



**ANNUAL REPORT  
OF ASSECO SOUTH EASTERN EUROPE SA  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**Rzeszów, 16 March 2011**



**FINANCIAL STATEMENTS  
ASSECO SOUTH EASTERN EUROPE SA  
FOR THE YEAR ENDED 31 DECEMBER 2010 INCLUDING  
OPINION OF INDEPENDENT CERTIFIED AUDITORS**

**Rzeszów, 16 March 2011**

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**INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE SA**  
**INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

These financial statements were authorized for publication by the Management Board of Asseco South Eastern Europe SA on 16 March 2011.

Management Board of Asseco South Eastern Europe SA:

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

Person responsible for maintaining the accounting books:

Lucyna Pieniążek

**FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE SA**

	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2009 (audited)</b>	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2009 (audited)</b>
	<b>PLN '000</b>	<b>PLN '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
I. Operating income	23,518	20,177	5,873	4,648
II. Operating profit	19,149	17,488	4,782	4,029
III. Pre-tax profit	20,066	16,678	5,011	3,842
IV. Net profit for the period reported	20,202	16,609	5,045	3,826
V. Net cash provided by (used in) operating activities	(27,763)	(41,619)	(6,933)	(9,588)
VI. Net cash provided by (used in) investing activities	(451)	-	(113)	-
VII. Net cash provided by (used in) financing activities	(5,891)	87,807	(1,471)	20,229
VIII. Cash and cash equivalents at the end of period	13,647	48,014	3,446	11,687
IX. Basic earnings per ordinary share for the period reported	0.40	0.43	0.10	0.10
X. Diluted earnings per ordinary share for the period reported	0.40	0.43	0.10	0.10

The financial highlights disclosed in these annual financial statements were translated into Euro in the following way:

- items of the profit and loss account and statement of cash flows were translated into Euro at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
  - in the period from 1 January 2010 to 31 December 2010: EUR 1 = PLN 4.0044
  - in the period from 1 January 2009 to 31 December 2009: EUR 1 = PLN 4.3406
- cash and cash equivalents as at the end of period reported and the corresponding period of the previous year have been translated into Euro at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
  - exchange rate effective on 31 December 2010: EUR 1 = PLN 3.9603
  - exchange rate effective on 31 December 2009: EUR 1 = PLN 4.1082

**PROFIT AND LOSS ACCOUNT**  
**ASSECO SOUTH EASTERN EUROPE SA**

	Note	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
<b>Dividend income</b>	<u>1</u>	<b>20,200</b>	<b>20,177</b>
<b>Revenues from sales of services</b>	<u>2</u>	<b>3,318</b>	-
<b>Cost of sales (-)</b>	<u>3</u>	<b>(3,318)</b>	-
<b>Gross profit on sales</b>		<b>20,200</b>	<b>20,177</b>
Selling expenses (-)		-	-
General administrative expenses (-)	<u>3</u>	(1,234)	(1,698)
<b>Net profit on sales</b>		<b>18,966</b>	<b>18,479</b>
Other operating income	<u>4</u>	1,167	1,851
Other operating expenses (-)	<u>4</u>	(984)	(2,882)
<b>Operating profit</b>		<b>19,149</b>	<b>17,448</b>
Financial income	<u>5</u>	1,230	346
Financial expenses (-)	<u>5</u>	(313)	(1,116)
<b>Pre-tax profit</b>		<b>20,066</b>	<b>16,678</b>
Corporate income tax (current and deferred portions)	<u>6</u>	136	(69)
<b>Net profit for the period reported</b>		<b>20,202</b>	<b>16,609</b>
<b>Net profit for the period reported per share (in PLN)</b>			
Basic earnings per share from continuing operations for the period reported	<u>7</u>	0.40	0.43
Diluted earnings per share from continuing operations for the period reported	<u>7</u>	0.40	0.43

**STATEMENT OF COMPREHENSIVE INCOME**  
**ASSECO SOUTH EASTERN EUROPE SA**

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
<b>Net profit for the period reported</b>	<b>20,202</b>	<b>16,609</b>
<b>Other comprehensive income:</b>		
Hedges of cash flows	828	(1,069)
Other	-	-
<b>Total other comprehensive income</b>	<b>21,030</b>	<b>15,540</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>21,030</b>	<b>15,540</b>



**BALANCE SHEET**  
**ASSECO SOUTH EASTERN EUROPE SA**

<b>ASSETS</b>	<b>Note</b>	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
		<b>(audited)</b>	<b>(audited)</b>
<b>Non-current assets</b>		<b>577,752</b>	<b>490,601</b>
Property, plant and equipment	<u>9</u>	264	-
Intangible assets	<u>10</u>	132	-
Investments in subsidiary companies	<u>11</u>	576,599	490,281
Deferred income tax assets	<u>6</u>	437	301
Long-term deferred expenses	<u>20</u>	320	19
<b>Current assets</b>		<b>14,921</b>	<b>55,267</b>
Inventories		-	700
Deferred expenses	<u>20</u>	311	489
Trade accounts receivable	<u>12</u>	512	1,125
Receivables from the State budget	<u>12</u>	99	4,611
Other receivables	<u>12</u>	352	328
Cash and short-term deposits	<u>13</u>	13,647	48,014
<b>TOTAL ASSETS</b>		<b>592,673</b>	<b>545,868</b>

**BALANCE SHEET**  
**ASSECO SOUTH EASTERN EUROPE SA**

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
		<b>(audited)</b>	<b>(audited)</b>
<b>Shareholders' equity</b>			
Share capital	<u>14</u>	509,921	480,375
Share premium	<u>15</u>	38,825	26,790
Subscribed unregistered share capital		-	25,897
Revaluation capital	<u>15</u>	(241)	(1,069)
Prior years' retained earnings (deficit) and current net profit	<u>16</u>	21,590	6,881
<b>Total shareholders' equity</b>		<b>570,095</b>	<b>538,874</b>
<b>Non-current liabilities</b>			
		<b>2,258</b>	<b>24</b>
Long-term deferred income		39	24
Long-term financial liabilities		2,219	-
<b>Current liabilities</b>			
		<b>20,320</b>	<b>6,970</b>
Trade accounts payable	<u>19</u>	452	1,968
Liabilities to the State budget	<u>19</u>	131	21
Financial liabilities	<u>19</u>	17,773	2,761
Other liabilities	<u>19</u>	3	-
Provisions	<u>18</u>	1,229	1,177
Deferred income	<u>20</u>	36	238
Accrued expenses	<u>20</u>	696	805
<b>TOTAL LIABILITIES</b>		<b>22,578</b>	<b>6,994</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>592,673</b>	<b>545,868</b>

**STATEMENT OF CHANGES IN EQUITY**  
**ASSECO SOUTH EASTERN EUROPE SA**

for the year ended 31 December 2010 and for the year ended 31 December 2009

	Share capital	Share premium	Subscribed unregistered share capital	Revaluation capital	Prior years' retained earnings (deficit) and current net profit	Total shareholders' equity
<b>As at 1 January 2010</b>	<b>480,375</b>	<b>26,790</b>	<b>25,897</b>	<b>(1,069)</b>	<b>6,881</b>	<b>538,874</b>
Total comprehensive income for the period reported	-	-	-	828	20,202	<b>21,030</b>
Issuance of series P shares	15,242	10,655	(25,897)	-	-	-
Issuance of series R shares	5,929	652	-	-	-	<b>6,581</b>
Issuance of series S shares	8,375	452	-	-	-	<b>8,827</b>
Dividends	-	-	-	-	(5,452)	<b>(5,452)</b>
Cost of issuances of shares	-	312	-	-	-	<b>312</b>
Other	-	(36)	-	-	(41)	<b>(77)</b>
<b>As at 31 December 2010 (audited)</b>	<b>509,921</b>	<b>38,825</b>	<b>-</b>	<b>(241)</b>	<b>21,590</b>	<b>570,095</b>
<b>As at 1 January 2009</b>	<b>257,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,728)</b>	<b>247,972</b>
Total comprehensive income for the period reported	-	-	-	(1,069)	16,609	<b>15,540</b>
Issuance of series E shares	9,565	-	-	-	-	<b>9,565</b>
Issuance of series F shares	14,755	-	-	-	-	<b>14,755</b>
Issuance of series G shares	27,084	-	-	-	-	<b>27,084</b>
Issuance of series H shares	10,620	-	-	-	-	<b>10,620</b>
Issuance of series I shares	17,706	-	-	-	-	<b>17,706</b>
Issuance of series J shares	17,142	-	-	-	-	<b>17,142</b>
Issuance of series K shares	45,905	-	-	-	-	<b>45,905</b>
Issuance of series L shares	21,000	8,400	-	-	-	<b>29,400</b>
Issuance of series M shares	48,109	13,903	-	-	-	<b>62,012</b>
Issuance of series N shares	10,789	8,092	-	-	-	<b>18,881</b>
Issuance of series P shares	-	-	25,897	-	-	<b>25,897</b>
Cost of issuances of shares	-	(3,605)	-	-	-	<b>(3,605)</b>
<b>As at 31 December 2009 (audited)</b>	<b>480,375</b>	<b>26,790</b>	<b>25,897</b>	<b>(1,069)</b>	<b>6,881</b>	<b>538,874</b>

**STATEMENT OF CASH FLOWS**  
**ASSECO SOUTH EASTERN EUROPE SA**

	Note	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 - restated (audited)
<b>Cash flows - operating activities</b>			
Pre-tax profit		20,066	16,678
<b>Total adjustments:</b>		<b>(47,829)</b>	<b>(58,297)</b>
Depreciation and amortization		25	-
Change in inventories		700	(700)
Change in receivables		4,445	(73)
Change in receivables from dividends		328	(328)
Change in liabilities		(1,447)	713
Change in deferred and accrued expenses		(23)	806
Change in provisions		52	1,177
Interest income and expense		183	-
Gain (loss) on foreign exchange differences		(421)	1,618
Gain (loss) on investing activities		404	(1,234)
Acquisition of subsidiary companies		(53,348)	(58,836)
Other		1,273	(1,440)
<b>Net cash used in operating activities</b>		<b>(27,763)</b>	<b>(41,619)</b>
Corporate income tax paid		-	-
<b>Net cash provided by (used in) operating activities</b>		<b>(27,763)</b>	<b>(41,619)</b>
<b>Cash flows - investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(367)	-
Other		(84)	-
<b>Net cash provided by (used in) investing activities</b>		<b>(451)</b>	<b>-</b>
<b>Cash flows - financing activities</b>			
Dividends paid out to shareholders of Asseco South Eastern Europe SA		(5,452)	-
Proceeds from issuance of shares		-	87,807
Interest paid		(183)	-
Other		(256)	-
<b>Net cash provided by (used in) financing activities</b>		<b>(5,891)</b>	<b>87,807</b>
Net increase (decrease) in cash and cash equivalents		(34,105)	46,188
Net foreign exchange differences		(262)	(1,065)
<b>Cash and cash equivalents as at 1 January</b>		<b>48,014</b>	<b>2,891</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>13</b>	<b>13,647</b>	<b>48,014</b>

## **ADDITIONAL INFORMATION AND EXPLANATIONS**

### **I. GENERAL INFORMATION**

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

The period of the Company's operations is indefinite.

According to the Articles of Association, the business profile of Asseco South Eastern Europe SA includes:

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

The Company shall operate within the territory of the Republic of Poland as well as abroad.

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

Asseco South Eastern Europe SA is the parent of the Asseco South Eastern Europe Group.

These financial statements cover the year ended 31 December 2010 and contain comparative data for the year ended 31 December 2009.

The Company draws up its financial statements in accordance with the International Financial Reporting Standards ("IFRS") endorsed by the European Union for the current and comparative period.

These financial statements for the year ended 31 December 2010 were authorized for publication by the Company's Management Board on 16 March 2010.

The Company also prepared the consolidated financial statements of the Asseco South Eastern Europe Group for the year ended 31 December 2010 which were authorized for publication by the Management Board on 16 March 2011.

## **II. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THEIR COMMITTEES**

As at 31 December 2010 as well as on the date of publication of this report, i.e. on 16 March 2011, the Company's Management Board and Supervisory Board were composed of the following persons:

<b>Supervisory Board</b>	<b>Management Board</b>
Adam Góral	Piotr Jeleński
Jacek Duch	Rafał Kozłowski
Andrzej Mauberg	Hatice Ayas
Mihail Petreski	Calin Barseti
Przemysław Sęczkowski	Miljan Mališ
Gabriela Żukowicz	Miodrag Mirčetić
	Dražen Pehar

During the period reported the composition of the Management Board of Asseco South Eastern Europe SA changed as follows: on 7 September 2010 the Company's Supervisory Board appointed Mrs. Hatice Ayas as Member of the Management Board to serve during the joint term of office which began on 4 April 2007.

During the period reported the composition of the Supervisory Board of Asseco South Eastern Europe SA changed as follows:

- on 12 January 2010, the Company received a letter of resignation from Mr. Jacek Duch resigning as Member and Vice Chairman of the Company's Supervisory Board with effect from 18 January 2010,
- on 27 April 2010, by its resolution no. 22 the Ordinary General Meeting of Shareholders appointed Mr. Andrzej Mauberg as Member of the Supervisory Board of Asseco South Eastern Europe SA,
- on 27 April 2010, Asseco South Eastern Europe SA received from Asseco Poland SA a notification on appointment of Mr. Jacek Duch as Member of the Supervisory Board pursuant to § 13 sect. 3 item 1 of the Articles of Association,
- on 30 September 2010, the Company received a letter of resignation from Mr. Nicholas Jeffery resigning as Member of the Supervisory Board.

From the balance sheet date till the publication of these separate financial statements, the compositions of the Company's Management Board and Supervisory Board remained unchanged.

On 17 May 2010, the Supervisory Board of Asseco South Eastern Europe SA, in order to fulfil the obligation under art. 86 sect. 3 and 7 of the Law of 7 May 2009 on certified auditors, their self-government, entities authorized to audit financial statements and on public supervision ("Law") established an Audit Committee from among its members.

During the period reported and as at the date of publication of this report, this is on 16 March 2011, the Audit Committee was composed of the following persons:

Andrzej Mauberg – Chairman of the Audit Committee  
Przemysław Sęczkowski – Member of the Audit Committee  
Gabriela Żukowicz – Member of the Audit Committee.

Andrzej Mauberg is the Audit Committee Member who is qualified in accounting and financial auditing and satisfies the independence criteria as specified in the Law.

The Audit Committee shall be entitled to perform financial auditing activities within the Company and in particular to:

- monitor the financial reporting process;
- monitor efficiency of the internal control, internal audit and risk management systems;
- monitor performance of the financial audit activities;
- monitor independence of the certified auditor as well as of the entity authorized to audit financial statements.

### III. INVESTMENTS IN COMPANIES

The Company holds equity in the following subsidiaries:

Company	Seat	Business profile	Equity interest held	
			31 Dec. 2010	31 Dec. 2009
<b>Asseco SEE d.o.o., Beograd</b> <sup>1)</sup>	Serbia	Creation of financial applications and provision of comprehensive IT systems for financial institutions	100%	100%
<b>Asseco SEE d.o.o.</b> <sup>2)</sup>	Croatia	Provision of IT services for the banking and finance sector, insurance sector, and large companies	100%	100%
<b>Asseco SEE s.r.l.</b> <sup>3)</sup>	Romania	Integration services and IT solutions for the financial, industrial, and public administration sectors	100%	100%
<b>Asseco SEE Sh.p.k.</b> <sup>4)</sup>	Kosovo	Integration of IT systems as well as development and implementation of proprietary software for the banking sector and public administration	100%	100%
<b>ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. (Istanbul)</b>	Turkey	Integration services and IT solutions for the financial, industrial, and public administration sectors	100%	n/a
<b>EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. (Istanbul)</b>	Turkey	Virtual payment systems	100%	n/a
<b>Biro Data Servis d.o.o. (Zagreb)</b>	Croatia	Card payment solutions	100%	n/a
<b>Cardinfo BDS d.o.o. (Sarajevo)</b>	Bosnia & Herzegovina	Card payment solutions	50%	n/a
<b>Asseco SEE o.o.d., Sofia</b> <sup>5)</sup>	Bulgaria	Integration services and IT solutions for the financial, industrial, and public administration sectors	49%	n/a
<b>ITD Polska Sp. z o.o. (Warsaw)</b>	Poland	Integration services and IT solutions for the financial, industrial, and public administration sectors	100%	n/a

<sup>1)</sup> On 23 November 2009, the subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o. Beograd;

<sup>2)</sup> On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o.;

<sup>3)</sup> On 15 October 2009, the subsidiary Net Consulting s.r.l. changed its corporate name into Asseco South Eastern Europe s.r.l., which was subsequently replaced by Asseco SEE s.r.l. on 29 December 2009;

<sup>4)</sup> On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k.;

<sup>5)</sup> On 12 October 2010, the subsidiary Pexim Solutions o.o.d. was renamed as Asseco SEE o.o.d., Sofia.

As at 31 December 2010 and 31 December 2009, voting interests the Company was entitled to exercise in its subsidiary and jointly controlled companies were proportional to the Company's equity holdings in those entities.

The companies of Cardinfo BDS d.o.o. (Sarajevo) and Asseco SEE o.o.d., Sofia are treated as subsidiaries, because Asseco South Eastern Europe SA holds, both directly and indirectly, 100% of shares in those companies. The Company's direct shareholding in Cardinfo BDS d.o.o. (Sarajevo) is 50%; whereas, the remaining 50% of shares are held by IPSA BHM Investments d.o.o., Beograd (a wholly-owned subsidiary of ITD Polska Sp. z o.o.). Asseco South Eastern Europe SA holds directly 49% of shares in Asseco SEE o.o.d., Sofia; whereas, the remaining 51% stake is held by Asseco SEE DOEL, Skopje (a wholly-owned indirect subsidiary of ITD Polska Sp. z o.o.).



## **IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS**

### **1. Basis for preparation of financial statements**

These financial statements were prepared in accordance with the historical cost principle, except for derivative instruments. The balance sheet value of recognized hedged assets and liabilities is adjusted by changes in their fair value which are attributable to the risk against which such assets and liabilities are hedged.

The presentation currency of these financial statements is zloty (PLN) and all figures are presented in thousands of zlotys (PLN '000), unless stated otherwise.

These financial statements were prepared on a going-concern basis, assuming the Company will continue its business activities in the foreseeable future, this is over a period not shorter than 12 months from the balance sheet date, i.e. 31 December 2010.

Till the date of approval of these financial statements, there were observed no circumstances indicating a threat to the Company's ability to continue as a going concern.

### **2. Compliance statement**

These financial statements were prepared in compliance with the International Financial Reporting Standards ("IFRS") and IFRS adopted by the European Union. As at the date of approving publication of these financial statements, given the ongoing process of implementing the IFRS standards in the EU as well as the nature of the Company's operations, within the scope of accounting principles applied by the Company there is no difference between the IFRS that came into force and the IFRS endorsed by the European Union.

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

### **3. Functional currency and reporting currency**

The functional currency applied by the Company as well as the reporting currency used in these financial statements is the Polish zloty (PLN).

### **4. Changes of estimates**

In the period of 12 months ended 31 December 2010, the Company's approach to making estimates was not subject to any substantial changes.

### **5. Professional judgement and uncertainty of estimates**

Preparing financial statements in accordance with IFRS requires making estimates and assumptions which impact the data disclosed in such financial statements. Despite the estimates and assumptions have been adopted based on the Company's management best knowledge about the current activities and occurrences, the actual results may differ from those anticipated.

Below are presented the main areas, which in the process of applying the accounting principles (policy) were subject to accounting estimates and the management's professional judgement, and whose estimates, if changed, could significantly affect the Company's future results.

#### **Rates of depreciation and amortization**

The level of depreciation and amortization rates is determined on the basis of anticipated period of useful economic life of the components of tangible and intangible assets. The Company verifies the adopted periods of useful life on an annual basis, taking into account the current estimates.

### **Deferred income tax assets**

The Company recognizes deferred income tax assets presuming that the future taxable income will enable utilization of those deferred tax assets. Any deterioration in taxable income to be achieved in the future might cause the above assumption to become unjustified.

### **Impairment of financial assets**

At each balance sheet date, the Company determines if there are any objective indications of impairment of a financial asset or group of financial assets.

## **6. Changes in the accounting principles applied**

The accounting principles (policy) adopted for drawing up this report are coherent with those applied for preparation of the financial statements for the year ended 31 December 2009, except for applying the following amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2010.

- *IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions* – effective as of 1 January 2010. The amendment clarifies the way of accounting for group cash-settled share-based payment transactions. It supersedes the interpretations IFRIC 8 and IFRIC 11. Adoption of this amendment affected neither the Company's financial position nor its financial performance.
- *IFRS 3 Business Combinations* (revised) and *IAS 27 Consolidated and Separate Financial Statements* (amended) – effective as of 1 July 2009. The revised IFRS 3 introduces a number of significant changes in the recognition of business combinations conducted after its effective date. These changes relate to the measurement of non-controlling interests, recognition of costs directly attributable to an acquisition, initial recognition and subsequent measurement of contingent consideration, and accounting for multi-stage combinations. Such changes will affect the value of recognized goodwill, financial results reported for the period when an acquisition is made as well as financial results reported for future periods.

The amended IAS 27 requires all changes in the ownership interest in a subsidiary (that do not result in a loss of control) to be accounted for as transactions with owners. As a consequence such transactions will not give rise to any goodwill nor will they result in the recognition of any profit or loss. In addition, the Standard modifies the way of allocation of losses incurred by subsidiary entities, and determines the accounting treatment required for loss of control over a subsidiary. Amendments to IFRS 3 and IAS 27 will affect the future acquisitions or losses of control over subsidiary entities as well as transactions conducted with non-controlling shareholders. The required changes have been introduced to our accounting policy prospectively and so far they had no significant impact on the Company's financial position or its financial results.

- *IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items* – effective as of 1 July 2009. The amendments address the designation of a one-sided risk in a hedged item, as well as identifying inflation as a hedged risk or portion in particular situations. Adoption of this amendment affected neither the Company's financial position nor its financial performance.
- *Interpretation IFRIC 17 Distributions of Non-cash Assets to Owners* – effective as of 1 July 2009. The Interpretation provides guidance on the accounting treatment of transactions whereby assets other than cash are distributed as reserves or dividends to shareholders. This interpretation did not affect the Company's financial position or its financial results.
- *Improvements to IFRS 2008* – in May 2008 the International Accounting Standards Board (IASB) issued the first set of improvements to its published standards. The amendments adopted by the Company as of 1 January 2010 include:

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. This amendment clarifies that if a subsidiary entity is qualified as held for sale all of its assets and liabilities should be classified as held for sale, even if after the sale transaction the parent entity retains a non-controlling interest in the subsidiary. The amendment shall be applied prospectively and it has no impact on the Company's financial position or on its financial results.
- *Improvements to IFRS 2009* – in April 2009 IASB issued the second collection of amendments to its published standards basically in order to eliminate any wording inconsistencies and uncertainties. Individual standards are subject to various transitional provisions. Adoption of the above-mentioned amendments resulted in changing the Group's accounting principles (policy); however, it had no impact on the Company's financial position and its financial performance.
  - IFRS 8 *Operating Segments*. The amendment clarifies that an entity is required to disclose the segment assets and liabilities only if a measure of such assets and liabilities is regularly reported to the chief operating decision maker. The Company is engaged mainly in holding operations, hence we have not identified any separate reportable operating segments.
  - IAS 36 *Impairment of Assets*. The amendment clarifies that the largest permitted unit to which goodwill (arising from business combination) should be allocated for the purposes of impairment testing is an operating segment as defined by IFRS 8, before the aggregation of segments for reporting purposes. This amendment did not influence the Company's financial statements.
  - IAS 39 *Financial Instruments: Recognition and Measurement*. The amendment clarifies that a loan prepayment option should be considered closely related to the host debt contract, if its exercise price reimburses the lender for an amount up to the approximate present value of lost interest for the remaining term of the host contract. Amendments to IAS 39 had no impact on the Company's accounting principles (policy), financial position or its financial results.

Amendments to the below mentioned standards did not affect the accounting principles (policy), financial position or financial performance of the Company:

- IFRS 2 *Share-based Payment*
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- IAS 1 *Presentation of Financial Statements*
- IAS 7 *Statement of Cash Flows*
- IAS 17 *Leases*
- IAS 38 *Intangible Assets*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

The Company did not decide on early adoption of any other standard, interpretation or amendment which has been published but has not yet become effective.

## **7. New standards and interpretations published but not in force yet**

The following standards and interpretations were issued by the International Accounting Standards Council and International Financial Reporting Interpretations Committee, but have not come into force:

- Amendments to IAS 32 *Financial Instruments: Presentation: Classification of Rights Issues* – effective for annual periods beginning on or after 1 February 2010;
- IAS 24 *Related Party Disclosures* (revised in November 2009) – effective for annual periods beginning on or after 1 January 2011;

- IFRS 9 *Financial Instruments* – effective for annual periods beginning on or after 1 January 2013 – not adopted by the EU till the date of approval of these financial statements;

The first phase of IFRS 9 *Financial Instruments: Classification and Measurement* – effective for annual periods beginning on or after 1 January 2013 – not adopted by the EU till the date of approval of these financial statements. In the following phases, the International Accounting Standards Board will deal with hedge accounting and impairment. The project completion is expected in the middle of 2011. Application of the first phase of IFRS 9 may affect the classification and measurement of the Group's financial assets. The Group is going to assess the impact of the first phase in conjunction with the consecutive phases when they are published, in order to ensure a coherent picture.

- Amendments to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayment of a Minimum Funding Requirement* – effective for annual periods beginning on or after 1 January 2011;
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – effective for annual periods beginning on or after 1 July 2010;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* – effective for annual periods beginning on or after 1 July 2010;
- Amendments resulting from the annual review of IFRSs (published in May 2010) – some amendments are effective for annual periods beginning on or after 1 July 2010 and some for annual periods beginning on or after 1 January 2011;
- Amendments to IFRS 7 *Financial Instruments: Disclosures: Transfers of Financial Assets* – effective for annual periods beginning on or after 1 July 2011 – not adopted by the EU till the date of approval of these financial statements;
- Amendments to IAS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets* – effective for annual periods beginning on or after 1 January 2012 – not adopted by the EU till the date of approval of these financial statements;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* – effective for annual periods beginning on or after 1 July 2011 – not adopted by the EU till the date of approval of these financial statements.

In the opinion of the Management Board, introduction of the above-mentioned standards and interpretations will have no significant impact on the accounting principles (policy) applied by the Company.

## 8. Major accounting principles

### *i. Restatement of items expressed in foreign currencies*

Transactions denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rate published by the National Bank of Poland and in effect on the day preceding the transaction date.

As at the balance sheet date, assets and liabilities denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rates of such currencies as published by the National Bank of Poland and in effect on the last day of the period reported. Foreign currency differences resulting from such restatement are reported respectively as financial income (expenses) or they may be capitalized as assets in case it is provided for in the adopted accounting principles (policy). Non-cash assets and liabilities carried at historical cost expressed in a foreign currency are disclosed the historical exchange rate of the transaction date. Non-cash assets and liabilities carried at fair value expressed in a foreign currency are reported at the exchange rate from the date when fair value measurement was carried out.

The following exchange rates were applied for the purpose of valuation in the balance sheet:

<b>Currency</b>	<b>As at 31 Dec. 2010</b>	<b>As at 31 Dec. 2009</b>
USD	2.9641	2.8503
EUR	3.9603	4.1082
RON	0.9238	0.9698
HRK	0.5365	0.5632
RSD	0.0378	0.0428
TRY	1.9227	n/a

Weighted average exchange rates for the specified reporting periods were as follows:

<b>Currency</b>	<b>Year ended 31 Dec. 2010</b>	<b>Year ended 31 Dec. 2009</b>
USD	3.0402	3.1236
EUR	4.0044	4.3406
RON	0.9502	1.0255
HRK	0.5365	0.5910
RSD	0.0387	0.0459
TRY	2.0177	n/a

### *ii. Property, plant and equipment*

Property, plant and equipment are disclosed at the purchase cost/production cost decreased by accumulated depreciation and any impairment write-downs. The initial value of tangible assets corresponds to their purchase cost increased by expenses related directly to the purchase and adaptation of such assets to their intended use. Such expenses may also include the cost of spare parts to be replaced on machinery or equipment at the time when incurred, when the criteria for such recognition are met. Any costs incurred after a tangible asset is commissioned to use, such as maintenance or repair fees, are expensed in the profit and loss account at the time when incurred.

At the time of purchase tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses constitute a component of assets as well.

Such assets are depreciated using the straight-line method over their expected useful lives which are as follows:

Type	Period of useful life
Buildings and structures	40 years
Leasehold improvements	5 years
Computers and telecommunication equipment	1-5 years
Furniture	2-8 years
Office equipment	5-10 years
Transportation vehicles	4-6 years
Other tangible assets	2-5 years

The residual values, useful lives as well as the methods of depreciation of tangible assets are verified on an annual basis and, if necessary, corrected with effect as of the beginning of the financial year just ended.

Should there be any events or changes indicating that the book value of property, plant and equipment may not be recovered, such assets will be reviewed for their possible impairment. If there are any indications of a possible impairment and the book value exceeds the expected recoverable value, the value of such assets or cash-generating units shall be reduced to the recoverable amount. The recoverable value of property, plant and equipment is the greater of their fair value (decreased by any related selling expenses) and their value in use. In order to determine the value in use, estimated future cash flows shall be discounted to the present value by applying a pre-tax discount rate that reflects current market assessments of the value of money in time and the risks related to the asset. In case of an asset which does not generate cash independently, the recoverable value shall be determined for the cash-generating unit, to which such asset belongs. Impairment write-downs are accounted for as operating expenses in the profit and loss account.

A tangible asset may be derecognized from the balance sheet after it is disposed or when no economic benefits are expected from its further use. Gain/loss on disposal of a tangible fixed asset shall be assessed by comparing the proceeds from such disposal against the present book value of such asset, and it shall be accounted for as an operating income/expense. Any gains or losses resulting from removal of a given item of property, plant and equipment from the balance sheet (calculated as a difference between the net cash obtained from sales and the book value of this item) are recognized in the profit and loss account in the period in which such derecognition from the accounting books was made.

Investments in progress relate to tangible assets under construction or during assembly and are recognized at purchase cost or production cost, decreased by any eventual impairment write-downs. Tangible assets under construction are not depreciated until their construction is completed and they are commissioned to use.

### **iii. Investment property**

Investment property is initially recognized at the purchase cost or production cost.

Subsequently to such initial recognition, an investment property is accounted for in accordance with the requirements applicable to tangible fixed assets, this is at purchase cost or production cost decreased by accumulated depreciation and accumulated impairment write-downs, except for the investment property that meets the criteria to be qualified as held for sale or is disclosed in the group of assets classified as held for sale.

An investment property shall be removed from the balance sheet after it is disposed or definitely withdrawn from use, when no future economic benefits are expected from its sale. Any gain or loss resulting from removal of an investment property from the balance

sheet shall be disclosed in the profit and loss account for the period in which such derecognition was effected.

Such assets are depreciated using the straight-line method over their expected useful lives.

#### **iv. Intangible assets**

Intangible assets purchased in a separate transaction or produced (if qualifying to be recognized as cost of research and development work) shall be initially recognized at their purchase cost or production cost. The purchase cost of intangible assets acquired under a business combination shall equal their fair value as at the merger date. After the initial recognition, intangible assets are accounted for at their purchase cost or production cost decreased by accumulated amortization and impairment charges. Expenditures for intangible assets produced in-house, except for the costs of development work, shall not be capitalized but expensed in the period when they are incurred.

The Company shall determine whether the period of useful life of an intangible asset is definite or indefinite. Intangible assets with a definite period of useful life are amortized over the expected useful life, and are subject to impairment testing each time there are indications of possible impairment. The periods and methods of amortization of intangible assets with a definite period of useful life are subject to verification at least at the end of each financial year. Any changes in the expected useful life, or the expected consumption of economic benefits derived from an intangible asset, are addressed by changing the relevant period or method of amortization, and are treated as changes of estimates. Amortization charges on intangible assets with a definite period of useful life are expensed in the profit and loss account, in the category which corresponds to the function of each individual intangible asset.

Intangible assets with an indefinite period of useful life, as well as those which are no longer used, are subject to impairment testing on an annual basis, with regard to individual assets or at the level of cash-generating unit.

The useful lives are verified on an annual basis and, if necessary, corrected with effect as of the beginning of the financial year just ended.

#### *Research and development work*

R&D costs are expensed in the profit and loss account when they are incurred. However, the costs of development work performed under a given undertaking may be carried forward to future periods provided it is probable they will be recovered in the future. Subsequently to the initial recognition, development work is accounted for in accordance with the historical cost model which requires that assets are recognized at their purchase cost less any accumulated amortization and accumulated impairment charges. All the expenditures carried forward to future periods are subject to amortization over the estimated period in which the related undertaking generates sales revenues.

The costs of development work are reviewed concerning a possible impairment on an annual basis if the related asset has not been commissioned to use, or more frequently if during the reporting period there is an indication of impairment, as a result of which the book value may not be recovered.

Any gains or losses resulting from removal of intangible assets from the balance sheet (calculated as the difference between the net cash obtained from sales and the book value of such item) are recognized in the profit and loss account for the period when such derecognition was effected.

#### **v. Leases**

Finance lease agreements, under which substantially all the risks and benefits incidental to ownership of the leased asset are transferred to the Company, are recognized in the balance sheet at the commencement of the lease term, at fair value of the leased tangible asset or at present value of the minimum lease payments, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability so as to obtain a constant periodic rate of interest on the remaining balance of the liability. Financial expenses charged directly as expenses in the profit and loss account.

Property, plant and equipment used under finance lease agreements are subject to depreciation over the estimated useful life or the lease term, whichever is shorter.

Lease agreements, whereby the lessor retains substantially all the risks and rewards incidental to ownership of the leased asset, are shall be treated as operating lease. Lease fees and instalments under operating lease are recognized as expenses in the profit and loss account on a straight-line basis over the lease term.

The conditional leasing fees are recognized as expense in the period when they become due.

#### **vi. Borrowing costs**

The costs of external financing are capitalized as a part of the production cost of tangible assets, investment property, or intangible assets, as the case may be. The borrowing costs include any interest computed using the effective interest rate, financial charges under finance lease agreements, or foreign exchange differences that are incurred as a result of external financing up to the amount of interest expense adjustment.

#### **vii. Impairment of non-financial assets**

At every balance sheet date, the Company carries out valuation of its assets concerning any possible impairment. Should there be any indications of impairment, the Company estimates the recoverable value. If the book value of a given asset exceeds its recoverable value, impairment charges are made reducing the book value to the level of recoverable value. The recoverable value is the higher of the following two values: fair value of an asset or cash-generating unit less selling expenses, or value in use determined for an asset if such asset generates cash flows significantly independent from cash flows generated by other assets or groups of assets or cash-generating units.

At each balance sheet date, the Company determines whether there are any indications for reversal or reduction of an impairment charge that was recognized on a given asset in the prior periods. If such indications exist, the Company needs to estimate the recoverable value of relevant asset. A formerly recognized impairment charge may be reversed only when, from the date of the last recognition of impairment, there occurred changes in the estimates applied for determination of the recoverable value of relevant asset. If this is the case, the balance sheet value of such asset shall be increased to its recoverable value. The increased amount cannot exceed the given asset's book value (net of depreciation) that would be carried in case no impairment charge was recognized on such asset in the prior



years. A reversal of an impairment charge shall be immediately recognized as income in the profit and loss account. Following a reversal of an impairment write-down, the depreciation charges made on the relevant asset during subsequent financial periods shall be adjusted in such a way as to enable systematic depreciation of the asset's verified book value (net of residual value) over the remaining period of its useful life.

**viii. Shares in subsidiaries, associates, and joint ventures**

Subsidiary companies are companies where the Company holds more than a half of votes at the general meeting of shareholders or is able to manage the financial and operating policy of such undertakings in any other way. Assessment whether the Company controls other companies is made considering existence and influence of potential votes, which may be used at the general meeting of shareholders of those undertakings.

Associated companies are entities in which the Company holds between 20% and 50% of votes at the general meeting of shareholders and on which the Company exerts a significant influence, however, without the ability to control them. This means they are neither subsidiary companies nor joint ventures.

Investments in subsidiary, jointly controlled and associated companies are recognized by the Company at purchase cost. At every balance sheet date, the Company verifies its investments in related companies concerning possible indications of impairment. Furthermore, at the end of each financial year the Company estimates the recoverable value of its financial assets by analyzing and measuring the future cash flows to be generated by such assets.

Jointly controlled companies are entities which are neither subsidiary nor associated companies, in which the Company is entitled to exercise no more than 50% of votes at the general meeting or is otherwise able to direct the financial and operating policy of such entities together with other shareholders.

**ix. Combination of businesses under common control**

A business combination involving business entities under common control is a business combination whereby all of the combining business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

This refers in particular to transactions such as a transfer of companies or ventures between individual companies within a capital group, or a merger of a parent company with its subsidiary.

The effects of combination of businesses under common control are accounted for by the Company as a uniting of interests.

In particular, as far as the Company's mergers with its subsidiaries are concerned, the applied approach assumes that:

- assets and liabilities of the combining business entities are measured at their carrying values as disclosed in the consolidated financial statements of the parent determined as at the date of obtaining control. This means that goodwill recognized initially in the consolidated financial statements as well as any other intangible assets recognized in the merger accounting process are transferred to the separate financial statements;
- merger-related transaction costs are expensed in the profit and loss account;
- mutual balances of accounts receivable/payable are eliminated;
- any difference between the purchase cost paid and the value of net assets acquired (at their carrying values disclosed in the consolidated financial statements) shall be recognized in equity of the acquirer (such amounts recognized in equity are not included in reserve capital, and therefore they are not distributable);
- the profit and loss account presents the financial results of both combined entities from the date when their merger was effected; whereas, the results for earlier reporting periods are not restated.

In the event of a business combination in which an investment in one subsidiary is contributed to another subsidiary or in which two subsidiaries of Asseco are combined, the carrying value of investment in the acquiree subsidiary is only transferred to the value of investment in the acquirer subsidiary. Hence, a take-over of one subsidiary by another subsidiary has no impact on the Company's financial results whatsoever.

#### **x. Financial instruments**

Financial instruments are divided into the following categories:

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

All the financial assets are initially recognized at the purchase cost equal to fair value of the effected payment, including the costs related to the purchase of a financial asset, except for financial instruments valued at fair value through profit or loss.

Financial assets held to maturity are investments with payments specified or which may be specified and with a fixed repayment date (maturity), which the Company intends to and may held to maturity. Financial assets held to maturity are valued at amortized cost using the effective interest rate. Financial assets held to maturity shall be classified as fixed assets if their maturity exceeds 12 months from the balance sheet date.

Financial instruments acquired in order to generate profits owing to short-term price fluctuations shall be classified as financial instruments valued at fair value through profit or loss. Financial instruments valued at fair value through profit or loss are measured at fair value taking into account their market value as at the balance sheet date. Changes in these financial instruments are recognized as financial income or expenses. Financial assets carried at fair value through profit or loss shall be classified as current assets, provided the Management Board intends to dispose them within 12 months from the balance sheet date. This does not apply to currency forward contracts that need to be classified as short-term items irrespectively of their term of maturity.

Loans granted and receivables are carried at amortized cost. They are recognized as current assets unless their maturity periods are longer than 12 months from the balance sheet date. Loans granted and receivables with maturity periods longer than 12 months from the balance sheet date are recognized as fixed assets.

Any other financial assets constitute financial assets available for sale. Financial assets available for sale are carried at fair value, without deducting the transaction-related costs, taking into consideration their market value as at the balance sheet date. Should financial instruments not be quoted on an active market and should it be impossible to determine their fair value reliably with alternative methods, financial assets available for sale shall be valued at the purchase cost adjusted by impairment charges. Provided financial instruments have a market price determined in a regulated active market or it is possible to determine their fair value in other reliable way, the positive and negative differences between the fair value and the purchase cost of such assets available for sale (after deducting any deferred tax liabilities) shall be disclosed in the asset revaluation reserve. A decrease in the value of assets available for sale, resulting from their impairment, shall be disclosed as a financial expense in the profit and loss account.

Purchases or disposals of financial assets are recognized in the accounting books at the transaction date. At the initial recognition they are valued at purchase cost, this is at fair value plus the transaction-related costs.

Financial liabilities other than financial instruments valued at fair value through profit or loss are measured at amortized cost using the effective interest rate.

A financial instrument shall be derecognized from the balance sheet if the Company no longer controls the rights arising from such instrument; this usually takes place when the instrument is sold or when an independent third party is entitled to all cash flows generated by the instrument.

#### ***xi. Embedded financial derivatives***

Embedded financial derivatives shall be separated from host contracts and presented separately in the accounting books as financial derivatives valued at fair value through profit or loss, if the following conditions are jointly met:

- the economic characteristics and risks of the embedded instrument are not closely related to economic characteristics and risks of the host contract,
- on a standalone basis, the embedded instrument meets the definition of a derivative financial instrument,
- a hybrid (combined) contract containing the embedded financial derivative is not measured at fair value through profit or loss for the reporting period.

Embedded financial derivatives shall be recognized in the accounting books similarly to other financial derivatives which are not classified as hedging instruments.

For some types of transactions, embedded derivatives, which are not closely related to their host contracts, are accounted for just as other derivative instruments. Gains/losses on changes in fair value of those derivatives are recognized in the profit and loss account for the period in which they actually occurred.

For some types of transactions, especially when a transaction is carried out in the currency deemed as applied customarily in such type of transactions in the given economic environment, embedded derivatives are not detached from their host contracts and are not accounted for separately. The contracts of such type include, among others, real estate lease agreements and also IT services contracts because settlements in euro become more and more common.

In case of an agreement denominated in a foreign currency deemed to be the functional currency of one of the transacting parties, embedded financial derivatives are not disclosed separately. Revenues and expenses relating to such agreements are determined on the basis of the current spot exchange rate.

The Company makes an assessment as to whether an embedded derivative should be accounted for separately at the time of its initial recognition.

**xii. Derivative financial instruments and hedges**

In order to hedge against the risk of changes in foreign currency exchange rates and in interest rates, the Company utilizes currency forward contracts and interest rate swaps. Such financial derivatives are measured at fair value. Derivative instruments are recognized as assets or liabilities depending on whether their value is positive or negative.

Gains and losses on changes in fair value of derivatives, which do not qualify for hedge accounting, are recognized directly in profit or loss for the financial year.

Fair value of currency forward contracts is determined on the basis of the forward exchange rates available currently for contracts with similar maturity. Fair value of interest rate swap contracts is determined by reference to the market value of similar instruments.

Hedge accounting includes the following types of hedges:

- fair value hedges against the exposure to changes in fair value of a recognized asset or liability, or
- cash flow hedges against the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or with a forecast transaction, or
- hedges of net investments in foreign operations.

*Cash flow hedges*

Asseco South Eastern Europe SA has implemented hedge accounting of future cash flows so that the financial statements fully reflected the economic content of the Company's business activities as well as its acquisitions policy. The hedging instrument is cash deposited at the euro bank accounts which is intended to act as a hedge of the liabilities arising from company acquisitions. As the requirements of cash flow hedge accounting have been fulfilled, in the period reported the effective portions of changes in fair values of hedging instruments and hedged items have been recognized in the income statement, under other comprehensive income. As the base values of hedging instruments and hedged items correspond to each other within the established relationships, and because in the period reported occurred no events that might decrease the probability of making the hedged future payments, the company did not recognize any substantial foreign exchange differences on any ineffective portion of hedges.

At the inception of the hedge, the Company formally designates and documents the hedging relationship as well as its risk management objective and strategy for undertaking the hedge. That documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk. The effectiveness of the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or with a highly probable forecast transaction, which could affect profit or loss. The portion of gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized directly in equity; whereas, the ineffective portion of gain or loss on the hedging instrument shall be recognized in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized directly other comprehensive income and accumulated in equity shall be reclassified into profit or

loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the Company removes the associated gains and losses that were recognized directly in equity, and includes them in the purchase cost or other carrying amount of the asset or liability.

Gains and losses on changes in fair value of derivatives, which do not qualify for hedge accounting, are recognized directly in profit or loss for the current financial reporting period.

Hedge accounting is discontinued by the Company if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting.

In this case, the cumulative gain or loss on the hedging instrument that was recognized in other comprehensive income and accumulated in equity shall remain separately recognized in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognized directly in equity shall be recognized in profit or loss for the current financial period.

### ***xiii.* Impairment of financial assets**

At each balance sheet date, the Company determines if there are any objective indications of impairment of a financial asset or group of financial assets.

#### *Financial assets carried at amortized cost*

If there is objective evidence that an impairment loss on loans or receivables valued at amortized cost has been incurred, the amount of the impairment write-down is measured as the difference between the asset's book value and the present value of estimated future cash flows (excluding future bad debt losses that have not been incurred yet) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of such assets shall be reduced either directly or by establishing an impairment write-down. The amount of the loss shall be recognized in the profit and loss account.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of a group of assets for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. Such reversal of the impairment write-down shall be recognized in profit or loss to the extent that the carrying amount of the financial asset does not exceed its amortized cost at the date when the impairment is reversed.

#### *Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative instrument that is linked to and must be settled by delivery

of such an unquoted equity instrument, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset involved and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets.

*Financial assets available for sale*

When there is objective evidence that a financial asset available for sale is impaired, then the amount of difference between the purchase cost of such asset (net of any principal repayments and amortization) and its current value decreased by any impairment charges on that financial asset as previously recognized in profit or loss, shall be removed from equity and recognized in the profit and loss account. Reversals of impairment losses on equity instruments classified as available for sale cannot be recognized in the profit and loss account. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, then the amount of such impairment loss shall be reversed in the profit and loss account.

**xiv. Inventories**

Inventories are valued at the lower of the following two values: purchase cost/production cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Company uses the method of precise identification for valuation of outgoing inventories. Revaluation write-downs of inventories shall be recognized in operating expenses.

**xv. Deferred expenses**

Deferred expenses comprise expenses incurred before the balance sheet date that relate to future periods.

In particular, deferred expenses may include the following items:

- rent paid in advance,
- insurances,
- subscriptions,
- prepaid third-party services which shall be provided in future periods,
- other incurred expenses that relate to future periods.

Deferred income (unearned revenues) relate mainly to prepayments received for provision of maintenance services in future periods. The Company applies deferred expenses or deferred income accounts if such income or expenses relate to future reporting periods.

**xvi. Trade accounts receivable and other receivables**

Trade accounts receivable, usually with payment terms ranging from 14 and 90 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for uncollectible receivables. Such allowance for doubtful accounts shall be determined if it is no longer probable that the entire amount receivable will be collected. Doubtful accounts shall be expensed in the profit and loss account at the time when they are deemed uncollectible.

Where the effect of the value of money in time is material, the amount of accounts receivable shall be measured by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the value of money in time. Should the discounting method be used, any increase in receivables over time shall be booked as financial income.

**xvii. Cash and cash equivalents, restricted cash**

Cash and cash equivalents presented in the balance sheet consist of cash kept in banks and on hand by the Company, short-term cash deposits with a maturity not exceeding 3 months, and other highly liquid instruments.

The balance of cash and cash equivalents disclosed in the consolidated statement of cash flows consists of the above-defined cash and cash equivalents. For the purposes of the statement of cash flows, the Company decided not to present bank overdraft facilities (used as an element of financing) and restricted cash in the balance of cash and cash equivalents. Restricted cash is presented in a separate position of the balance sheet.

**xviii. Interest-bearing bank loans and borrowings**

All the bank loans, borrowings and debt securities are initially recognized usually at their purchase cost, this is at fair value of cash received less the costs related to obtaining a credit or loan, or issuing a debt security.

Subsequently to such initial recognition, bank loans, borrowings and debt securities are measured at amortized purchase cost using the effective interest rate. Determination of the amortized purchase cost shall take into account the costs related to obtaining a credit or loan, or issuing a debt security, as well as the discounts or bonuses obtained on repayment of the liability.

The difference between the cash received (net of costs related to obtaining a credit or loan, or issuing a debt security) and the repayment amount shall be disclosed in the profit and loss account during the term of the liability involved. Any gains or losses shall be recognized in the profit and loss account after the liability has been removed from the balance sheet. All expenses relating to bank loans, borrowings or debt securities issued, shall be recognized in the profit and loss account for the period they relate to.

**xix. Trade accounts payable**

Trade accounts payable relating to operating activities are recognized and disclosed at the amounts due for payment, and are recognized in the reporting periods which they relate to. Other liabilities to a significant extent also relate to operating activities yet, in contrast to trade accounts payable, they were not invoiced.

Where the effect of the value of money in time is material, the amount of accounts payable shall be measured by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the value of money in time. Where discounting method is used, the increase in liabilities due to the passage of time is recognized as a financial expense.

**xx. Provisions**

A provision should be recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects that the expenditure required to settle a provision is to be reimbursed, e.g. under an insurance contract, this reimbursement should be recognized as a separate asset when, and only when, it is virtually certain that such reimbursement will be received. The expense relating to such provision shall be disclosed in the profit and loss account, net of the amount of any reimbursements.

The Company recognizes provisions for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received therefrom.

Where the effect of the value of money in time is material, the amount of a provision shall be determined by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the value of money in time and the risks related to the liability. Where discounting method is used, the increase in a provision due to the passage of time is recognized as borrowing costs.

**xxi. Revenues**

Revenues shall be recognized in the amount reflecting probable economic benefits associated with the transaction to be obtained by the Company and when the amount of revenue can be reliably measured. Revenues are recognized at fair value of the received or receivable payment, decreased by the amounts of value added tax, excise tax, or discounts. While recognizing sales revenues the below mentioned criteria are also taken into account.

*Sales of goods for resale, products and services*

Revenues shall be recognized if the significant risks and benefits resulting from ownership of products, goods for resale and services have been transferred to the buyer and when the amount of revenue can be measured reliably. Sales of computer software licenses are recognized systematically during the term of relevant contracts.



### *Interest*

Interest income shall be recognized on a time proportion basis (taking into account the effective yield, this is the interest rate which accurately discounts future cash flows during the estimated useful life of a financial instrument) on the net book value of a financial asset.

Interest income comprises interest on loans granted, investments in securities held to maturity, bank deposits and other items.

### *Dividends*

Dividends shall be recognized when the shareholders' right to receive payment is vested.

## **xxii. Taxes**

### *Current income tax*

Liabilities and receivables by virtue of current income tax, for the current and prior periods, are measured at the amounts of expected payments to the tax authorities (or repayments from the tax authorities), applying the tax rates and tax regulations legally or factually in force at the balance sheet date.

### *Deferred income tax*

For the purpose of financial reporting, deferred income tax is calculated applying the balance sheet liability method to all temporary differences that exist, at the balance sheet date, between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred income tax provisions are established in relation to all positive temporary differences – except for situations when a deferred tax provision arises from initial recognition of goodwill or initial recognition of an asset or liability on a transaction other than combination of businesses, which at the time of its conclusion has no influence on pre-tax profit, taxable income or tax loss, as well as in relation to positive temporary differences arising from investments in subsidiary or associated companies or from interests in joint ventures – except for situations when the investor is able to control the timing of reversal of such temporary differences and when it is probable that such temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognized in relation to all negative temporary differences, as well as unutilized deferred tax assets or unutilized tax losses carried forward to subsequent years, in such amount that it is probable that future taxable income will be sufficient to allow the above-mentioned temporary differences, assets or losses to be utilized – except for situations when deferred tax assets arise from initial recognition of an asset or liability on a transaction other than combination of businesses, which at the time of its conclusion has no influence on pre-tax profit, taxable income or tax loss; as well as in relation to negative temporary differences arising from investments in subsidiary or associated companies or from interests in joint ventures, in which cases deferred tax assets are recognized in the balance sheet in such amount only that it is probable that the above-mentioned temporary differences will be reversed in the foreseeable future and that sufficient taxable income will be available to offset such negative temporary differences.

The book value of an individual deferred tax asset shall be verified at every balance sheet date and shall be adequately decreased or increased in order to reflect any changes in the estimates of achieving taxable profit sufficient to utilize such deferred tax asset partially or entirely.

Deferred tax assets and deferred tax provisions shall be valued using the future tax rates anticipated to be applicable at the time when a deferred tax asset is realized or a deferred tax provision is reversed, the basis for which shall be the tax rates (and tax regulations) legally or factually in force at the balance sheet date.

*Value added tax*

Revenues, expenses and assets shall be disclosed in the amounts excluding value added tax unless:

- value added tax paid at the purchase of merchandise or services is not recoverable from tax authorities; in such event the value added tax paid shall be recognized as a part of the purchase cost of an asset or as an expense, and
- receivables and liabilities are presented including value added tax.

Net amount of value added tax which is recoverable from or payable to tax authorities shall be included in the balance sheet as a part of receivables or liabilities.

**xxiii. Earnings per share**

Basic earnings per share for each reporting period shall be calculated by dividing the net profit for the reporting period by the weighted average number of shares outstanding in the given reporting period. Diluted earnings per share for each reporting period shall be calculated by dividing the net profit for the reporting period by the sum of the weighted average number of shares in the given reporting period and all potential shares of new issues.

**9. Information on operating segments**

The Company decided to take advantage of the exemption by presenting the operating segment information in the consolidated financial statements only.

## V. NOTES TO THE FINANCIAL STATEMENTS

### 1. Dividend income

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Dividends received from related companies	20,200	20,177
	<b>20,200</b>	<b>20,177</b>

### 2. Revenues from sales of services

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Revenues from sales of services	3,318	-
	<b>3,318</b>	<b>-</b>

From the financial year 2010, Asseco South Eastern Europe SA begins to invoice the consulting services it provides to subsidiary companies of the Asseco South Eastern Europe Group. Bearing in mind the holding nature of the Company's business, revenues from sales of such services are presented under main operating activities.

### 3. Breakdown of operating costs

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Materials and energy used (-)	(70)	-
Third-party work (-)	(1,103)	(1,300)
Salaries (-)	(2,501)	-
Employee benefits (-)	(243)	(80)
Depreciation and amortization (-)	(25)	-
Taxes and charges (-)	(215)	(50)
Business trips (-)	(267)	(184)
Other (-)	(128)	(84)
	<b>(4,552)</b>	<b>(1,698)</b>
<b>Cost of sales:</b>		
<i>production cost (-)</i>	(3,318)	-
<i>value of merchandise, materials and third-party work sold (COGS) (-)</i>	-	-
<b>Selling expenses (-)</b>	-	-
<b>General administrative expenses (-)</b>	<b>(1,234)</b>	<b>(1,698)</b>

#### 4. Other operating income and expenses

<b>Other operating income</b>	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2009 (audited)</b>
Revenues from sales of third-party software and services	1,138	1,851
Other	29	-
	<b>1,167</b>	<b>1,851</b>

Other operating income in the amount of PLN 1,138 thousand resulted from the sale of third-party software and work in favour of Bank Pekao SA. As the Company is primarily engaged in holding operations, the above-mentioned income was disclosed in other operations.

<b>Other operating expenses</b>	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2009 (audited)</b>
Cost of purchase of third-party software and services (-)	(898)	(1,615)
Deferred income tax provision related to IPO expenses (-)	(53)	(1,177)
Cost of discontinued investment (-)	-	(90)
Other (-)	(33)	-
	<b>(984)</b>	<b>(2,882)</b>

Other operating expenses in the amount of PLN 898 thousand were incurred in order to achieve revenues from sales of third-party software and services to Bank Pekao SA.

In connection with the ongoing court proceedings concerning the classification of costs related to the public issuance of shares as tax deductible, there was established a provision covering PLN 53 thousand of such costs incurred in 2010.

#### 5. Financial income and expenses

<b>Financial income</b>	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2009 (audited)</b>
Interest on bank deposits	335	346
Gain on foreign exchange differences	543	-
Reversed revaluation write-downs	352	-
	<b>1,230</b>	<b>346</b>

As at 31 December 2010, the Company reversed a revaluation write-down recognized on receivables by virtue of tax payable on the dividend from ASSECO SEE s.r.l. knowing the money was transferred in January 2011.

<b>Financial expenses</b>	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2009 (audited)</b>
Interest expense on bank loans, borrowings and debt securities (-)	(73)	-
Discounting of settlements (-)	(230)	-
Loss on foreign exchange differences (-)	-	(764)
Provision for financial expenses and losses (-)	-	(352)
Loss on disposal of investments in subsidiary companies (-)	(10)	-
	<b>(313)</b>	<b>(1,116)</b>

## **6. Corporate income tax**

The main charges on the pre-tax profit due to corporate income tax (current and deferred portions):

	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2009 (audited)</b>
Current corporate income tax and prior years adjustments	-	-
Deferred corporate income tax	136	302
<i>related to origination or reversal of temporary differences</i>	<i>136</i>	<i>302</i>
Other charges in the profit and loss account	-	(371)
<i>Income tax payable on dividends</i>	<i>-</i>	<i>(371)</i>
<b>Income tax expense as disclosed in the profit and loss account</b>	<b>136</b>	<b>(69)</b>

Reconciliation of corporate income tax payable on pre-tax profit according to the statutory tax rates with corporate income tax computed at the Company's effective tax rate:

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
<b>Pre-tax profit</b>	<b>20,066</b>	<b>16,678</b>
Statutory corporate income tax rate	19%	19%
<b>Corporate income tax computed at the statutory tax rate</b>	<b>(3,813)</b>	<b>(3,169)</b>
<b>Non-tax-deductible expenses, of which:</b>	<b>(97)</b>	<b>(290)</b>
<i>Not capitalized costs of acquisition of financial fixed assets</i>	(39)	-
<i>Costs of maintenance and support of software and tokens</i>	(55)	-
<i>Unpaid business trip allowances</i>	(3)	-
<i>Deferred income tax provision related to IPO expenses</i>	-	(224)
<i>Revaluation write-downs on receivables</i>	-	(66)
<b>Tax-deductible expenses not recognized in the balance sheet, of which:</b>	<b>106</b>	<b>890</b>
<i>IPO expenses incurred</i>	53	557
<i>Foreign exchange differences eliminated from the profit and loss account, recognized in equity</i>	48	223
<i>Costs of maintenance and support of software and tokens</i>	5	43
<i>Expenses covered by provisions</i>	-	61
<i>Costs of maintenance and support of software and tokens</i>	-	6
<b>Non-taxable income, of which</b>	<b>110</b>	<b>167</b>
<i>Reversal of revaluation write-downs on receivables</i>	67	-
<i>Income from maintenance and support of software</i>	43	-
<i>Dividends receivable, but not received</i>	-	65
<i>Foreign exchange differences on dividends received and settlements of withholding tax on dividends</i>	-	102
<b>Taxable income not recognized in the balance sheet, of which:</b>	<b>(84)</b>	<b>(70)</b>
<i>Prior year dividends received</i>	(59)	-
<i>Foreign exchange differences on dividends received and settlements of withholding tax on dividends</i>	(16)	-
<i>Revenues from sales of tokens accounted for over time</i>	(7)	(50)
<i>Foreign exchange differences eliminated from the profit and loss account, recognized in equity</i>	(2)	(20)
<b>Tax exempt income, of which:</b>	<b>2,646</b>	<b>1,338</b>
<i>Dividends received</i>	2,646	1,338
<b>Tax allowance, of which:</b>	<b>1,268</b>	<b>1,159</b>
<i>Taxes on income of companies paying out dividends</i>	1,268	1,159
Net change in deferred income tax assets and write-downs on such assets by virtue of tax losses for 2007-2008	-	277
Withholding income tax on dividends received	-	(371)
<b>Corporate income tax at the effective tax rate of 0.7% in 2010 and -0.4% in 2009</b>	<b>136</b>	<b>(69)</b>

BALANCE SHEET		PROFIT AND LOSS ACCOUNT for the year ended	
31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009

	(audited)	(audited)	(audited)	(audited)
<b>Deferred income tax provision</b>				
Gain on foreign exchange differences	-	-	-	1
<b>Deferred income tax provision, gross</b>				
<b>Deferred income tax assets</b>				
Losses deductible against future taxable income	261	276	(15)	(620)
Provision for IPO expenses	-	128	(128)	67
Provision for the audit of financial statements	18	25	(7)	25
Provision for salaries and wages	112	-	112	-
Valuation of financial assets and liabilities at fair value	44	-	44	-
Other	2	-	2	-
<b>Deferred income tax assets, gross</b>	<b>437</b>	<b>429</b>		
Write-down due to impossibility to realize a deferred income tax asset	-	(128)	128	829
<b>Deferred income tax assets, net</b>	<b>437</b>	<b>301</b>		
Deferred income tax assets (+)/Deferred income tax provision (-), net	437	301		
<b>Change in deferred income tax in the period reported, of which:</b>			<b>136</b>	<b>302</b>
<i>deferred income tax change recognized directly in other comprehensive income</i>				-
<i>deferred income tax change recognized in profit or loss</i>			136	302

## 7. Earnings per share

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
<b>Net profit for the period reported per share (in PLN):</b>		
Basic earnings per share	0.40	0.43
Diluted earnings per share	0.40	0.43

Basic earnings per share are computed by dividing net profit for the reporting period by the weighted average number of ordinary shares outstanding during that reporting period.

Diluted earnings per share are computed by dividing net profit for the reporting period by the adjusted (due to diluting impact of potential shares) weighted average number of ordinary shares outstanding during that reporting period, adjusted by the factor of conversion of bonds convertible to ordinary shares.

The below tables present net profits and numbers of shares used for calculation of basic and diluted earnings per share:

	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
<b>Net profit for the period reported</b>	<b>20,202</b>	<b>16,609</b>
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	49,973,547	38,213,675
Dilution factors	-	-
<b>Adjusted weighted average number of ordinary shares, used for calculation of diluted earnings per share</b>	<b>49,973,547</b>	<b>38,213,675</b>

Both during the period reported and the prior year's corresponding period there took place no events that would cause dilution of earnings per share.

## 8. Dividend payments made and proposed

The Ordinary General Meeting of Shareholders of Asseco South Eastern Europe SA seated in Rzeszów, acting on the basis of art. 395 §2 item 2) of the Polish Commercial Companies Code as well as pursuant to §12 sect. 4 item 3) of the Company's Articles of Association, by its resolution of 27 April 2010, decided that the net profit for the year 2009 in the amount of PLN 16,609 thousand shall be distributed as follows:

- a) PLN 1,430 thousand was allocated to reserve capital pursuant to art. 396 §1 of the PCCC;
- b) PLN 9,728 thousand was appropriated to cover the Company's losses for the years 2007 and 2008;
- c) PLN 5,452 thousand was distributed among the Company's shareholders as a dividend of PLN 0.11 per share.

Subsequently, the dividend was paid out on 15 July 2010.

## 9. Property, plant and equipment

for the year ended 31 December 2010 (audited)	Computers and other office equipment	Transportation vehicles	Other tangible assets	Total
<b>As at 1 January 2010, less depreciation and impairment write-downs</b>	-	-	-	-
Additions, of which:	<b>19</b>	<b>262</b>	<b>8</b>	<b>289</b>
Purchases	19	262	8	289
Reductions, of which:	<b>(4)</b>	<b>(20)</b>	<b>(1)</b>	<b>(25)</b>
Depreciation charge for the period reported (-)	(4)	(20)	(1)	(25)
<b>As at 31 December 2010, less depreciation</b>	<b>15</b>	<b>242</b>	<b>7</b>	<b>264</b>
As at 1 January 2010				
Gross book value	-	-	-	-
Depreciation and impairment write-downs (-)	-	-	-	-
<b>Net book value as at 1 January 2010</b>	-	-	-	-
As at 31 December 2010				
Gross book value	19	262	8	289
Depreciation and impairment write-downs (-)	(4)	(20)	(1)	(25)
<b>Net book value as at 31 December 2010</b>	<b>15</b>	<b>242</b>	<b>7</b>	<b>264</b>



As at 31 December 2010, tangible fixed assets with the net book value of PLN 264 thousand did not serve as security for any bank loans taken out.

Whereas, as at the end of 2009 the Company had no tangible fixed assets at all.

## **10. Intangible assets**

As at 31 December 2010, intangible assets with the net book value of PLN 132 thousand corresponded to CRM software expenditures and they did not serve as security for any bank loans taken out.

Whereas, as at the end of 2009 the Company had no intangible assets at all.

During both the financial years 2010 and 2009, the Company made no impairment write-downs on intangible assets.

## **11. Investments in subsidiary companies**

	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
	<b>(audited)</b>	<b>(audited)</b>
Asseco SEE s.r.l., (Bucharest) <sup>1)</sup>	147,485	147,417
Asseco SEE d.o.o., (Beograd) <sup>2)</sup>	80,297	204,677
Asseco SEE d.o.o. (Zagreb) <sup>3)</sup>	93,438	93,438
Asseco SEE Sh.p.k. (Pristina) <sup>4)</sup>	44,361	44,749
Biro Data Servis d.o.o. (Zagreb)	17,242	-
Cardinfo BDS d.o.o. (Sarajevo)	4,631	-
EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. (Istanbul)	28,267	-
ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. (Istanbul)	33,965	-
ITD Polska Sp. z o.o.	124,962	-
Asseco SEE o.o.d., Sofia <sup>5)</sup>	1,951	-
	<b>576,599</b>	<b>490,281</b>

1) On 15 October 2009, the subsidiary Net Consulting s.r.l. changed its corporate name into Asseco South Eastern Europe s.r.l., which was subsequently replaced by Asseco SEE s.r.l. (Bucharest) on 29 December 2009. The merger between the companies of Asseco SEE s.r.l. (Bucharest) (the taking-over company) and Fiba Software s.r.l. (the acquired company) was recognized as at 31 December 2009. On 1 June 2010, there was registered a merger of Asseco SEE s.r.l. (Bucharest) (the taking-over company) with Probass S.A. (the acquired company).

2) On 23 November 2009, the subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o., Beograd. On 4 January 2010, there was registered a merger of Asseco SEE d.o.o., Beograd (the taking-over company) with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company).

3) On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o. (Zagreb). On 4 January 2010, there was registered a merger of Asseco SEE d.o.o. (Zagreb) (the taking-over company) with Arbor Informatika d.o.o. (the acquired company).

4) On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (Pristina).

5) On 12 October 2010, the subsidiary Pexim Solutions o.o.d. was renamed as Asseco SEE o.o.d., Sofia.

### **Asseco SEE s.r.l. (Bucharest)**

On 26 April 2007, Asseco Romania SA concluded agreements for acquisition of 70% of shares in two Romanian IT companies: Fiba Software s.r.l. and Net Consulting s.r.l.

Fiba Software s.r.l. was the largest Romanian provider specialized in IT solutions for the banking sector. The company's technological partners were such world leaders as Oracle, HP, Microsoft, and Fujitsu-Siemens. The company had a broad portfolio of proprietary solutions dedicated to the banking industry, including the transaction and credit

management systems, CRM systems, payment card transaction system, and many others. Among the clients of Fiba Software s.r.l. were: the Central Bank of Romania, BRD Societe Generale, Raiffeisen Bank, ABN Amro, Citibank, HVB Bank, just to mention a few.

Net Consulting s.r.l. used to offer integration services and IT solutions for the financial, industrial, and public administration sectors. The company had four main lines of business operations: Infrastructure Microsoft related projects, Business continuity, Business automation, Software development. The clients of Net Consulting s.r.l. included: in the industrial sector – Lafarge; in the banking sector – ING bank, Banc Post, Porsche Group; in the public administration sector – Ministry of Finance, Ministry of Health, Central Statistical Office, and many others.

As a result of acquisition of shares in Asseco Romania SA by Asseco South Eastern Europe SA in January 2008 and the subsequent merger of those companies executed on 8 May 2008, Asseco South Eastern Europe SA obtained control over the companies of Fiba Software s.r.l. and Net Consulting s.r.l.

*Agreements for conversion of non-controlling interests in Fiba Software s.r.l. and Net Consulting s.r.l. into shares of Asseco South Eastern Europe SA*

On 12 May 2009, Asseco South Eastern Europe SA signed a set of agreements with non-controlling shareholders of companies incorporated within its Capital Group. The agreements provided for conversion of 15% of shares held by non-controlling shareholders in Fiba Software s.r.l. and 26.4% of shares held by non-controlling shareholders in Net Consulting s.r.l.

On 12 May 2009, Asseco Poland SA acquired the remaining stakes in Fiba Software s.r.l. and Net Consulting s.r.l. from their non-controlling shareholders. The subject of the acquisition agreements were the following equity interests:

- Fiba Software s.r.l. 15%
- Net Consulting s.r.l. 3.6%

Subsequently, under the share conversion agreement concluded between Asseco Poland SA and Asseco South Eastern Europe SA on 12 May 2009, Asseco Poland exchanged its shares in the companies of Fiba Software s.r.l. and Net Consulting s.r.l. for shares in Asseco South Eastern Europe SA.

Following these transactions Asseco South Eastern Europe SA has become the owner of 100% of shares in both the Romanian companies.

On 15 October 2009, the subsidiary Net Consulting s.r.l. changed its corporate name into Asseco South Eastern Europe s.r.l., which was subsequently replaced by Asseco SEE s.r.l. (Bucharest) on 29 December 2009.

The merger of subsidiary Asseco SEE s.r.l. (the taking-over company, former Net Consulting s.r.l.) with Fiba Software s.r.l. (the acquired company) was recognized as at 31 December 2009.

On 1 June 2010, there was registered a merger of Asseco SEE s.r.l. (Bucharest) (the taking-over company) with Probass S.A. (the acquired company). On 11 December 2009, Asseco South Eastern Europe SA signed an agreement for acquisition of 100% of shares in Probass S.A.

### **Asseco SEE d.o.o., Beograd**

On 18 December 2007, Asseco South Eastern Europe SA concluded an agreement for acquisition of a 60% stake in Pexim d.o.o. Asseco South Eastern Europe SA started to consolidate Pexim d.o.o. as of 31 December 2007, because already at that time it was able to manage the financial and operational policy of that company in order to obtain economic benefits from its operations. In the period of 12 months ended 31 December 2009, Asseco South Eastern Europe SA acquired a 40% non-controlling interest under the conversion of shares held by non-controlling shareholders into shares of Asseco South Eastern Europe SA ("swap transactions"). Following that transaction Asseco South Eastern Europe SA has become the owner of 100% of shares in that company. On 23 November 2009, the subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o., Beograd. On 4 January 2010, there was registered a merger of Asseco SEE d.o.o., Beograd (the taking-over company) with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company).

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

On 22 November 2010, **IPSA BHM Investments d.o.o. Beograd** was established as a result of the separation of a portion of assets of Asseco SEE d.o.o. Beograd, which at the date of separation was a wholly-owned subsidiary of Asseco South Eastern Europe SA.

The separated assets of Asseco SEE d.o.o. Beograd that were transferred to the newly established IPSA comprised shareholdings in the following companies:

- 100% of shares in Pexim Solutions d.o.o. seated in Banja Luka, Bosnia and Herzegovina;
- 100% of shares in IBIS a.d. seated in Banja Luka, Bosnia and Herzegovina;
- 50% of shares in Cardinfo BDS d.o.o seated in Sarajevo, Bosnia and Herzegovina;
- 100% of shares in Asseco SEE d.o.o. seated in Skopje, Macedonia.

The market value of the separated assets was estimated to equal PLN 124,380 thousand. Following such separation of assets, the value of investment in Asseco SEE d.o.o., Beograd was reduced by the amount corresponding to the estimated market value of assets transferred to IPSA BHM Investments d.o.o., Beograd (this is from PLN 204,677 thousand as at 31 December 2009 to PLN 80,297 thousand as at 31 December 2010).

### **Asseco SEE d.o.o. (Zagreb)**

On 20 December 2007, Asseco South Eastern Europe SA concluded an agreement for acquisition of a 60% stake in Logos d.o.o. based in Croatia and a 70% stake in Arbor Informatika d.o.o. These companies conducted business activities in the sectors of banking, financial services, insurance, telecommunication, and public administration. The control over Arbor Informatika was obtained on 22 January 2008; whereas, Logos d.o.o. has been controlled as of 8 April 2008.

In the period of 12 months ended 31 December 2009, Asseco South Eastern Europe SA acquired 40% of shares in Logos d.o.o. as well as 30% of shares in Arbor Informatika d.o.o., in each case under the conversion of shares held by non-controlling shareholders into shares of Asseco South Eastern Europe SA ("swap transactions"). Following these transactions Asseco South Eastern Europe SA has become the owner of 100% of shares in both the said companies.

On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o. (Zagreb). On 4 January 2010, there was also registered a merger of Asseco SEE d.o.o. (Zagreb) (the taking-over company) with Arbor Informatika d.o.o. (the acquired company).

### **Asseco SEE Sh.p.k. (Pristina)**

The agreement for acquisition of 100% of shares in Asseco SEE Sh.p.k (Pristina) was signed on 5 November 2009. The purchase cost of 60% of shares was split into two portions: the first instalment amounted to EUR 5.4 million; whereas, the second instalment depended on the amount of net profit achieved by Asseco SEE for 2009. The remaining 40% of shares were acquired under a "swap transaction", in exchange for 1,078,909 shares in Asseco South Eastern Europe SA. Asseco South Eastern Europe SA gained control over the company of Asseco SEE Sh.p.k. as of 1 July 2009. On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k.

The value of investment in Asseco SEE Sh.p.k. as at 31 December 2010 changed, as compared with that of 31 December 2009, following the final settlement of the company acquisition transaction that was made in 2010. Pursuant to the acquisition agreement that was signed during 2009, a part of the purchase price paid for Asseco SEE Sh.p.k. (the second instalment) corresponded to that company's financial results for the whole year 2009. At the time of accounting for the transaction, Asseco South Eastern Europe SA recognized the maximum amount of the second instalment in the value of investment and accordingly the related liability. The transaction was finally settled taking into account the audited consolidated financial statements of Asseco SEE Sh.p.k. for 2009 and, as a result of such settlement, the value of investment was reduced by PLN 388 thousand.

Asseco SEE Sh.p.k. is engaged in the integration of IT systems as well as in development and implementation of proprietary software for banks and public institutions.

### **Biro Data Servis d.o.o. (Zagreb) and Cardinfo BDS d.o.o. (Sarajevo)**

On 13 September 2010, Asseco South Eastern Europe SA concluded agreements under which it acquired a 100% stake in Biro Data Servis d.o.o. (BDS d.o.o.) seated in Zagreb as well as a 50% stake in Cardinfo BDS d.o.o. seated in Sarajevo. 50% of shares in Cardinfo BDS d.o.o. had been already held by IPSA BHM Investments d.o.o. Beograd and therefore, following the above-mentioned transaction, Asseco South Eastern Europe SA obtained control over Cardinfo BDS d.o.o. as it holds, directly and indirectly, 100% of shares in that company.

The shares in Biro Data Servis d.o.o., Zagreb were purchased from a natural person. 60% of shares were acquired for EUR 2,880 thousand paid in cash (recognized as investment value amounting to PLN 11,977 thousand). The remaining 40% of shares were acquired in exchange for 474,353 newly issued shares of Asseco South Eastern Europe SA (recognized as cost of investment at the issue value of PLN 5,265 thousand). Hence, the total cost of investment in Biro Data Servis d.o.o., Zagreb amounted to PLN 17,242 thousand.

The shares in Cardinfo BDS d.o.o., Sarajevo were purchased from a natural person. 30% of shares were acquired for EUR 805 thousand paid in cash (recognized as investment value amounting to PLN 3,315 thousand). The remaining 20% of shares were acquired in exchange for 118,588 newly issued shares of Asseco South Eastern Europe SA (recognized as cost of investment at the issue value of PLN 1,316 thousand). Hence, the total cost of investment in Cardinfo BDS d.o.o., Sarajevo amounted to PLN 4,631 thousand.

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

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

### **ITD A.Ş. (Istanbul) and EST A.Ş. (Istanbul)**

On 30 July 2010, Asseco South Eastern Europe SA concluded agreements under which it acquired 99.6620% shares in ITD A.Ş. as well as 99.9970% shares in EST A.Ş., both seated in Istanbul.

70.6191% of shares in ITD A.Ş. were acquired for the total of EUR 6.1 million paid in cash (recognized as investment value amounting to PLN 25,138 thousand). The remaining 29.0429% of shares in ITD A.Ş. were acquired in exchange for 837,472 newly issued shares of Asseco South Eastern Europe SA (recognized as cost of investment at the issue value of PLN 8,827 thousand).

99,997% of shares in EST A.Ş. were acquired for the total of EUR 2.5 million paid in cash (recognized as investment value amounting to PLN 9,730 thousand). Furthermore, in the Shares Purchase Agreement, Asseco South Eastern Europe SA committed itself to make additional payments to EST A.Ş. shareholders, either in the form of cash and/or issuance of ASEE shares, provided that EST A.Ş. achieves the specified levels of net profit for the years 2010 and 2011 (recognized as cost of investment in the amount of PLN 18,537 thousand). The cash payments for the acquisition of shares ITD A.Ş. and EST A.Ş. were financed with own funds of Asseco South Eastern Europe SA.

### **Acquisition of shares in Asseco SEE o.o.d., Sofia**

On 23 September 2010, Asseco South Eastern Europe SA signed an agreement whereby it acquired a 49% stake in Pexim Solutions o.o.d., in which 51% of shares had been already held by Asseco SEE DOOEL, Skopje (a wholly-owned indirect subsidiary of ITD Polska Sp. z o.o.). Following that transaction Asseco South Eastern Europe SA has become the owner of 100% of shares (held directly and indirectly) in that Bulgarian company. The total recognized cost of investment equalled PLN 1,951 thousand. This company is engaged in maintenance of ATM networks as well as in the provision of other services within the payment cards segment.

On 12 October 2010, Pexim Solutions o.o.d. was renamed as Asseco SEE o.o.d., Sofia.

### **ITD Polska Sp. z o.o.**

On 2 November 2010, the companies of ITD A.Ş. (Istanbul) and Asseco South Eastern Europe SA signed an agreement to sell/buy 771 shares in ITD Polska Sp. z o.o. (a subsidiary of ITD A.Ş. Istanbul) whose share capital amounts to PLN 1,272,256 and is divided into 772 shares with a par value of PLN 1,648 each. The transaction value amounted to TRY 290 thousand (Turkish liras). The agreement to buy 1 additional share in ITD Polska Sp. z o.o. was signed on 2 November 2010. The transaction value amounted to TRY 375.65 (Turkish liras). The selling party was Coşkun Ural, whereas the buyer was Asseco South Eastern Europe SA. As a result Asseco South Eastern Europe SA has become a direct owner of 100% of shares in ITD Polska Sp. z.o.o.

The total cost of investment was TRY 290 thousand, corresponding to PLN 582 thousand.

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

On 9 December 2010, the District Court for the Capital City of Warsaw issued a decision on registration of a new amount of the share capital of ITD Polska Sp. z o.o. seated in Warsaw that reached PLN 125,651,760.00. The share capital of ITD Polska Sp. z o.o. was increased on 29 November 2010 based on the Resolution on increase of the share capital and amendment of the Articles of Association ("Resolution") that was passed by the Extraordinary General Meeting of ITD Polska Sp. z o.o. or, as a matter of fact, by Asseco South Eastern Europe SA being its sole shareholder.

Pursuant to the Resolution, the share capital of ITD Polska Sp. z o.o. was increased by the amount of PLN 124,379,504.00 through the issuance of 75,473 new shares with a par value of PLN 1,648.00 each (the "Shares").

All the Shares were acquired by Asseco South Eastern Europe SA following its Statement to acquire Shares dated 29 November 2010 (the "Statement").

All the newly issued Shares were paid by Asseco South Eastern Europe SA with a non-cash contribution (the "Contribution") in the form of 1 share representing 100% of the share capital of IPSA BHM Investments d.o.o., a company organized under the laws of Serbia and seated in Belgrade, with a par value of RSD 6,205,310.15 (equivalent to EUR 58,079.59 being translated at the applicable mid exchange rate published by the National Bank, effective on 16 November 2010), with the book value of PLN 124,379,504.00.

Because all the newly issued shares were acquired by Asseco South Eastern Europe SA, this transaction resulted in an increase of the value of investment in ITD Polska Sp. z o.o. by PLN 124,380 thousand, to the total amount of PLN 124,962 thousand.

### **Impairment testing of investments**

At each balance sheet date, the Company determines if there are any objective indications of impairment of its investments in subsidiaries.

As the value of some investments surpassed the amount of goodwill and based on the analysis of financial results achieved by subsidiaries, the Company considered that there occurred indications to carry out an impairment test on its investments in the following subsidiaries: Asseco SEE d.o.o., Zagreb and Asseco SEE Sh.p.k. (Pristina). No indications of impairment were detected in relation to other investments.

Recoverable value of such investments is determined on the basis of their value in use, applying the forecasts of free cash flow to firm (FCFF) based on the financial budgets approved by management personnel. The residual value was determined assuming no growth of the achieved margins after the forecast period. The discount rate applied to determine the present value of forecasted future cash flows was equivalent to the estimated weighted average cost of capital of Asseco SEE d.o.o., Zagreb and Asseco SEE Sh.p.k. Pristina, which as at 31 December 2010 equalled 11.3% and 11.8%, respectively. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, expected market yield, the beta coefficient (deleveraged beta of 1.03 was adopted) that was subsequently leveraged to reflect the market debt-equity structure.

The conducted impairment tests did not indicate a necessity to recognize any impairment charges on investments in the companies of Asseco SEE d.o.o. (Zagreb) and Asseco SEE Sh.p.k. (Pristina).

## 12. Short-term receivables

	31 Dec. 2010	31 Dec. 2009
<b>Trade accounts receivable</b>	<b>(audited)</b>	<b>(audited)</b>
Trade accounts receivable, of which:	512	1,125
From related companies	512	-
from other companies	-	1,125
Revaluation write-down on doubtful accounts receivable (-)	-	-

Trade accounts receivable are not interest-bearing.

Both as at 31 December 2010 and 31 December 2009, no category of receivables served as security for any bank loans and borrowings.

As at 31 December 2010 and 31 December 2009, there were no outstanding receivables under transactions conducted with Asseco Poland SA.

The amount of receivables from related companies, as presented herein, corresponds to consulting services sold to subsidiaries of the Asseco South Eastern Europe Group.

Below is presented the aging analysis of trade accounts receivable as at 31 December 2010 and 31 December 2009.

	Total	Not due yet	< 30 days	Past-due		
				30 – 90 days	90 – 180 days	>180 days
<b>31 Dec. 2010</b>	512	381	131	-	-	-

	Total	Not due yet	< 30 days	Past-due		
				30 – 90 days	90 – 180 days	>180 days
<b>31 Dec. 2009</b>	1,125	1,125	-	-	-	-

	31 Dec. 2010	31 Dec. 2009
<b>Receivables on taxes, import tariffs, social security and other regulatory payments</b>	<b>(audited)</b>	<b>(audited)</b>
Value added tax	99	4,611
	<b>99</b>	<b>4,611</b>

Receivables on value added tax, as presented in these financial statements as at 31 December 2010 and 31 December 2009, refer to the right of Asseco South Eastern Europe SA to apply for reimbursement of such amounts to its bank account. On 12 August 2010, the Company received binding tax interpretations regarding its right to deduct the amount VAT paid on the IPO-related costs. Based on the above the Company applied to the internal revenue office for reimbursement of such value added tax. Hence, the amount of PLN 5,033 thousand was received in the Company's bank account on 25 October 2010.

<b>Other receivables</b>	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
	<b>(audited)</b>	<b>(audited)</b>
Receivables from dividends	-	328
Other receivables	352	352
Revaluation write-down on doubtful accounts receivable (-)	-	(352)
	<b>352</b>	<b>328</b>

"Other receivables" comprise the amount of withholding income tax retained by Asseco SEE s.r.l. (Bucharest) on the dividend paid out in 2009. The Company has already received the above-mentioned receivables in its bank account in the period from the balance sheet date till the date of preparing these financial statements, i.e. 16 March 2011.

### **13. Cash and cash equivalents, restricted cash**

	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
	<b>(audited)</b>	<b>(audited)</b>
Cash at bank and in hand	13,647	48,014
	<b>13,647</b>	<b>48,014</b>
Restricted cash	-	-

The interest on cash at bank is calculated with variable interest rates which depend on bank overnight deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.



## 14. Share capital

Share capital			31 December 2010 (audited)		31 December 2009 (audited)	
Shares	Series	Par value per share	Number of shares	Value of shares	Number of shares	Value of shares
Ordinary registered shares	A*	0.1	5,000,000	500	5,000,000	500
Ordinary registered shares	B*	0.1	5,000,000	500	5,000,000	500
Ordinary registered shares	C*	0.1	2,567,000,900	256,700	2,567,000,900	256,700
Ordinary registered shares	D	10	25,770,009	257,700	25,770,009	257,700
Ordinary registered shares	E	10	956,447	9,565	956,447	9,565
Ordinary registered shares	F	10	1,475,509	14,755	1,475,509	14,755
Ordinary registered shares	G	10	2,708,378	27,084	2,708,378	27,084
Ordinary registered shares	H	10	1,062,030	10,620	1,062,030	10,620
Ordinary registered shares	I	10	1,770,609	17,706	1,770,609	17,706
Ordinary registered shares	J	10	1,714,209	17,142	1,714,209	17,142
Ordinary registered shares	K	10	4,590,470	45,905	4,590,470	45,905
Ordinary registered shares	L	10	2,100,000	21,000	2,100,000	21,000
Ordinary registered shares	M	10	4,810,880	48,109	4,810,880	48,109
Ordinary registered shares	N	10	1,078,909	10,789	1,078,909	10,789
Ordinary registered shares	P	10	1,524,269	15,242	-	-
Ordinary registered shares	R	10	592,941	5,929	-	-
Ordinary registered shares	S	10	837,472	8,375	-	-
			<b>50,992,132</b>	<b>509,921</b>	<b>48,037,450</b>	<b>480,375</b>

\* Following a reverse stock split of series D shares

During the period reported, the Company's share capital was increased by the amount of PLN 29,546 thousand through the issuance of 2,954,682 new ordinary shares, with a par value of PLN 10 each, in the following portions:

- issuance of series P shares with the total par value of PLN 15,242 thousand, registered by the District Court in Rzeszów on 22 January 2010;
- issuance of series R shares with the total par value of PLN 5,929 thousand, registered by the District Court in Rzeszów on 8 November 2010;
- issuance of series S shares with the total par value of PLN 8,375 thousand, registered by the District Court in Rzeszów on 8 November 2010.

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

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

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

During the period of 12 months ended 31 December 2009, Asseco Poland SA decreased its equity interest as well as its voting interest at the General Meeting of Shareholders of Asseco South Eastern Europe SA from 55.15% to 51.96%.

The Shareholders who as at 31 December 2009, either directly or through their subsidiary companies, held at least a 5% voting interest at the Company's General Meeting of Shareholders were as follows:

<b>Name of shareholder</b>	<b>Number of shares held and votes at GMS</b>	<b>Equity interest and voting interest at GMS</b>
Asseco Poland SA	26,494,676	55.15%
EBRD	4,810,880	10.01%
Liatris d.o.o.	3,842,683	8.00%
Other shareholders	12,889,211	26.84%
	<b>48,037,450</b>	<b>100.00%</b>

As at 31 December 2009 the share capital of Asseco South Eastern Europe SA amounted to PLN 480,374,500 and was divided into 48,037,450 ordinary shares with a par value of PLN 10.00 each, which entitled to 48,037,450 votes at the Company's General Meeting of Shareholders.

## **15. Share premium and revaluation capital**

Shareholders' equity includes share premium in the amount of PLN 30,395 thousand arising from the issuances of shares of series L, M and N, which was decreased by the incurred share issuance costs of PLN 3,605 thousand (recognized in 2009) as well as share premium in the amount of PLN 11,759 thousand arising from the issuance of shares of series P, R and S, which was decreased by the incurred share issuance costs of PLN 84 thousand (recognized in 2010). The share premium was additionally increased by the amount of PLN 396 thousand due to the reversal of a provision for issuance related expenses, and decreased by other costs of PLN 36 thousand.

During the 12 month period ended 31 December 2010, the Company recognized in other comprehensive income the amount of PLN 828 thousand arising from valuation of a hedging instrument, and transferred the amount of PLN 13 thousand from equity to the value of investment in Asseco SEE o.o.d., Sofia.

During the period of 12 months ended 31 December 2009, the Company recognized in other comprehensive income the amount of PLN 1,069 thousand arising from valuation of a hedging instrument, and transferred the total amount of PLN 51 thousand from equity to the value of investments in the companies of Asseco SEE Sh.p.k. (former Pronet Sh.p.k.) and Probass S.A.

## **16. Retained earnings and restrictions on dividend payments**

As at 31 December 2010, prior years' retained earnings and current net profit totalled PLN 21,590 thousand and comprised: net profit for 2010 amounting to PLN 20,202 thousand; net profit for 2009 amounting to PLN 1,430 thousand (appropriated for increasing the Company's reserve capital in accordance a resolution passed by the Ordinary General Meeting of Shareholders of Asseco South Eastern Europe SA on 27 April 2010); as well as other components charged against equity in 2009 amounting to PLN 41 thousand.

## **17. Interest-bearing bank loans and borrowings**

Both as at 31 December 2010 and 31 December 2009, the Company had no liabilities by virtue of interest-bearing bank loans and issuance of debt securities.

On 30 December 2009, Asseco South Eastern Europe SA signed with the European Bank for Reconstruction and Development an agreement for an investment loan facility in the maximum amount of EUR 7 million. The loan interest rate equals 3M EURIBOR + margin. The repayment deadline specified in the agreement is 31 January 2016. As at 31 December 2010 and 31 December 2009, the Company had no liabilities under this loan.

## **18. Provisions**

As at 31 December 2010, the Company recognized a provision in the amount of PLN 1,229 thousand for a potential income tax liability in connection with the ongoing court proceedings concerning the classification of costs related to the public issuance of shares as tax deductible.

As at 31 December 2009, this provision amounted to PLN 1,177 thousand.

## **19. Trade accounts payable, financial liabilities and other liabilities**

	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
<b>Short-term trade accounts payable</b>	<b>(audited)</b>	<b>(audited)</b>

To related companies	42	1,894
To other companies	410	74
	<b>452</b>	<b>1,968</b>

Trade accounts payable are not interest-bearing and their usual payment term ranges from 14 to 21 days.

Transactions with related companies are presented in note 23 to these financial statements.

<b>Financial liabilities</b>	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
	<b>(audited)</b>	<b>(audited)</b>
Liabilities due to acquisition of shares in subsidiaries	19,992	2,761
	<b>19,992</b>	<b>2,761</b>

Liabilities due to acquisition of shares in subsidiaries in the total amount of PLN 19,992 thousand correspond to the payments for shares in EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. (PLN 18,111 thousand) and in Asseco SEE o.o.d. Sofia (PLN 1,881 thousand). These liabilities are disclosed in breakdown to long-term portion in the amount of PLN 2,219 thousand and short-term portion of PLN 17,773 thousand.

Payments for shares in Pronet Sh.p.k. (Pristina) disclosed as at 31 December 2009 in the amount of PLN 2,761 thousand was settled by the Company on 13 April 2010.

<b>Liabilities on taxes, import tariffs, social security and other regulatory payments</b>	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
	<b>(audited)</b>	<b>(audited)</b>
Personal income tax (PIT)	71	1
Social Insurance Institution (ZUS)	60	5
Other	-	15
	<b>131</b>	<b>21</b>

The amounts of value added tax liabilities are paid to competent tax authorities on a monthly basis.

<b>Other current liabilities</b>	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
	<b>(audited)</b>	<b>(audited)</b>
Other liabilities	3	-
	<b>3</b>	<b>-</b>

## **20. Deferred and accrued expenses and deferred income**

<b>Deferred expenses by virtue of:</b>	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
	<b>(audited)</b>	<b>(audited)</b>
Prepaid insurance	9	-

Expenditures for company acquisitions	-	42
Payments for support and maintenance of software for Pekao SA	56	254
VAT recoverable in the next year	1	212
Prepaid interest and commissions on bank loans	121	-
Expenses related to taking out a bank loan	244	-
Costs of IT audits	200	-
	<b>631</b>	<b>508</b>
- short-term	311	489
- long-term	320	19

<b>Accrued expenses by virtue of:</b>	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
	<b>(audited)</b>	<b>(audited)</b>
Provision for the audit of financial statements	95	130
Provision for expected IPO costs	-	675
Provision for salaries and wages	591	-
Other provisions	10	-
	<b>696</b>	<b>805</b>
- short-term	696	805
- long-term	-	-

Accrued expenses comprise mainly provisions for salaries and wages of the current period to be paid out in future periods which result from the bonus schemes applied by Asseco South Eastern Europe SA, as well as provisions for the current operating expenses which have been incurred but not yet invoiced. As at 31 December 2010, the provision for IPO-related expenses was reversed in the amount of PLN 396 thousand; whereas, the remaining portion of PLN 279 thousand of that provision was utilized.

<b>Deferred income by virtue of:</b>	<b>31 Dec. 2010</b>	<b>31 Dec. 2009</b>
	<b>(audited)</b>	<b>(audited)</b>
Payments for support and maintenance of software for Pekao SA	75	262
	<b>75</b>	<b>262</b>
- short-term	36	238
- long-term	39	24

The balance of deferred income relates to prepayments for services to be provided, such as maintenance and IT services.

## **21. Contingent liabilities**

As at the balance sheet dates of 31 December 2010 and 31 December 2009, the Company had no contingent liabilities.

## **22. Cases in court**

On 2 June 2009, the Company filed an Application to the Director of the Taxation Chamber for issuing an individual interpretation whether the expenses incurred in

connection with a public offering of shares (as defined in art. 3 sect. 1 of the Law of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies) may be classified as tax-deductible expenses, and whether an eventual failure of such public offering of shares will affect the Company's ability to recognize the incurred IPO-related expenses as tax-deductible. According to the argumentation presented by the Company in its Application, the Company is entitled to such recognition of expenses, even in the case the IPO does not come to effect.

On 7 September 2009, the Company received two Interpretations in which the Director of the Taxation Chamber deemed the Company's standpoint to be wrong, and justified that IPO-related expenses cannot be recognized as tax-deductible because they are directly related to the funds received in order to increase the Company's share capital which do not constitute a taxable income, irrespective of the fact whether the IPO come to effect or not.

Subsequently, on 25 November 2009, the Company filed Complaints against both the above-mentioned Interpretations to the Provincial Administrative Court in Rzeszów.

On 4 March 2010, the Court in Rzeszów issued the Verdict in which it rejected both the Company's Complaints. Hence, the Company filed a Cassation Appeal against the Verdict of the Provincial Administrative Court in Rzeszów. Until the date of approval of these financial statements, the court proceedings have not been completed.

## 23. Information on related companies

### Related party transactions

The following table discloses the total amounts of transactions concluded with the Company's related entities during the current and prior financial year:

<b>Related party</b>		<i>Sales to related companies</i>	<i>Purchases from related companies</i>	<i>Receivables from related companies</i>	<i>Liabilities to related companies</i>
<b>Parent company:</b>					
Asseco Poland SA	2010	-	706	-	42
	2009	-	2,468	-	1,828
<b>Subsidiary companies:</b>					
	2010	3,346	1	512	-
	2009	-	908	-	-

### **Transactions conducted with or through the Key Management Personnel (members of the Management Board and Supervisory Boards) of Asseco South Eastern Europe SA**

The following transactions were conducted with or through the Key Management Personnel (members of the Management Board and Supervisory Boards) of Asseco South Eastern Europe SA:

During the 12-month period ended 31 December 2010, Asseco SEE d.o.o. Beograd incurred the space rental costs of PLN 6,077 thousand that were paid to its related entities MHM d.o.o., Beograd<sup>1</sup>, DM3 d.o.o., Beograd<sup>1</sup> and Mini Invest d.o.o., Beograd<sup>2</sup>.

During the 12-month period ended 31 December 2010, Asseco SEE DOEL, Skopje (an indirect subsidiary of ITD Polska Sp. z o.o.) incurred the space rental costs of PLN 514 thousand that were paid to MPS d.o.o., Skopje<sup>3</sup>.

In the period of 12 months ended 31 December 2009, Asseco SEE d.o.o., Beograd (former Pexim d.o.o.) and its related entities MHM d.o.o.<sup>1</sup> and DM3 d.o.o.<sup>1</sup> carried out a transaction concerning rental of space for the total amount of PLN 6,219 thousand.

Additionally, during the 12-month period ended 31 December 2010, Asseco SEE DOEL, Skopje (an indirect subsidiary of ITD Polska Sp. z o.o.) incurred the space rental costs of PLN 129 thousand that were paid to MPS d.o.o., Skopje<sup>3</sup>.

In the period of 12 months ended 31 December 2009, Pexim Cardinfo d.o.o. incurred expenses of PLN 753 thousand in favour of Mini Invest d.o.o., Beograd<sup>2</sup>.

#### *"Swap transactions" (conducted in 2009)*

These "swap transactions" were entered into by related entities mentioned below:

1. Asseco Poland SA;
2. Liatris d.o.o. (whose shareholder is Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe SA); in exchange for non-cash contribution of shares in its subsidiaries, Liatris d.o.o. received 3,842,683 shares in Asseco South Eastern Europe SA with a par value of PLN 10 each;
3. Mini Invest d.o.o. (whose shareholder is Miljan Malis, Member of the Management Board of Asseco South Eastern Europe SA); in exchange for non-cash contribution of shares in its subsidiary, Mini Invest d.o.o. received 839,597 shares in Asseco South Eastern Europe SA with a par value of PLN 10 each;
4. I4-Invention d.o.o. (whose shareholder is Miodrag Mirčetić, Member of the Management Board of Asseco South Eastern Europe SA); in exchange for non-cash contribution of shares in its subsidiary, I4-Invention d.o.o. received 1,776,971 shares in Asseco South Eastern Europe SA with a par value of PLN 10 each.

All the above-mentioned transactions were carried out on an arm's length basis.

<sup>1</sup> Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe SA is a shareholder in Liatris d.o.o. which as at 31 December 2010 held a 7,53% equity interest in Asseco South Eastern Europe SA (as at 31 December 2009: 8%). Mihail Petreski and Liatris d.o.o. hold 40% of shares in MHM d.o.o. as well as 50% of shares in DM3 d.o.o. Furthermore, President of the Management Board of Asseco South Eastern Europe SA holds indirectly a 15% stake in MHM d.o.o. through his wholly-owned Kompania Petyhorska d.o.o. Whereas, 20% of shares in MHM d.o.o. are held by I4 Invention d.o.o. which is also a shareholder in Asseco South Eastern Europe SA. 100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, President of the Management Board Asseco SEE d.o.o., Beograd and Member of the Management Board of Asseco South Eastern Europe SA;

<sup>2</sup> Miljan Mališ, Member of the Management Board of Asseco South Eastern Europe SA is a shareholder in Mini Invest d.o.o. which in turn is a shareholder in Asseco South Eastern Europe SA;

<sup>3</sup> Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe SA is a shareholder in MPS d.o.o., Skopje.

In addition, members of the Management Board and companies related through members of the Management Board and Supervisory Board of Asseco South Eastern Europe SA received PLN 700 thousand in dividends from Asseco South Eastern Europe SA.

Until the date of approval of these consolidated financial statements, Asseco South Eastern Europe SA has not received any information on transactions with related companies conducted during the reporting period which would be, separately or jointly, deemed significant and would be carried out not on an arm's length basis.

As a result of transactions conducted in the prior reporting periods, as at 31 December 2009 the Group carried a liability towards the companies of Liatrix d.o.o. and I4 Invention d.o.o., by virtue of a non-interest-bearing loan of PLN 3,136 thousand. Whereas, as at 31 December 2010 this liability has been already extinguished. 100% of shares in Liatrix d.o.o. are owned by Mihail Petreski, Member of the Supervisory Board of Asseco South Eastern Europe SA. The company I4 Invention d.o.o. is a shareholder in Asseco South Eastern Europe SA; whereas, Member of the Management Board of Asseco South Eastern Europe SA, namely Miodrag Mirčetić is a shareholder in I4 Invention d.o.o.

## 24. Employment

Average workforce in the period reported	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Management Board	2	-
Administration departments	7	1
	<b>9</b>	<b>1</b>

## 25. Remuneration of Members of the Management Board and Supervisory Board of Asseco South Eastern Europe SA

The table below presents remuneration payable to individual Members of the Company's Management Board and Supervisory Board for performing their functions during 2010 and 2009.

Remuneration for the period of	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
<b>Management Board</b>		
Piotr Jeleński – President of the Management Board	1,068	-
Rafał Kozłowski – Vice President of the Management Board	361	-
Hatice Ayas – Member of the Management Board	-	-
Calin Barseti – Member of the Management Board	-	-
Miljan Mališ – Member of the Management Board	-	-
Miodrag Mirčetić – Member of the Management Board	-	-
Dražen Pehar – Member of the Management Board	-	-
	<b>1,429</b>	<b>-</b>
<b>Supervisory Board</b>		
Adam Góral – Chairman of the Supervisory Board	-	-
Jacek Duch – Member of the Supervisory Board	-	-
Andrzej Mauberg – Member of the Supervisory Board	-	-
Mihail Petreski – Member of the Supervisory Board	-	-
Przemysław Sęczkowski – Member of the Supervisory Board	-	-
Gabriela Żukowicz – Member of the Supervisory Board	-	-
<b>Total</b>		

In the year ended 31 December 2009, the Company did not pay any remuneration or net profit bonuses to members of its management and supervisory bodies. Members of the



Management Board of Asseco South Eastern Europe SA were not employed by the Company and the costs of their remuneration were subject to re-invoicing.

## **26. Remuneration of certified auditors or the entity authorized to audit financial statements**

The table below discloses the total amounts due to the entity authorized to audit financial statements, namely Ernst&Young Audit Sp. z o.o., paid or payable for the years ended 31 December 2010 and 31 December 2009:

<b>Type of service</b>	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2009 (audited)</b>
Obligatory audit of the annual financial statements	<b>215</b>	<b>222</b>

## **27. Equity management**

The main objective of the Company's equity management is to maintain favourable credit rating and safe level of capital ratios that would support the Company's operating activities and increase the value for our shareholders.

The Company manages its equity structure which is altered in response to changing economic conditions. In order to maintain or adjust its equity structure, the Company may change its dividend payment policy, return some capital to its shareholders or issue new shares. In the period of 12 months ended 31 December 2010 as well as in the year ended 31 December 2009, the Company did not introduce any changes to its objectives, principles and processes adopted in this area.

## **28. Hedges of cash flows**

Asseco South Eastern Europe SA applies hedge accounting of future cash flows so that the financial statements fully reflected the economic content of its business activities as well as the Group's acquisitions policy. The Company's Management Board decided to hedge the future payments for shares acquired in companies against changes of the Euro exchange rate. Foreign currency dividend cash flows expected in the future as well as cash at bank accounts denominated in EUR have been designated as the hedging instruments.

In the period of 12 months ended 31 December 2010, the Company recognized PLN 828 thousand in its revaluation capital. In the period reported there occurred no events that might decrease the probability of making the hedged future payments.

The table below presents information on the applied hedging instruments along with their fair values and maturities of the related payments.

<b>Hedged item</b>	<b>Hedged risk</b>	<b>Hedging instrument</b>	<b>Fair value of hedging instrument</b>	<b>Maturity of cash flows</b>
Cash flows	Foreign currency	Cash	6,713	2010-2014

## 29. Information and explanations to the Statement of Cash Flows

The table below presents items comprising changes in working capital as disclosed in the statement of cash flows:

Changes in working capital	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
Change in inventories	700	(700)
Change in receivables	4,773	(401)
Change in liabilities	(1,447)	713
Change in deferred and accrued expenses	(23)	806
Change in provisions	52	1,177
	<b>4,055</b>	<b>1,595</b>

The following tables present the reconciliation between the balance sheet changes in working capital and the changes that affect operating cash flows as reported in the statement of cash flows:

Changes in working capital	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
<b>Changes in liabilities as per the balance sheet</b>	<b>15,828</b>	<b>868</b>
Change in liabilities arising from company acquisitions	(17,220)	(155)
Change in liabilities due to purchases of tangible assets	(55)	-
<b>Total changes affecting operating cash flows</b>	<b>(1,447)</b>	<b>713</b>

Changes in working capital	Year ended 31 Dec. 2010 (audited)	Year ended 31 Dec. 2009 (audited)
<b>Changes in receivables as per the balance sheet</b>	<b>5,101</b>	<b>(1,081)</b>
Withholding income tax on dividends	-	352
Receivables from dividends and prepaid shares	(328)	328
<b>Total changes affecting operating cash flows</b>	<b>4,773</b>	<b>(401)</b>

The table below reveals the costs incurred by Asseco South Eastern Europe SA for acquisition of shares in subsidiary companies:

<b>Cost of acquisition of shares in subsidiary companies</b>	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2009 (audited)</b>
Asseco SEE d.o.o., Beograd	-	206
Asseco SEE d.o.o.	-	3,152
Asseco SEE s.r.l.	99	32,412
Asseco SEE Sh.p.k.	2,427	23,024
ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş. (Istanbul)	25,138	-
EST Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.Ş. (Istanbul)	9,730	-
Biro Data Servis d.o.o. (Zagreb)	11,976	42
Cardinfo BDS d o.o. (Sarajevo)	3,314	-
Asseco SEE o.o.d. (Sofia)	62	-
ITD Polska Sp. z o.o. (Warsaw)	602	-
	<b>53,348</b>	<b>58,836</b>

The table below discloses the amounts of income received by Asseco South Eastern Europe SA on dividends from shares in subsidiary companies:

<b>Dividend income</b>	<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Year ended 31 Dec. 2009 (audited)</b>
Asseco SEE d.o.o., Beograd	-	7,051
Asseco SEE d.o.o.	6,670	4,829
Asseco SEE s.r.l.	13,925	6,692
	<b>20,595</b>	<b>18,572</b>

### **30. Objectives and principles of financial risk management**

Asseco South Eastern Europe SA is exposed to a number of risks arising either from the macroeconomic situation of the countries where the Company holds its investments as well as from the microeconomic situation in individual companies. The main external factors that may have an adverse impact on the Company's financial performance are: (i) fluctuations in foreign currency exchange rates versus the Polish zloty, and (ii) changes in official interest rates. The financial results are also indirectly affected by the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and the inflation rate.

#### **Foreign currency exposure risk**

The currency used for presentation of the Company's results is Polish zloty (PLN). Because our subsidiaries conduct business operations in countries with the functional currencies other than our presentation currency, the Company is exposed to changes in such foreign currency exchange rates both with respect to the dividends received from our subsidiaries, and the planned acquisitions. The Company implemented hedge accounting of future cash flows in order to reduce the impact of changes in foreign currency exchange rates on our financial results.

#### **Interest rate risk**

Changes in the market interest rates may have a negative influence on the Company's financial results. The Company's exposure to the above-mentioned risk may result in changes of the amounts of interest charged on third-party borrowings which are based on variable interest rates. However, as at 31 December 2010 the Company was not exposed to any interest rate risk.

Identification: The interest rate risk arises and is recognized by the Company at the time of concluding a transaction or financial instrument based on a variable interest rate. All such agreements are subject to analysis by the Company's responsible personnel, hence the knowledge of that issue is complete and acquired directly.

Measurement: The Company measures its exposure to the interest rate risk by preparing statements of the total amounts resulting from all the financial instruments based on a variable interest rate. Additionally, the Company maintains records of debt planned to be incurred during the next 12 months, and in case of long-term instruments – for the period of their maturity.

Objective: The purpose of reducing such risk is to minimize expenses arising from the concluded financial instruments based on a variable interest rate.

Measures: In order to reduce its interest rate risk, the Company may: (i) try to avoid taking out loan facilities based on a variable interest rate or, if not possible, (ii) hedge the interest rate level by concluding forward contracts.

Matching: The Company gathers and analyzes the current market information concerning its present exposure to the interest rate risk. At present the Company does not apply any interest rate hedges.

#### **Credit risk**

The Company concludes transactions only with reputable companies which have good credit ratings. All customers applying for deferred payments are subject to the procedures of preliminary verification of their creditworthiness. Furthermore, current monitoring of receivables makes it possible to eliminate the risk of uncollectible receivables almost entirely.

In relation to other financial assets, such as cash and cash equivalents, the Company's credit risk results from the contracting party inability to settle their payments, whereas the maximum exposure to such risk is limited to the book value of such financial instruments.

There is no particular concentration of credit risk in any segment of the Company's operations.

### Financial liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool takes into account the maturity of both financial investments and financial assets (e.g. accounts receivable) and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds.

The tables below reveal the Company's trade accounts payable as at 31 December 2010 and 31 December 2009, by the maturity period based on the contractual undiscounted payments.

Aging structure of trade accounts payable	31 Dec. 2010		31 Dec. 2009	
	Amount	(audited) Structure	amount	(audited) structure
Liabilities due already	246	54.42%	-	-
Liabilities falling due within 3 months	206	45.58%	1,968	100.00%
	<b>452</b>	<b>100.00%</b>	<b>1,968</b>	<b>100.00%</b>

## 31. Financial instruments

### Fair value

The book values of financial assets and liabilities held by the Company both as at 31 December 2010 and 31 December 2009 did not significantly differ from their fair values.

During both the years ended 31 December 2010 and 31 December 2009, none of the financial instruments held was reclassified from level 1 to level 2, or from level 2 to level 3, in the fair value measurement hierarchy.

**Items of income, expenses, gains and losses recognized in the profit and loss account, by category of financial instruments**

<b>Year ended 31 Dec. 2010 (audited)</b>	<b>Category according to IAS 39</b>	<b>Interest income (expense):</b>	<b>Gain (loss) on foreign exchange differences</b>	<b>Reversal (recognition) of impairment write-downs</b>	<b>Gain (loss) on revaluation</b>	<b>Other</b>	<b>Total</b>
<b>Financial assets</b>							
Investments in subsidiary companies		-	-	-	-	(10)	(10)
Trade accounts receivable and other receivables	L&R	-	(50)	352	-	-	302
Receivables from dividends		-	66	-	-	-	66
Cash and cash equivalents	FVTPL	335	(185)	-	-	-	150
<b>Financial liabilities</b>							
Interest-bearing bank loans and borrowings, of which:	OFLaAC						
- long-term based on a variable interest rate	OFLaAC	(73)	11	-	-	-	(62)
Liabilities due to acquisition of shares		-	57	-	-	-	57
Trade accounts payable and other liabilities	OFLaAC	-	644	-	(230)	-	414
		<b>262</b>	<b>543</b>	<b>352</b>	<b>(230)</b>	<b>(10)</b>	<b>917</b>
<b>Year ended 31 Dec. 2009 (audited)</b>							
<b>Year ended 31 Dec. 2009 (audited)</b>	<b>Category according to IAS 39</b>	<b>Interest income (expense):</b>	<b>Gain (loss) on foreign exchange differences</b>	<b>Reversal (recognition) of impairment write-downs</b>	<b>Gain (loss) on revaluation</b>	<b>Other</b>	<b>Total</b>
<b>Financial assets</b>							
Trade accounts receivable and other receivables	L&R	-	-	(352)	-	-	(352)
Receivables from dividends		-	(553)	-	-	-	(553)
Cash and cash equivalents	FVTPL	346	(40)	-	-	-	306
<b>Financial liabilities</b>							
Interest-bearing bank loans and borrowings, of which:	OFLaAC						
- long-term based on a variable interest rate	OFLaAC	-	-	-	-	-	-
Liabilities due to acquisition of shares		-	(172)	-	-	-	(172)
Trade accounts payable and other liabilities	OFLaAC	-	2	-	-	-	2
		<b>346</b>	<b>(763)</b>	<b>(352)</b>	<b>-</b>	<b>-</b>	<b>(769)</b>

### **32. Capital expenditures**

In the period of 12 months ended 31 December 2010, the Company spent PLN 53,348 thousand for the acquisition of shares in subsidiary companies, while its expenditures for non-financial fixed assets amounted to PLN 367 thousand.

In the period of 12 months ended 31 December 2009, the Company spent PLN 58,836 thousand for the acquisition of shares in subsidiary companies.

### **33. Significant events after the balance sheet date**

In the period from 31 December 2010 till the date of approval of these financial statements, this is until 16 March 2011, there did not occur any other significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of Asseco South Eastern Europe SA.

### **34. Significant events related to prior years**

Until the date of preparing these financial statements for the year ended 31 December 2010, this is until 16 March 2011, there occurred no significant events related to prior years, which have not but should have been included in the accounting books.