergers of subsidiaries in Serbia and Croatia (described in item 9 of these consolidated financial statements)
- Share purchase agreement in Pexim Tirana Sh.p.k. executed by and between **Asseco SEE** DOOEL, Skopje (formerly Pexim DOOEL, Skopje) and Asseco SEE Sh.p.k. (formerly Pronet Sh.p.k) According to these agreement, the transfer of the ownership of shares took place on 1 January 2010 (transaction described in item 5.2. of these consolidated financial statements).

*Share capital increase under the issue of series P shares*

By the power of the resolution adopted by the Management Board of Asseco South Eastern Europe S.A. the Parent Company's share capital was increased by the amount of PLN 15 243 thousand by issuing 1 524 269 ordinary bearer series P shares with a par value of PLN 10 each. The series P shares were covered by a contribution in kind in the form of shares forming 40% of the share capital in Professional Bank Systems & Software Probass S.A. with its registered offices in Bucharest. On 22 January 2010 the District Court in Rzeszów registered the share capital increase under the issue of series P shares.

## 12. Information on other material information that may affect the evaluation of the entity's assets, financial standing and financial result

The Management Board is not aware of any other information besides the information provided above whose disclosure could materially affect the evaluation of the assets, financial standing and financial result of the Asseco South Eastern Europe Group.