SOUTH EASTERN EUROPE

ANNUAL REPORT
OF ASSECO SOUTH EASTERN EUROPE S.A.
FOR THE YEAR ENDED 31 DECEMBER 2012

Rzeszów, 20 February 2013

FINANCIAL STATEMENTS
ASSECO SOUTH EASTERN EUROPE S.A.
FOR THE YEAR ENDED 31 DECEMBER 2012 INCLUDING
OPINION OF INDEPENDENT CERTIFIED AUDITORS

Rzeszów, 20 February 2013

FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE S.A. INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2012

Table of contents **Page**

FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE S.A. INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2012

These financial statements were approved for publication by the Management Board of Asseco South Eastern Europe S.A.

Management Board of Asseco South Eastern Europe S.A.:

Piotr Jeleński	President of the Management Board
Hatice Ayas	Member of the Management Board
Calin Barseti	Member of the Management Board
Miljan Mališ	Member of the Management Board
Miodrag Mirčetić	Member of the Management Board
Dražen Pehar	Member of the Management Board
Marcin Rulnicki	Member of the Management Board

Person responsible for maintaining the accounting books:

Anna Dworzak

FINANCIAL HIGHLIGHTS
ASSECO SOUTH EASTERN EUROPE S.A.

		Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)	Year ended 31 Dec. 2012	Year ended 31 Dec. 2011
		PLN '000	PLN '000	EUR '000	EUR '000
I.	Revenues from holding activities	49,907	24,618	11,958	5,946
II.	Revenues from operating activities	4,990	-	1,196	-
III.	Operating profit	45,830	20,002	10,981	4,831
IV.	Pre-tax profit	46,138	16,773	11,055	4,051
V.	Net profit for the reporting period	**46,712**	**16,864**	**11,192**	**4,073**
VI.	Net cash provided by (used in) operating activities	19,179	15,681	4,595	3,788
VII.	Net cash provided by (used in) investing activities	(2,683)	(10,320)	(643)	(2,493)
VIII.	Net cash provided by (used in) financing activities	(18,798)	(14,045)	(4,504)	(3,392)
IX.	Cash and short-term deposits	2,644	4,950	647	1,121
X.	Earnings per ordinary share (in PLN/EUR)	0.90	0.33	0.22	0.08
XI.	Diluted earnings per ordinary share (in PLN/EUR)	0.90	0.33	0.22	0.08

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

- items of the income statement 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 2012 to 31 December 2012: EUR 1 = PLN 4.1736
  - in the period from 1 January 2011 to 31 December 2011: EUR 1 = PLN 4.1401

- 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 2012: EUR 1 = PLN 4.0882
  - exchange rate effective on 31 December 2011: EUR 1 = PLN 4.4168

All figures in thousands of PLN, unless stated otherwise

INCOME STATEMENT
ASSECO SOUTH EASTERN EUROPE S.A.

	Note	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Holding activities			
Dividend income	1	**44,774**	**21,227**
Revenues from sales of services	1	**5,133**	**3,391**
Operating activities			
Revenues from sales of IT services and software	2	**4,990**	**-**
Total sales revenues		**54,897**	**24,618**
Cost of sales (-)	3	**(8,456)**	**(3,391)**
Gross profit on sales		**46,441**	**21,227**
Selling expenses (-)	3	(1,795)	-
General administrative expenses (-)	3	(52)	(1,027)
Net profit on sales		**44,594**	**20,200**
Other operating income	4	1,410	762
Other operating expenses (-)	4	(174)	(960)
Operating profit		**45,830**	**20,002**
Financial income	5	1,883	4,945
Financial expenses (-)	5	(1,575)	(8,174)
Pre-tax profit		**46,138**	**16,773**
Corporate income tax (current and deferred tax expense)	6	574	91
Net profit for the reporting period		**46,712**	**16,864**

Net profit for the reporting period per share (in PLN)			
Basic earnings per share from continuing operations for the reporting period	7	0.90	0.33
Diluted earnings per share from continuing operations for the reporting period	7	0.90	0.33

All figures in thousands of PLN, unless stated otherwise

STATEMENT OF COMPREHENSIVE INCOME
ASSECO SOUTH EASTERN EUROPE S.A.

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Net profit for the reporting period	**46,712**	**16,864**
Other comprehensive income:		
Hedges of cash flows	-	241
Total other comprehensive income	**-**	**241**
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	**46,712**	**17,105**

All figures in thousands of PLN, unless stated otherwise

STATEMENT OF FINANCIAL POSITION
ASSECO SOUTH EASTERN EUROPE S.A.

ASSETS	Note	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Non-current assets		**597,200**	**569,671**
Property, plant and equipment	10	390	224
Goodwill arising from a merger	9.11	4,567	-
Intangible assets	11	296	353
Investments in subsidiary companies	12	588,840	567,785
Long-term receivables		82	578
Deferred income tax assets	6	2,568	731
Long-term prepayments and accrued income	21	457	-
Current assets		**19,401**	**18,016**
Inventories		6	-
Prepayments and accrued income	21	651	73
Trade receivables	13	2,801	255
Receivables from the state and local budgets	13	88	194
Other receivables	13	563	2,373
Current financial assets	15	12,648	10,171
Cash and short-term deposits	14	2,644	4,950
TOTAL ASSETS		**616,601**	**587,687**

All figures in thousands of PLN, unless stated otherwise

STATEMENT OF FINANCIAL POSITION
ASSECO SOUTH EASTERN EUROPE S.A.

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Shareholders' equity			
Share capital	16	518,942	518,942
Share premium	17	38,825	38,825
Prior years' retained earnings (deficit) and current net profit	18	54,430	25,196
Total shareholders' equity		**612,197**	**582,963**
Non-current liabilities		**583**	**6**
Long-term deferred income	21	583	6
Current liabilities		**3,821**	**4,718**
Trade payables	20	672	715
Liabilities to the state and local budgets	20	429	51
Financial liabilities	20	-	1,759
Other liabilities		54	62
Provisions	19	-	1,229
Deferred income	21	1,118	35
Accruals	21	1,548	867
TOTAL LIABILITIES		**4,404**	**4,724**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**616,601**	**587,687**

All figures in thousands of PLN, unless stated otherwise

STATEMENT OF CHANGES IN EQUITY
ASSECO SOUTH EASTERN EUROPE S.A.

for the year ended 31 December 2012 and for the year ended 31 December 2011

	Note	Share capital	Share premium	Revaluation capital	Prior years' retained earnings (deficit) and current net profit	Total shareholders' equity
As at 1 January 2012		**518,942**	**38,825**	**-**	**25,196**	**582,963**
Net profit for the reporting period		-	-	-	46,712	**46,712**
Total comprehensive income for the reporting period		**-**	**-**	**-**	**46,712**	**46,712**
Recognition of the merger with ITD Poland	9	**-**	**-**	**-**	1,204	**1,204**
Dividends		-	-	-	(18,682)	**(18,682)**
As at 31 December 2012 (audited)	16	**518,942**	**38,825**	**-**	**54,430**	**612,197**
As at 1 January 2011		**509,921**	**38,825**	**(241)**	**21,590**	**570,095**
Net profit for the reporting period		**-**	**-**	**-**	16,864	**16,864**
Other comprehensive income		**-**	**-**	241	**-**	**241**
Total comprehensive income for the reporting period		**-**	**-**	**241**	**16,864**	**17,105**
Issuance of series T shares		9,021	-	**-**	**-**	**9,021**
Dividends		**-**	**-**	**-**	(13,258)	**(13,258)**
As at 31 December 2011 (audited)	16	**518,942**	**38,825**	**-**	**25,196**	**582,963**

All figures in thousands of PLN, unless stated otherwise

STATEMENT OF CASH FLOWS
ASSECO SOUTH EASTERN EUROPE S.A.

	Note	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Cash flows - operating activities			
Pre-tax profit		46,138	16,773
Total adjustments:		**(26,950)**	**(1,044)**
Depreciation and amortization		197	70
Change in inventories	22	1	-
Change in receivables	22	(551)	256
Change in liabilities	22	(1,648)	(3,410)
Change in prepayments and accruals	22	1,614	695
Change in provisions	22	(1,229)	-
Interest income and expense		(109)	93
Gain (loss) on foreign exchange differences		953	885
Impairment write-down on investments in subsidiary companies		-	6,033
Gain (loss) on investing activities		(45,845)	(20,042)
Other		260	(9)
Selected operating cash flows		**19,407**	**14,385**
Cost of acquisition of shares in subsidiary companies	22	(26,991)	(9,809)
Disposal of shares in subsidiary companies	22	2,173	3,212
Cash and cash equivalents acquired under the merger with ITD Poland		1,798	-
Dividends received	22	42,427	20,982
Net cash generated from operating activities		**19,188**	**15,729**
Corporate income tax paid		(9)	(48)
Net cash provided by (used in) operating activities		**19,179**	**15,681**
Cash flows - investing activities			
Acquisition/disposal of property, plant and equipment and intangible assets		(228)	(251)
Acquisition of financial assets carried at fair value through profit or loss	15	-	(10,000)
Disposal of financial assets carried at fair value through profit or loss	15	10,299	-
Loans granted/collected		(35)	-
Acquisition of financial assets held to maturity (cash deposits)	15	(12,509)	-
Other		(210)	(69)
Net cash provided by (used in) investing activities		**(2,683)**	**(10,320)**
Cash flows - financing activities			
Dividends paid out to shareholders of ASEE S.A.		(18,682)	(13,258)
Proceeds from loans	22	8,217	7,717
Repayment of loans	22	(8,310)	(8,350)
Interest paid		(21)	(96)
Other		(2)	(58)
Net cash provided by (used in) financing activities		**(18,798)**	**(14,045)**
Net decrease in cash and cash equivalents		(2,302)	(8,684)
Effect of foreign exchange differences on cash and cash equivalents		(4)	(13)
Cash and cash equivalents as at 1 January	14	4,950	13,647
Cash and cash equivalents as at 31 December	14	**2,644**	**4,950**

All figures in thousands of PLN, unless stated otherwise

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

I. GENERAL INFORMATION

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

The period of the Company's operations is indefinite.

According to the Articles of Association, the Company's business profile includes:

- Activities of head offices and holdings;
- Computer programming activities;
- Computer consultancy activities;
- Computer facilities management activities;
- Other information technology and computer service activities;
- Data processing, hosting activities;
- Web portals and call center activities;
- Research and experimental development on natural sciences and engineering;
- Reproduction of recorded media;
- Wholesale of computers, computer peripheral equipment and software;
- Wholesale of electronic and telecommunications equipment;
- Retail sale of computers, peripheral units and software;
- Accounting, book-keeping and tax consultancy;
- Business and other management consultancy activities.

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

The parent of Asseco South Eastern Europe S.A. is Asseco Poland S.A. (the higher-level parent company). As at 31 December 2012, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

Asseco South Eastern Europe S.A. is the Parent Company of Asseco South Eastern Europe Group.

These financial statements cover the year ended 31 December 2012 and contain comparative data for the year ended 31 December 2011.

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 2012 were approved for publication by the Company's Management Board on 20 February 2013.

The Company also prepared the consolidated financial statements of Asseco South Eastern Europe Group for the year ended 31 December 2012, which were approved for publication by the Management Board on 20 February 2013.

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

As at 31 December 2012 as well as on the date of publication of these financial statements, i.e. on 20 February 2013, the Company's Management Board and Supervisory Board were composed of the following persons:

Supervisory Board	Management Board
Adam Góral	Piotr Jeleński
Jacek Duch	Hatice Ayas
Jan Dauman	Calin Barseti
Andrzej Mauberg	Miljan Mališ
Mihail Petreski	Miodrag Mirčetić
Przemysław Sęczkowski	Dražen Pehar
Gabriela Żukowicz	Marcin Rulnicki

In the period reported, the composition of the Company's Management Board changed as follows:

- on 14 May 2012, the Company received a letter of resignation from Rafał Kozłowski resigning, for personal reasons, from the position of Vice President of the Management Board of Asseco South Eastern Europe S.A. with effect from 1 June 2012;
- on 24 May 2012, the Company's Supervisory Board appointed Marcin Rulnicki as Member of the Management Board to serve during the ongoing term of office as of 1 June 2012 as well as during the next joint term of office of the Management Board running from 11 July 2012 till 11 July 2017.

In the period reported, the composition of the Supervisory Board remained unchanged.

As at 31 December 2012 as well as at the date of publication of this report, this is on 20 February 2013, the Audit Committee was composed of the following persons:

Andrzej Mauberg – Member of the Audit Committee,
Jacek Duch – Member of the Audit Committee,
Gabriela Żukowicz – Member of the Audit Committee.

Whereas, as at 31 December 2011, the Audit Committee composition was as follows:

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

From the balance sheet date till the publication of these consolidated financial statements, the compositions of the Company's Management Board and Supervisory Board as well as of their Committees remained unchanged.

All figures in thousands of PLN, unless stated otherwise

III. INVESTMENTS IN COMPANIES

The Company holds investments in the following subsidiaries:

Company	Short name	Seat	Business profile	Equity interest held	
				31 Dec. 2012	31 Dec. 2011
Asseco SEE d.o.o., Beograd	**ASEE Serbia**	Serbia	Creation of financial applications and provision of comprehensive IT systems for financial institutions	100%	100%
Asseco SEE d.o.o., (Zagreb)	**ASEE Croatia**	Croatia	Provision of IT services for the banking and finance sector, insurance sector, and large companies	100%	100%
Asseco SEE s.r.l., (Bucharest)	**ASEE Romania**	Romania	Integration services and IT solutions for the financial, industrial, and public administration sectors	100%	100%
Asseco SEE Sh.p.k., (Pristina)	**ASEE Kosovo**	Kosovo	Integration of IT systems as well as development and implementation of proprietary software for the banking sector and public administration	100%	100%
Asseco SEE Teknoloji A.Ş., (Istanbul)	**ASEE Turkey**	Turkey	Solutions for settlement of on-line payments, fraud detection and prevention, operation of call centers	100%	100%
Sigma Danışmanlık ve Uygulama Merkezi A.Ş (Istanbul) [5]	**Sigma, Turkey**	Turkey	Solutions for enterprise asset management, leasing product and asset management at leasing companies and financial institutions	87%	-
Asseco SEE d.o.o., (Grosuplje) [1]	**ASEE Slovenia**	Slovenia	Card payment solutions	100%	50%
Asseco SEE o.o.d., Sofia [2]	**ASEE Bulgaria**	Bulgaria	Integration services and IT solutions for the financial, industrial, and public administration sectors	100%	100%
Altius Bulgaria EOOD, (Sofia) [2]	**Altius, Bulgaria**	Bulgaria	Card payment solutions	-	100%
ITD Poland Sp. z o.o., (Warsaw) [3]	**ITD Poland**	Poland	Integration services and IT solutions for the financial, industrial, and public administration sectors	-	100%
Asseco SEE d.o.o., (Sarajevo) [4]	**ASEE B&H**	Bosnia & Herzegovina	Sales of comprehensive information systems for financial institutions, mobile solutions, and card payment solutions	100%	50%
Asseco SEE DOOEL, Skopje [4]	**ASEE Macedonia**	Macedonia	Integration services and IT solutions for the financial, industrial, and public administration sectors	100%	-

1) On 18 April 2012, ASEE S.A. acquired a 50% stake in ASEE Slovenia from ASEE Serbia. Following this transaction, ASEE S.A. has become a direct owner of 100% of shares in ASEE Slovenia.
2) On 10 February 2012, there was registered a merger of ASEE Bulgaria (the taking-over company) with Altius, Bulgaria (the acquired company).
3) On 1 June 2012, there was registered a merger of ASEE S.A. (the taking-over company) with ITD Poland (the acquired company).
4) As a result of the merger of ASEE S.A. and ITD Poland, ASEE S.A. has become a direct owner of 100% of shares in the following companies: ASEE Macedonia, ASEE B&H (Sarajevo), and ASEE B&H (Banja Luka). ASEE B&H (Sarajevo) and ASEE B&H (Banja Luka) merged on 19 July 2012.
5) ASEE S.A. acquired an 87% stake in Turkey-based Sigma on 14 September 2012.

As at 31 December 2012 and 31 December 2011, 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.

All figures in thousands of PLN, unless stated otherwise

IV. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

1. Basis for preparation of financial statements

The financial statements were prepared in accordance with the historical cost convention, except for derivative financial instruments and assets that are carried at fair value through profit or loss.

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 2012.

Till the date of approval of these financial statements, we have not observed any circumstances that would threaten 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 policies 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 in estimates

In the period of 12 months ended 31 December 2012, 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 policies 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 did not recognize the entire balance of deferred income tax asset related to the prior years' losses. Deferred income tax assets arising from tax losses were recognized in the amount of PLN 2,300 thousand, this is to the extent it is probable that future taxable income will enable writing such unutilized losses off. As at 31 December 2012, the Company's tax-deductible losses not accounted for in deferred income tax assets amounted to PLN 73,181 thousand.

Impairment of financial assets

At every balance sheet date, the Company carries out a valuation of its assets concerning possible impairment. Should there be any indications of impairment, the Company estimates the recoverable amount. The recoverable value is estimated by determination of the future cash flows expected to be achieved from the cash-generating unit and determination of a discount rate to be subsequently used in order to calculate the net present value of those cash flows. Impairment tests carried out on our investments as at 31 December 2012 have been described in explanatory note 12 to these financial statements.

6. Changes in the accounting policies applied

The accounting policies adopted for drawing up this report are coherent with those applied for preparation of the annual financial statements for the year ended 31 December 2011, except for applying the following amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2012.

- Amendments to IFRS 7 *Financial Instruments: Disclosures: Transfers of Financial Assets* – effective for annual periods beginning on or after 1 July 2011. Adoption of these amendments did not affect the Company's financial position or its financial performance, nor the scope of information presented in Company's financial statements.

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:

- The first phase of IFRS 9 *Financial Instruments: Classification and Measurement* – effective for annual periods beginning on or after 1 January 2015 – not adopted by the EU till the date of approval of these financial statements. In the following phases, the International Accounting Standards Board deals with hedge accounting and impairment. Application of the first phase of IFRS 9 may affect the classification and measurement of the Company's financial assets. The Company 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 IAS 19 *Employee Benefits* – effective for annual periods beginning on or after 1 January 2013;
- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Other Comprehensive Income* – effective for annual periods beginning on or after 1 July 2012;
- Amendments to IAS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets* – effective for annual periods beginning on or after 1 January 2012 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2013;
- 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 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2013;
- IFRS 10 *Consolidated Financial Statements* – effective for annual periods beginning on or after 1 January 2013 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2014;

- IFRS 11 *Joint Arrangements* – effective for annual periods beginning on or after 1 January 2013 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2014;
- IFRS 12 *Disclosure of Interests in Other Entities* – effective for annual periods beginning on or after 1 January 2013 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2014;
- Amendments of IFRS 10, IFRS 11 and IFRS 12 *Transitional Provisions* – 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;
- IFRS 13 *Fair Value Measurement* – effective for annual periods beginning on or after 1 January 2013;
- IAS 27 *Separate Financial Statements* – effective for annual periods beginning on or after 1 January 2013 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2014;
- IAS 28 *Investments in Associates and Joint Ventures* – effective for annual periods beginning on or after 1 January 2013 – in the EU to be applied at the latest for annual periods beginning on or after 1 January 2014;
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* – effective for annual periods beginning on or after 1 January 2013;
- Amendments to IFRS 7 *Financial Instruments: Disclosures: Offsetting of Financial Assets and Financial Liabilities* – effective for annual periods beginning on or after 1 July 2013;
- Amendments to IAS 32 *Financial Instruments: Presentation: Offsetting of Financial Assets and Financial Liabilities* – effective for annual periods beginning on or after 1 January 2014;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Government Loans* – 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;
- Amendments resulting from the annual review of IFRSs (published in May 2012) – 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;
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* (published on 31 October 2012) – effective for annual periods beginning on or after 1 January 2014 – not adopted by the EU till the date of approval of these financial statements.

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

The Management Board conducts an analysis of whether the introduction of the above-mentioned standards and interpretations will have a significant impact on the accounting policies applied by the Company.

8. Major accounting policies:

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 reporting period. 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 policies. 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 balance sheet valuation:

Currency	As at 31 Dec. 2012	As at 31 Dec. 2011
USD	3.0996	3.4174
EUR	4.0882	4.1468
RON	0.9197	1.0226
HRK	0.5413	0.5861
RSD	0.0359	0.0426
BGN	2.0903	2.2583
MKD	0.0652	0.0725
BAM	2.0807	2.2325
TRY	1.7357	1.7835

Average exchange rates for the specified reporting periods were as follows:

Currency	Year ended 31 Dec. 2012	Year ended 31 Dec. 2011
USD	3.2312	2.9679
EUR	4.1736	4.1401
RON	0.9377	0.9773
HRK	0.5547	0.5558
RSD	0.0369	0.0406
BGN	2.1340	2.1169
MKD	0.0679	0.0675
BAM	2.1387	2.1093
TRY	1.8022	1.7567

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 income statement at the time when incurred.

All figures in thousands of PLN, unless stated otherwise

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 income statement.

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 derecognition of an asset from the balance sheet (measured as the difference between net proceeds from disposal of such asset and its carrying amount) are recognized in the income statement for the period when such derecognition is 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. Intangible assets

Intangible assets purchased in a separate transaction or produced (if qualifying to be recognized as cost of 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 in estimates. Amortization charges against intangible assets with a definite period of useful life are expensed in the income statement, 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.

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 income statement for the period when such derecognition is made.

iv. Impairment of non-financial assets

At every balance sheet date, the Company carries out a valuation of its assets concerning possible impairment. Should there be any indications of impairment, the Company estimates the recoverable amount. 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 income statement. 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.

v. 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.

vi. 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 income statement;
- mutual balances of accounts receivable/payable are eliminated;
- any difference between the purchase price 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 income statement 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 South Eastern Europe S.A. 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.

Where under an acquisition of a subsidiary the acquirer recognizes a conditional payment, any changes in the fair value of such conditional consideration occurring after the acquisition date shall be recognized as financial income or expenses.

vii. 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 by taking advantage of short-term price fluctuations shall be classified as financial instruments carried at fair value through profit or loss. Financial instruments carried at fair value through profit or loss are measured at 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 income statement.

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 carried 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 contractual rights arising from such financial instrument; this usually takes place when the instrument is sold or when all cash flows generated by that instrument are transferred to an independent third party.

viii. Derivative financial instruments and hedges

Derivative instruments utilized by the Company in order to hedge against the risk of changes in foreign currency exchange rates include primarily currency forward contracts. 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.

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 S.A. has implemented hedge accounting of future cash flows so that the financial statements fully reflected the economic content of the Group'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.

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.

ix. 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 income statement.

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 assessed for impairment individually, and for which an impairment loss is or continues to be recognized, are not included in the collective assessment of impairment of a group of assets.

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 income statement. Reversals of impairment losses on equity instruments classified as available for sale cannot be recognized in the income statement. 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 income statement.

x. 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.

The Company is obliged to perform an aging analysis of their inventories at each balance sheet date, separately for the main groups (licenses, goods for resale, maintenance service inventories). Such analysis provides the rationale for making revaluation write-downs on tangible current assets subject to the following rules:

- 100% write-down on inventories stored longer than 2 years,
- 50% write-down on inventories stored between 1 and 2 years.

xi. Prepayments and accrued income

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

Prepayments may in particular include the following items:

- rents paid in advance,
- insurances,
- subscriptions,
- prepaid third-party services which shall be provided in future periods,
- any other expenses incurred in the current period, but related to future periods.

Accrued income includes mainly maintenance services relating to future periods. The Company recognizes prepayments and accrued income if their amounts relate to future reporting periods.

xii. Trade receivables and other receivables

Trade receivables, 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. For receivables past-due over 180 days a 50% write-down shall be recognized; whereas, receivables past-due over 365 days shall be written down by 100%. An allowance for doubtful accounts shall be determined also when it is no longer probable that the entire amount receivable will be collected, irrespective of the past-due period. Doubtful accounts shall be expensed in the income statement at the time when they are deemed uncollectible.

Where the effect of the value of money in time is material, the amount of receivables 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.

xiii. Cash and cash equivalents

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 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) in the balance of cash and cash equivalents.

xiv. Interest-bearing bank loans and borrowings

All bank loans, borrowings and debt securities are initially recognized at their purchase cost, being the fair value of cash received net of any costs associated with obtaining a credit or loan, or with 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 income statement during the term of the liability involved. Any gains or losses shall be recognized in the income statement 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 income statement for the period they relate to.

xv. Trade payables

Trade payables 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 payables, they were not invoiced.

Where the effect of the value of money in time is material, the amount of payables 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.

xvi. 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 income statement, 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.

xvii. 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 licenses, services and hardware

Revenues shall be recognized if the significant risks and rewards incidental to ownership of licenses and hardware 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. Whereas, revenues from sales of implementation services are recognized based on the percentage of their completion. Revenues relating to licensing fees shall be recognized when invoiced.

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.

xviii. 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 disclosed 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 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 goods 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.

xix. 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 outstanding in the given reporting period and all potential shares of new issues.

9. Seasonal nature of business

Because we are a holding company, the distribution of our financial results during a fiscal year depends largely on the dates when our subsidiary companies adopt resolutions to pay out dividends.

V. INFORMATION ON OPERATING SEGMENTS

On 1 June 2012, there was registered the merger of Asseco South Eastern Europe S.A. with its subsidiary ITD Poland. Until the above-mentioned merger, ASEE S.A. was engaged mainly in holding operations and therefore it did not identify any separate reportable segments. Since the merger effective date, the Company's operating activities comprise both holding operations and sales of IT services and software.

The Holding Activities segment includes revenues and expenses related to managing the Group. The segment's revenues comprise primarily dividends and sales of business and technical support services to the Company's subsidiaries.

The IT Services segment includes revenues and expenses related to our information technology operations in two areas: authentication solutions (banking) and voice automation solutions (systems integration).

For the year ended 31 December 2012 in PLN thousands (audited)	**Holding activities**	**IT services**	***Total***
Dividend income	44,774	**-**	**44,774**
Revenues from sales of services	5,133	**-**	**5,133**
Revenues from sales of IT services and software	**-**	4,990	**4,990**
Total sales revenues	**49,907**	**4,990**	**54,897**
Gross profit on sales	**45,387**	**1,054**	**46,441**
Selling expenses (-)	(1,061)	(734)	**(1,795)**
General administrative expenses (-)	-	(52)	**(52)**
Net profit on sales	**44,326**	**268**	**44,594**

For the year ended 31 December 2011 in PLN thousands (audited)	**Holding activities**	**IT services**	***Total***
Dividend income	21,227	-	**21,227**
Revenues from sales of services	3,391	-	**3,391**
Revenues from sales of IT services and software	-	-	-
Total sales revenues	**24,618**	**-**	**24,618**
Gross profit on sales	**21,227**	**-**	**21,227**
Selling expenses (-)	-	**-**	-
General administrative expenses (-)	(1,027)	**-**	**(1,027)**
Net profit on sales	**20,200**	**-**	**20,200**

All figures in thousands of PLN, unless stated otherwise

VI. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Holding activities – Dividend income and service revenues

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Dividends received from related companies	**44,774**	**21,227**

Cash inflows generated from dividends amounted to PLN 42,427 thousand in 2012 as compared with PLN 20,982 thousand received in 2011. The difference between recognized revenues and actually received inflows resulted from withholding tax charged by our subsidiaries, foreign exchange differences, as well as income tax charged in the case of Macedonia.

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Revenues from sales of services	**5,133**	**3,391**

Beginning from the financial year 2010, ASEE S.A. has invoiced its management and consulting services, as well as business and technical support it provides to subsidiary companies of Asseco South Eastern Europe Group. Bearing in mind the nature of the Company's business operations, revenues from sales of such services are presented under main operating activities.

During the year ended 31 December 2012, the Company's revenues from the provision of management, consulting, business and technical support services in favour of its Group reached PLN 5,133 thousand. Whereas, in the corresponding year of 2011 such revenues amounted to PLN 3,391 thousand.

2. Operating activities – Revenues from sales of IT services and software

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Revenues from sales of IT services and software	**4,990**	**-**

As a result of the merger conducted between ASEE S.A. and ITD Poland on 1 June 2012, the Company's business profile was extended from holding operations to the Group management as well as sales of IT services and software. Therefore, in the period from 1 June till 31 December 2012, our operating revenues also include licensing fees and maintenance services in the amount of PLN 4,144 thousand as well as revenues from annual maintenance and support services in the amount of PLN 846 thousand. Whereas, revenues from maintenance and support services recognized by ASEE S.A. until the merger date, amounting to PLN 128 thousand, have been presented as other operating income.

All figures in thousands of PLN, unless stated otherwise

3. Breakdown of operating costs

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Materials and energy used (-)	(139)	(74)
Third-party services (-)	(3,092)	(1,735)
Salaries (-)	(3,145)	(1,969)
Employee benefits (-)	(381)	(227)
Depreciation and amortization (-)	(197)	(69)
Taxes and charges (-)	(157)	(77)
Business trips (-)	(438)	(234)
Other (-)	(37)	(33)
	(7,586)	**(4,418)**
Cost of sales:	**(8,456)**	**(3,391)**
production cost (-)	(5,739)	(3,391)
value of goods, materials and third-party services sold (COGS) (-)	(2,717)	-
Selling expenses (-)	**(1,795)**	-
General administrative expenses (-)	**(52)**	**(1,027)**

4. Other operating income and expenses

Other operating income	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Revenues from sales of third-party software and services	128	752
Reversal of a provision for tax liabilities	1,208	-
Other	74	10
	1,410	**762**

Revenues from sales of third-party software and services amounting to PLN 128 thousand, recognized in other operating income for the period till 1 June 2012, correspond to third-party support services and software warranty maintenance in the amount of PLN 115 thousand, as well as token and SMS services in the amount of PLN 13 thousand. Following a change in the Company's business profile as a result of the merger of ASEE S.A. and ITD Poland on 1 June 2012, revenues recognized from the above-mentioned contracts as of the merger date till the balance sheet date are presented under operating activities.

In 2012, the Company reversed a provision amounting to PLN 1,208 thousand that was established in previous years in order to account for a potential tax liability as it was questionable, whether the costs of the public offering of shares (IPO) may be recognized as tax-deductible. In 2012, the court proceedings in this case have been completed (as described in explanatory note 24 to these financial statements). During the course of legal proceedings, the Company obtained negative interpretations of the tax authorities regarding the tax deductibility of such costs. Subsequently, the Company submitted an adjustment to its income tax return, whereby most of the IPO-related costs have been treated as non-tax-deductible. Due to the utilization of tax losses and additional deductions, we have not incurred any additional tax liability, while the originally established provision has not been utilized.

All figures in thousands of PLN, unless stated otherwise

In 2011, other operating income in the amount of PLN 762 thousand was achieved on sales of third-party software and services (PLN 634 thousand), royalties for providing assistance in gaining a client (PLN 77 thousand), training services (PLN 41 thousand), and sale of the corporate warehouse to the Group's companies (PLN 10 thousand). As the Company was primarily engaged in holding operations, the above-mentioned income was disclosed under other operations.

Other operating expenses	**Year ended 31 Dec. 2012 (audited)**	**Year ended 31 Dec. 2011 (audited)**
Cost of purchase of third-party software and services (-)	(116)	(679)
Selling expenses of third-party software and services (-)	-	(81)
Costs of post-accident repairs (-)	(34)	-
Other (-)	(24)	(200)
	(174)	**(960)**

Other operating expenses of PLN 116 thousand correspond to the purchases of third-party support and maintenance services as well as implementation and licensing services, which were recognized by ITD Poland up until the merger date, i.e. 1 June 2012.

In 2011, other operating expenses of PLN 760 thousand were incurred in order to generate revenues from sales of third-party software and services. Whereas, the amount of PLN 200 thousand represents the incurred costs of IT audits.

5. Financial income and expenses

Financial income	**Year ended 31 Dec. 2012 (audited)**	**Year ended 31 Dec. 2011 (audited)**
Interest on bank deposits	719	246
Positive foreign exchange differences	-	638
Gain on exercise of derivative instruments	47	-
Gain on change in fair value of derivative instruments	495	-
Gain on valuation/disposal of other financial assets carried at fair value through profit or loss	128	171
Gain on revaluation of conditional payments in transactions to obtain control	494	3,890
	1,883	**4,945**

Financial income for the year 2012 includes a reduction of estimated conditional payments for shares in subsidiaries by the amount of PLN 494 thousand (of which EST A.Ş. (Istanbul) – PLN 85 thousand, Altius, Bulgaria – PLN 335 thousand, and ASEE Bulgaria – PLN 74 thousand). Furthermore, financial income includes the effects of valuation and gains on the exercise of derivative instruments amounting to PLN 542 thousand, as well as gains on disposal of investment fund units amounting to PLN 128 thousand.

In 2011, we signed a memorandum of understanding, amending the terms of the original company acquisition agreement, with the objective to reduce the amount of net profit of EST A.Ş. (Istanbul) for 2011 as applied in the calculation of the acquisition price. In effect the next instalment payable for shares acquired in that company was also reduced. As a result of signing the above-mentioned memorandum of understanding, in 2011 the Group recognized a financial income of PLN 3,385 thousand following a decrease in the estimated remaining payment for the acquisition of shares in EST A.Ş. (Istanbul). Furthermore, the Company recognized a financial income of PLN 505 thousand following a downward revision in the estimated amount of the second instalment payable for shares in ASEE Bulgaria.

All figures in thousands of PLN, unless stated otherwise

Financial expenses	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Discounting of settlements (-)	-	(149)
Negative foreign exchange differences (-)	(1,469)	-
Interest expense on bank loans and borrowings (-)	(12)	(459)
Loss on change in fair value of currency derivatives (-)	-	(472)
Losses on exercise of derivative instruments (-)	(93)	(177)
Impairment write-down on investments in subsidiary companies (-)	-	(6,033)
Loss on disposal of investments in subsidiary companies (-)	-	(884)
Other	(1)	-
	(1,575)	**(8,174)**

Financial expenses for the year 2011 include an impairment write-down recognized on our investment in subsidiary ASEE Kosovo, in the amount of PLN 6,033 thousand, because the financial results achieved by that company in 2011 fell short of expectations.

Impairment tests conducted in 2012 did not indicate a need to recognize any impairment charges on our investments.

Furthermore, in 2011 the Company recognized a loss on disposal of investments amounting to PLN 884 thousand, which was incurred on the sale of a 23.1% stake in EST A.Ş., (Istanbul) to ASEE Turkey in March 2011.

6. Corporate income tax

The main charges on pre-tax profit by virtue of corporate income tax (current and deferred portions):

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Current corporate income tax and prior years adjustments	63	-
Deferred portion of income tax	1,908	294
related to origination or reversal of temporary differences	*1,908*	*294*
Other charges in the income statement	(1,397)	(203)
Income tax payable on dividends	*(1,397)*	*(203)*
Income tax expense as disclosed in the income statement	**574**	**91**

All figures in thousands of PLN, unless stated otherwise

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. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Pre-tax profit	**46,138**	**16,773**
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	**(8,766)**	**(3,187)**
Non-tax-deductible expenses, of which:	**(62)**	**(1,316)**
Not capitalized costs of acquisition of financial fixed assets	*(20)*	*(95)*
Investment impairment write-down (ASEE Kosovo)	-	*(1,146)*
Costs of maintenance and support of software and tokens	-	*(5)*
Foreign exchange differences recognized in equity in 2010	-	*(48)*
Other	*(42)*	*(22)*
Tax-deductible expenses not recognized in the balance sheet, of which:	**(72)**	**134**
Expenses covered by provisions	*(72)*	*132*
Cost of shares sold	-	*2*
Non-taxable income, of which	**343**	**908**
Income from maintenance and support of software	-	*7*
Foreign exchange differences on purchases of shares	-	*150*
Reversal of liabilities arising from conditional payments	*109*	*751*
Reversal of a provision for IPO-related costs	*234*	-
Tax exempt income, of which:	**2,434**	**2,366**
Dividends received	*2,434*	*2,366*
Tax allowance, of which:	**3,531**	**1,017**
Taxes on income of companies paying out dividends	*3,531*	*1,017*
Utilization of tax-deductible losses	**3,166**	**169**
Corporate income tax at the effective tax rate of 1.24% in 2012 and 0.5% in 2011	**574**	**91**

All figures in thousands of PLN, unless stated otherwise

	31 Dec. 2012 (audited)	STATEMENT OF FINANCIAL POSITION Merger (audited)	31 Dec. 2011 (audited)	INCOME STATEMENT for the year ended 31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Deferred income tax provision					
Interest accrued on cash equivalents	(22)	-	-	(22)	-
Financial assets carried at fair value through profit or loss	-	-	(33)	33	(33)
Unrealized foreign exchange differences	-	(5)	-	5	-
Receivables arising from valuation of IT contracts	-	(46)	-	46	-
Other differences	(8)	(45)	-	37	-
Deferred income tax provision, gross	**(30)**	**(96)**	**(33)**		
Deferred income tax assets					
Losses deductible against future taxable income	2,300	-	432	1,868	171
Provision for salaries	158	3	120	35	8
Provision for unused annual leaves	33	19	26	(12)	26
Valuation of financial assets and liabilities at fair value	-	-	162	(162)	118
Provision for other operating costs	107	3	24	80	4
Deferred income tax assets, gross	**2,598**	**25**	**764**		
Write-down due to inability to realize a deferred income tax asset	-	-	-		
Deferred income tax assets, net	**2,598**	**25**	**764**		
Deferred income tax assets (+)/Deferred income tax provision (-), net	2,568	(71)	731		
Change in deferred income tax in the reporting period, of which:				**1,908**	**294**
change in deferred income tax recognized directly in other comprehensive income				-	-
change in deferred income tax recognized in profit or loss				1,908	294

As at 31 December 2012, the Company's tax-deductible losses not accounted for in deferred income tax assets amounted to PLN 73,181 thousand. The Company did not recognize the entire balance of deferred income tax asset related to the prior years' losses. Deferred income tax assets arising from tax losses were recognized in the amount of PLN 2,300 thousand, this is to the extent it is probable that future taxable income will enable writing such unutilized losses off. The utilization of those tax-deductible losses is possible till the end of 2015.

7. Earnings per share

PLN	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Net profit for the reporting period per share (in PLN):		
Basic earnings per share	0.90	0.33
Diluted earnings per share	0.90	0.33

EUR	Year ended 31 Dec. 2012	Year ended 31 Dec. 2011
Earnings per share for the reporting period (in EUR):		
Basic earnings per share	0.22	0.08
Diluted earnings per share	0.22	0.08

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.

All figures in thousands of PLN, unless stated otherwise

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

Both basic and diluted earnings per share have been translated into EUR 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 (2012: EUR 1 = PLN 4.1736; 2011: EUR 1 = 4.1401).

The table below presents net profits and numbers of shares used for the calculation of basic and diluted earnings per share:

	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Net profit for the reporting period	**46,712**	**16,864**
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,454,314
Dilution factors	-	-
Adjusted weighted average number of ordinary shares, used for calculation of diluted earnings per share	**51,894,251**	**51,454,314**

Both during the period reported and the prior year's corresponding period no events occurred that would result in a dilution of earnings per share.

8. Dividends paid out

The Ordinary General Meeting of Shareholders of ASEE S.A. 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 12 April 2012, decided that the net profit for the year 2011 amounting to PLN 16,864,396.78 as well as PLN 5,327,810.76 of undistributed net profit for the year 2010, shall be distributed as follows:

a) the amount of PLN 1,349,151.74 from the net profit for 2011 was allocated to reserve capital pursuant to art. 396 §1 of the PCCC, which is a component of prior years' retained earnings;
b) the amount of PLN 18,681,930.36 was allocated for distribution among all the Company's shareholders as a dividend of PLN 0.36 per share.

The remaining portion of the net profit for 2011 amounting to PLN 2,161,125.44 has been retained as prior years' earnings.

The Ordinary General Meeting of Shareholders of ASSE S.A. seated in Rzeszów, acting on the basis of art. 348 §3 of the Polish Commercial Companies Code as well as pursuant to §12 sec. 4 item 2) of the Company's Articles of Association, established 2 July 2012 as the dividend right date and 16 July 2012 as the dividend payment date.

As at 31 December 2012, there were no restrictions as to the possibility of dividend payment apart from the requirement of making an allocation to reserve capital set forth in the Polish Commercial Companies Code.

All figures in thousands of PLN, unless stated otherwise

9. Merger of ASEE S.A. and ITD Poland Sp. z o.o.

In its current report dated 1 March 2012, our Management Board informed about the Merger Plan that was agreed upon and signed between the companies of ASEE S.A. and ITD Poland on 29 February 2012. On 1 June 2012 the District Court in Rzeszów, XII Commercial Department of the National Court Register, made an entry in the register of entrepreneurs of the Company's merger with ITD Poland. The merger was conducted pursuant to article 492 § 1 item 1 of the Polish Commercial Companies Code, this is by transferring all the assets of ITD Poland (the Acquired Company) to ASEE S.A. (the Taking-over Company). Following the merger, the company of ITD Poland has been dissolved without going into liquidation. Because ASEE S.A., acting as the Taking-over Company, held all the shares in the Acquired Company, thereby being the sole shareholder in ITD Poland, the merger was executed according to art. 515 § 1 of the Polish Commercial Companies Code, this is without increasing the share capital of the Taking-over Company, as well as pursuant to art. 516 § 5-6 of the PCCC regulating the simplified business combination procedure. The merger aims at enhancing the business potential of the merging Companies and improving their ability to effectively compete in the local and European markets. It is also expected that the merger will contribute significantly to the financial stability of business operations and, in a longer run, to the creation of higher value for shareholders of our Company.

ASEE S.A. obtained control over ITD Poland Sp. z o.o. on 30 July 2010 thanks to the acquisition of shares in the group of ITD A.Ş. (presently ASEE Turkey). At that time ITD Poland was a subsidiary of ITD A.Ş. in Turkey; therefore, by taking over this Turkish company, ASEE S.A. also acquired an indirect shareholding in ITD Poland. On 2 November 2010, ITD A.Ş. and ASEE S.A. signed an agreement to sell/buy shares in ITD Poland. Following this transaction, ASEE S.A. became a direct owner of 100% of shares in ITD Poland. 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 Poland. The issuance was acquired entirely by ASEE S.A. in exchange for the non-cash contribution of IPSA BHM Investments d.o.o. seated in Serbia, which held shares in the companies of ASEE Macedonia, ASEE B&H (Sarajevo), and ASEE B&H (Banja Luka). On 31 October 2011, IPSA went into liquidation and subsequently ITD Poland became a direct owner of the above-mentioned shareholdings in Macedonia and in Bosnia and Herzegovina.

As a result of the merger of ASEE S.A. and ITD Poland, the three above-mentioned subsidiaries were transferred directly to ASEE S.A. within the Group’s organizational structure. The value of investment in ITD Poland, which was carried in the accounting records of ASEE S.A. at PLN 124,962 thousand as at the merger date, was replaced by investments in ASEE B&H (Sarajevo) amounting to PLN 9,693 thousand, ASEE B&H (Banja Luka) amounting to PLN 11,506 thousand, and ASEE Macedonia amounting to PLN 98,480 thousand (in total PLN 119,679 thousand).

The merger between ASEE S.A. and ITD Poland was accounted for as a uniting of interests, adhering to the following principles of the adopted accounting policy:

- assets and liabilities of the combining business entities were measured at their carrying values as disclosed in the consolidated financial statements of the taking-over company. This means that goodwill initially recognized in the consolidated financial statements was subsequently, under the merger accounting process, transferred to the separate financial statements;
- mutual balances of accounts receivable/payable were eliminated;
- the difference between the purchase price paid and the value of net assets acquired (at their carrying values disclosed in the consolidated financial statements) was recognized in equity of the acquirer;
- the income statement presents the financial results of both combined entities from the date when their merger was effected; whereas, the results for earlier reporting periods were not restated.

The table below presents the values of assets and liabilities acquired from ITD Poland as at the merger date, i.e. 1 June 2012, the value of investment allocated to ITD Poland, as well as the merger accounting effect on equity:

A. NON-CURRENT ASSETS	**124,973**
Intangible assets	17
Goodwill recognized on the merger	4,567
Property, plant and equipment	61
Investments in subsidiary companies	119,679
Prepayments and accrued income	649
B. CURRENT ASSETS	**5,194**
Inventories	7
Receivables	1,941
Cash and cash equivalents	1,798
Prepayments and accrued income	1,448
TOTAL ASSETS	**130,167**
C. LIABILITIES	
Provisions	96
Current liabilities	2,222
Accruals and deferred income	1,683
TOTAL LIABILITIES	**4,001**
Net assets acquired	**126,166**
Value of investment allocated to ITD Poland	**(124,962)**
Result on the merger accounting recognized in equity	**1,204**

10. Property, plant and equipment

for the year ended 31 December 2012 (audited)	**Computers and other office equipment**	**Transportation vehicles**	**Other tangible assets**	**Total**
As at 1 January 2012, less depreciation	**29**	**190**	**5**	**224**
Additions, of which:	**314**	**179**	**156**	**649**
Purchases	51	179	1	**231**
Mergers	263	-	155	**418**
Reductions, of which:	**(249)**	**(77)**	**(157)**	**(483)**
Depreciation charge for the reporting period (-)	(39)	(77)	(4)	**(120)**
Disposals (-)	(6)	-		**(6)**
Mergers (-)	(204)	-	(153)	**(357)**
As at 31 December 2012, less depreciation	**94**	**292**	**4**	**390**
As at 1 January 2012				
Gross book value	46	262	8	**316**
Depreciation (-)	(17)	(72)	(3)	**(92)**
Net book value as at 1 January 2012	**29**	**190**	**5**	**224**
As at 31 December 2012				
Gross book value	353	441	164	**958**
Depreciation (-)	(259)	(149)	(160)	**(568)**
Net book value as at 31 December 2012	**94**	**292**	**4**	**390**

All figures in thousands of PLN, unless stated otherwise

As at 31 December 2012, property, plant and equipment did not serve as security for any bank loans taken out.

for the year ended 31 December 2011 (audited)	**Computers and other office equipment**	**Transportation vehicles**	**Other tangible assets**	**Total**
As at 1 January 2011, less depreciation	**15**	**242**	**7**	**264**
Additions, of which:	**27**	**-**	**-**	**27**
Purchases	27	-	-	**27**
Reductions, of which:	**(13)**	**(52)**	**(2)**	**(67)**
Depreciation charge for the reporting period (-)	(13)	(52)	(2)	**(67)**
As at 31 December 2011, less depreciation	**29**	**190**	**5**	**224**
As at 1 January 2011				
Gross book value	19	262	8	**289**
Depreciation (-)	(4)	(20)	(1)	**(25)**
Net book value as at 1 January 2011	**15**	**242**	**7**	**264**
As at 31 December 2011				
Gross book value	46	262	8	**316**
Depreciation (-)	(17)	(72)	(3)	**(92)**
Net book value as at 31 December 2011	**29**	**190**	**5**	**224**

As at 31 December 2011, property, plant and equipment did not serve as security for any bank loans taken out.

11. Intangible assets

for the year ended 31 December 2012 (audited)	**CRM software**	**Goodwill**	**Other intangible assets**	**Total**
As at 1 January 2012, less amortization	**353**	**-**	**-**	**353**
Additions, of which:	**-**	**4,567**	**102**	**4,669**
Purchases	-	-	3	**3**
Mergers	-	4,567	99	**4,666**
Reductions, of which:	**(71)**	**-**	**(88)**	**(159)**
Amortization charge for the reporting period (-)	(71)	-	(6)	**(77)**
Mergers (-)	-	-	(82)	**(82)**
As at 31 December 2012, less amortization	**282**	**4,567**	**14**	**4,863**
As at 1 January 2012				
Gross book value	353	-	3	**356**
Amortization (-)	-	-	(3)	**(3)**
Net book value as at 1 January 2012	**353**	**-**	**-**	**353**
As at 31 December 2012				
Gross book value	353	4,567	105	**5,025**
Amortization (-)	(71)	-	(91)	**(162)**
Net book value as at 31 December 2012	**282**	**4,567**	**14**	**4,863**

All figures in thousands of PLN, unless stated otherwise

As at 31 December 2012, intangible assets did not serve as security for any bank loans taken out.

for the year ended 31 December 2011 (audited)	CRM software	Other intangible assets	Total
As at 1 January 2011, less amortization	**132**	**-**	**132**
Additions, of which:	**221**	**3**	**224**
Purchases	221	3	**224**
Reductions, of which:	**-**	**(3)**	**(3)**
Amortization charge for the reporting period (-)	-	(3)	**(3)**
As at 31 December 2011, less amortization	**353**	**-**	**353**
As at 1 January 2011			
Gross book value	132	-	**132**
Amortization (-)	-	-	**-**
Net book value as at 1 January 2011	**132**	**-**	**132**
As at 31 December 2011			
Gross book value	353	3	**356**
Amortization (-)	-	(3)	**(3)**
Net book value as at 31 December 2011	**353**	**-**	**353**

As at 31 December 2011, intangible assets did not serve as security for any bank loans taken out.

During both the financial years 2012 and 2011, the Company did not make any impairment write-downs on its intangible assets.

12. Investments in subsidiary companies

Full name of company	Short name	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Asseco SEE d.o.o., (Sarajevo)	ASEE B&H	25,830	4,631
Asseco SEE o.o.d., Sofia	ASEE Bulgaria	4,265	2,499
Altius Bulgaria EOOD, (Sofia)	Altius Bulgaria	-	1,766
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	110,680	110,680
ITD Poland Sp. z o.o.	ITD Poland	-	124,962
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	38,328	38,328
Asseco SEE DOEL, (Skopje)	ASEE Macedonia	98,480	-
Asseco SEE s.r.l., (Bucharest)	ASEE Romania	147,485	147,485
Asseco SEE d.o.o., (Beograd)	ASEE Serbia	80,297	80,297
Asseco SEE d.o.o., (Grosuplje)	ASEE Slovenia	2,332	1,327
Asseco SEE Teknoloji A.Ş. (Istanbul)	ASEE Turkey	55,810	55,810
Sigma Danışmanlık ve Uygulama Merkezi A.Ş.	Sigma Turkey	25,333	-
		588,840	**567,785**

All figures in thousands of PLN, unless stated otherwise

ASEE BOSNIA AND HERZEGOVINA

The company of ASEE Bosnia and Herzegovina resulted from the merger of Cardinfo BDS d.o.o. (ASEE B&H Sarajevo) and ASEE B&H (Banja Luka).

History of acquisitions in Bosnia and Herzegovina

The agreement for the acquisition of a 50% stake in Cardinfo BDS d.o.o. worth PLN 4,631 thousand was signed by ASEE S.A. on 13 September 2010. The remaining 50% of shares in Cardinfo BDS d.o.o. worth PLN 9,693 thousand as well as shares in ASEE B&H (Banja Luka) were transferred within the Group's structure, from ASEE Serbia directly to ASEE S.A. Such transfer was carried out as part of the Group's reorganization process, which was finalized by the merger of ASEE S.A. with its subsidiary ITD Poland Sp. z o.o. executed on 1 June 2012 (as described in explanatory note 9).

On 19 July 2012, there was registered a merger between our two subsidiary companies seated in Bosnia and Herzegovina. As a result of that merger, the value of our investment in ASEE B&H (Banja Luka) amounting to PLN 11,506 thousand was added to our investment in ASEE B&H (Sarajevo). At present, the total value of our investments in Bosnia and Herzegovina equals PLN 25,830 thousand.

ASEE BULGARIA

ASEE Bulgaria was created by the merger of ASEE Bulgaria (former Pexim Solutions o.o.d) and Altius, Bulgaria.

History of acquisitions in Bulgaria

On 23 September 2010, ASEE S.A. acquired a 49% stake in ASEE Bulgaria. The remaining 51% of shares were purchased by ASEE S.A. from its subsidiary ASEE Macedonia on 1 December 2011. Following both the transactions, ASEE S.A. has become a direct owner of 100% of shares in its Bulgarian subsidiary. The total cost of investment recognized amounted to PLN 2,499 thousand.

On 19 October 2011, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of 100% of shares in Altius Bulgaria EOOD. Our investment in this company amounted to PLN 1,766 thousand.

The merger of both the above-mentioned companies was registered on 10 February 2012. Following this business combination, the total value of our investment in ASEE Bulgaria reached PLN 4,265 thousand.

ASEE CROATIA

ASEE Croatia was created by merging our three subsidiaries based in Croatia: Arbor Informatika d.o.o., Logos d.o.o., and Biro Data Servis d.o.o.

History of acquisitions in Croatia

On 20 December 2007, ASEE S.A. concluded an agreement for the acquisition of a 60% stake in Logos d.o.o. and a 70% stake in Arbor Informatika d.o.o. The control over Arbor Informatika d.o.o. was obtained on 22 January 2008; whereas, Logos d.o.o. has been controlled as of 8 April 2008.

The remaining non-controlling interests in these companies, i.e. 40% of shares in Logos d.o.o. and 30% of shares in Arbor Informatika d.o.o., were acquired by ASEE S.A. in 2009, in each case by conversion of those shares into shares of ASEE S.A. Following such swap transactions, ASEE S.A. has become the owner of 100% of shares in both the companies.

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

Afterwards, ASEE S.A. acquired a 100% stake in Biro Data Servis d.o.o. (BDS) under an agreement signed on 13 September 2010. The merger of ASEE Croatia with BDS was registered on 3 January 2011.

After the mergers, the total value of our investments in Croatia reached PLN 110,680 thousand.

During the period of 12 months ended 31 December 2012, the value of our investment in ASEE Croatia remained unchanged.

ITD Poland

On 2 November 2010, ITD A.Ş. and ASEE S.A. signed an agreement to sell/buy shares in ITD Poland (a subsidiary of ITD A.Ş*.).* As a result Asseco South Eastern Europe S.A. has become a direct owner of 100% of shares in ITD Poland. The total cost of investment was TRY 290 thousand, corresponding to PLN 582 thousand.

Increase of the share capital of ITD Poland and acquisition of the newly issued shares by ASEE S.A. in exchange for the non-cash contribution of shares in IPSA BHM Investments

The new amount of share capital of ITD Poland was registered on 9 December 2010. The share capital of ITD Poland was increased by PLN 124,379,504.00 on 29 November 2010 based on the resolution of its Extraordinary General Meeting attended by its sole shareholder ASEE S.A. All the newly issued shares were acquired by ASEE S.A. and paid up with a non-cash contribution of a company organized under the laws of Serbia and seated in Belgrade, namely IPSA BHM Investments d.o.o., Beograd, with a book value of PLN 124,379,504.00. Because all the new shares were acquired by ASEE S.A., this transaction resulted in an increase of the value of investment in ITD Poland by PLN 124,380 thousand, to the total amount of PLN 124,962 thousand.

The company of IPSA BHM Investments d.o.o., Beograd was liquidated on 31 October 2011. Hence, all of its shareholdings in the following subsidiaries: ASEE Macedonia, ASEE B&H (Sarajevo), and ASSE B&H (Banja Luka) were transferred to ITD Poland.

On 1 June 2012, there was registered a merger of ASEE S.A. (the taking-over company) with ITD Poland (the acquired company), which has been described in explanatory note 9 to these financial statements.

ASEE KOSOVO

History of acquisitions in Kosovo

The agreement for the acquisition of 100% of shares in Pronet Sh.p.k was signed on 5 November 2009. Asseco South Eastern Europe S.A. gained control over that company as of 1 July 2009. On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (ASEE Kosovo).

The value of our investment in Kosovo changed both in 2010 and in 2011. In 2010, taking into account the audited consolidated financial statements of ASEE Kosovo for the year 2009, we finally completed the purchase price allocation process, which resulted in reducing the value of this investment by PLN 388 thousand. Whereas, in the first half of 2011, we recognized an impairment write-down on our Kosovo investment, decreasing its value by PLN 6,033 thousand, because the achieved financial results were weaker than expected.

The value of our investment in Kosovo, net of impairment write-downs, amounts to PLN 38,328 thousand.

During the period of 12 months ended 31 December 2012, the value of our investment in ASEE Kosovo remained unchanged.

ASEE MACEDONIA

History of acquisitions in Macedonia

ASEE Macedonia joined ASEE Group in 2007, being a subsidiary of the acquired Serbian company. As a result of a division of ASEE Serbia and establishing of IPSA BHM Investments, as well as due to further reorganization of ASEE Group finalized by the merger with ITD Poland, the investment in ASEE Macedonia was transferred directly to ASEE S.A. and evaluated at PLN 98,480 thousand.

ASEE ROMANIA

ASEE Romania was created by merging our three Romanian subsidiaries: Fiba Software s.r.l., Net Consulting s.r.l., and Probass S.A.

History of acquisitions in Romania

On 26 April 2007, Asseco Romania S.A. (a subsidiary of Asseco Poland S.A.) acquired 70% stakes in the companies of Fiba Software s.r.l. and Net Consulting s.r.l. As a result of the acquisition of shares in Asseco Romania S.A. by Asseco South Eastern Europe S.A. in January 2008 and subsequent merger of those companies executed on 8 May 2008, ASEE S.A. obtained control both over Fiba Software s.r.l. and Net Consulting s.r.l.

The remaining 30% non-controlling interests in each of these companies were acquired under the agreements for conversion of those shares into shares of ASEE S.A. Following such swap transactions, Asseco South Eastern Europe S.A. has become the owner of 100% of shares in both the Romanian companies.

On 29 December 2009, Net Consulting s.r.l. was renamed as Asseco SEE s.r.l. (ASEE Romania) and, subsequently, ASEE Romania acted as the taking-over company in the merger of our Romanian subsidiaries that was carried out on 31 December 2010.

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

After the mergers, the total value of our investments in Romania reached PLN 147,485 thousand.

During the period of 12 months ended 31 December 2012, the value of our investment in ASEE Romania remained unchanged.

ASEE SERBIA

ASEE Serbia was created by merging our three subsidiaries based in Serbia: Pexim d.o.o., Beograd, Antegra d.o.o., Beograd, and Pexim Cardinfo d.o.o., Beograd.

History of acquisitions in Serbia

Asseco South Eastern Europe S.A. acquired: 60% of shares in Pexim d.o.o. on 18 December 2007, 60% of shares in Pexim Cardinfo d.o.o. on 6 May 2008, as well as 70% of shares in Antegra d.o.o. on 21 May 2008.

The remaining non-controlling interests were acquired under the agreements for conversion of those shares into shares of ASEE S.A. Following that transaction Asseco South Eastern Europe S.A. has become the owner of 100% of shares in that company.

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

Division of ASEE Serbia and establishing of IPSA BHM Investments d.o.o.

On 22 November 2010, IPSA BHM Investments d.o.o., Beograd (IPSA) was established as a result of the separation of a portion of assets of ASEE Serbia, which at the date of such separation was a wholly-owned subsidiary of Asseco South Eastern Europe S.A.

The separated assets of ASEE Serbia that were transferred to the newly established IPSA comprised shareholdings in the following companies:

- 100% of shares in ASEE B&H (former 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 ASEE B&H (former Cardinfo BDS d.o.o) seated in Sarajevo, Bosnia and Herzegovina;
- 100% of shares in ASEE Macedonia.

The market value of the separated assets was estimated to equal PLN 124,380 thousand. Following such separation of assets, in 2011 the value of our investment in ASEE Serbia was reduced by the amount corresponding to the estimated market value of assets transferred to IPSA (this is from PLN 204,677 thousand to its current value of PLN 80,297 thousand).

The company of IPSA was liquidated on 31 October 2011. Whereas, all of its shareholdings in the above-mentioned companies were transferred to ITD Poland.

During the period of 12 months ended 31 December 2012, the value of our investment in ASEE Serbia remained unchanged.

ASEE SLOVENIA

History of acquisitions in Slovenia

On 13 July 2011, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of a 50% stake in ASEE Slovenia (former SIMT Cardinfo d.o.o.). The agreement became effective upon the fulfilment of a condition precedent, i.e. approval of the above-mentioned transaction by the competent court of Slovenia. The court's consent became final and binding on 10 October 2011. Our investment in this company amounted to PLN 1,327 thousand.

On 18 April 2012, ASEE S.A. was registered as the holder of 100% of shares in ASEE Slovenia, which were purchased from ASEE Serbia, the previous owner of those shares. Following this transaction, the value of our investment in ASEE Slovenia increased by PLN 1,005 thousand to its current level of PLN 2,332 thousand.

ASEE TURKEY

ASEE Turkey resulted from the merger of ITD A.Ş. and EST A.Ş.

History of acquisitions in Turkey

Both the above-mentioned companies were acquired by ASEE S.A. on 30 July 2010.

The value of investment in 99.662% of shares in ITD A.Ş. amounted to PLN 33,965 thousand. 29.0429% of shares in ITD A.Ş. were acquired in exchange for 837,472 newly issued, series S shares of Asseco South Eastern Europe S.A., with the issuance value of PLN 8,827 thousand, which was recognized as the investment's purchase cost. The value of investment in 99.997% of shares in EST A.Ş. amounted to PLN 28,267 thousand. Additionally, in March 2011, ASEE S.A. purchased 165 shares from a shareholder in ITD A.Ş., increasing the value of this investment by PLN 108 thousand.

In March 2011, Asseco South Eastern Europe S.A. sold a 23.1% stake in EST A.Ş. to ITD A.Ş.; hence the value of our investment in this company decreased by PLN 6,530 thousand.

The merger of both the Turkish subsidiaries was registered on 6 June 2011.

During 2012 the value of our investment in ASEE Turkey remained unchanged and equalled PLN 55,810 thousand as at 31 December 2012.

SIGMA

On 14 September 2012, ASEE S.A. acquired an 86.68% stake in the company Sigma Danışmanlık ve Uygulama Merkezi A.Ş. seated in Istanbul. The value of investment recognized on this transaction currently amounts to PLN 25,333 thousand. Additional 12% of shares were purchased by our subsidiary ASEE Turkey. Thus the total shareholding of ASEE Group in this company reached 98.68%.

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. In view of the level of financial results achieved by the following subsidiaries: ASEE Croatia, ASEE Kosovo, and ASEE Romania, the Company considered that there occurred indications to carry out impairment tests on those investments.

The recoverable value of investments in the above-mentioned subsidiaries as at 31 December 2012 was 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 expected future cash flows was equivalent to the estimated weighted average cost of capital for each individual company: ASEE Croatia, ASEE Kosovo, and ASEE Romania. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient that was leveraged to reflect the market debt-equity structure, as well as the expected market yield. The conducted impairment tests did not indicate a necessity to recognize any impairment charges on our investments in the companies of ASEE Croatia, ASEE Kosovo, and ASEE Romania.

The table below presents the basic assumptions concerning the discount rate and sales revenue growth as adopted in the testing model:

31 Dec. 2012	Discount rate applied in the model	Sales revenue growth rate applied in the model
ASEE Croatia	9.42%	8.15%
ASEE Kosovo	11.46%	7.77%
ASEE Romania	8.52%	6.03%

The surplus of recoverable values of our investments in the above-mentioned subsidiaries over their carrying amounts equalled PLN 14.24 million in the case of ASEE Croatia, PLN 4.79 million for ASEE Kosovo, and PLN 26.67 million for ASEE Romania. If the discount rate applied in the model was changed (with other assumptions remaining constant) by 1.16 percentage points in the case of ASEE Croatia, 1.34 pp for ASEE Kosovo, and 1.56 pp for ASEE Romania, the recoverable values of our investments would be equal to their carrying amounts.

No indications of impairment were observed in respect of our investments in other subsidiaries. Any reasonable modification of the key assumptions adopted in the model for our other subsidiaries would not indicate a necessity of an impairment charge.

13. Short-term receivables

Trade receivables	**31 Dec. 2012 (audited)**	**31 Dec. 2011 (audited)**
Trade receivables, of which:	2,801	255
From related companies	530	255
From other companies	2,271	-
Allowance for uncollectible receivables (-)	-	-
	2,801	**255**

All figures in thousands of PLN, unless stated otherwise

Receivables from related companies amounting to PLN 530 thousand, as presented herein, resulted from the sales of consulting services and business and technical support to subsidiaries of Asseco South Eastern Europe Group.

Trade receivables are not interest-bearing.

Both as at 31 December 2012 and 31 December 2011, no category of receivables served as security for any bank loans and borrowings.

As at 31 December 2012, no receivables were outstanding under transactions conducted with Asseco Poland S.A.; whereas, as at 31 December 2011, such receivables amounted to PLN 14 thousand.

In the period of 12 months ended 31 December 2012, the net value of sales to Asseco Poland S.A. reached PLN 305 thousand, including PLN 6 thousand by virtue of supply of tangible assets. Whereas, in the period of 12 months ended 31 December 2011, the net value of sales to Asseco Poland S.A. reached PLN 367 thousand, including PLN 7 thousand by virtue of supply of tangible assets.

Below is presented the aging analysis of trade receivables as at 31 December 2012 and 31 December 2011.

	Total	Not due yet	Past-due			
			< 30 days	30 – 90 days	90 – 180 days	> 180 days
31 Dec. 2012	2,801	2,322	440	39	-	-

	Total	Not due yet	Past-due			
			< 30 days	30 – 90 days	90 – 180 days	> 180 days
31 Dec. 2011	255	227	-	7	21	-

Receivables from taxes, social security and other regulatory payments	**31 Dec. 2012 (audited)**	**31 Dec. 2011 (audited)**
Excess of corporate income tax paid	88	48
Excess of dividend income tax paid	-	84
Value added tax	-	62
	88	**194**

Other receivables	**31 Dec. 2012 (audited)**	**31 Dec. 2011 (audited)**
Receivables from disposal of shares in EST A.Ş.	517	2,278
Other receivables	46	95
	563	**2,373**

As at 31 December 2012, in other receivables the Company presents the outstanding portion of receivables from the disposal of shares in EST A.Ş. in the amount of PLN 517 thousand. These are all short-term receivables. The amount receivable as at 31 December 2012 is lower than as at 31 December 2011 because some of these receivables have already been collected.

All figures in thousands of PLN, unless stated otherwise

As at 31 December 2011, receivables from disposal of shares in EST A.Ş. amounted to PLN 2,278 thousand; whereas, the long-term portion of receivable consideration, amounting to PLN 578 thousand, was disclosed in non-current assets.

14. Cash and short-term deposits

	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Cash at bank and in hand	1,521	169
Short-term bank deposits	1,123	4,781
	2,644	**4,950**

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 Company's immediate cash requirements and earn interest at the respective short-term deposit rates.

Short-term deposits did not serve as security for any bank guarantees (of due performance of contracts or tender deposits) neither as at 31 December 2012 nor as at 31 December 2011.

15. Short-term financial assets

Short-term financial assets disclosed as at 31 December 2012 included currency forward contracts with the book value of PLN 23 thousand as well as cash deposits with maturities of over 3 months (assets held to maturity) in the amount of PLN 12,625 thousand along with accrued interest (as at 31 December 2012 amounting to PLN 116 thousand).

Short-term financial assets as at 31 December 2011 included participation units in open-end investment funds, namely *Copernicus* and *Union Investments*, which have been classified as financial assets carried at fair value through profit or loss. As at 31 December 2011, the said fund participation units were worth PLN 10,171 thousand. These fund participation units were sold during the year 2012. The proceeds from such disposal reached PLN 10,299 thousand.

All figures in thousands of PLN, unless stated otherwise

16. Share capital

Share capital			31 Dec. 2012 (audited)		31 Dec. 2011 (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	1,524,269	15,242
Ordinary registered shares	R	10	592,941	5,929	592,941	5,929
Ordinary registered shares	S	10	837,472	8,375	837,472	8,375
Ordinary registered shares	T	10	902,119	9,021	902,119	9,021
			51,894,251	**518,942**	**51,894,251**	**518,942**

* Following a reverse stock split of series D shares

All figures in thousands of PLN, unless stated otherwise

According to the best knowledge of the Management Board of Asseco South Eastern Europe S.A., the shareholders who as at the date of publication of these financial statements, i.e. 20 February 2013, as well as at 31 December 2012 and 31 December 2011, either directly or through their subsidiaries, held at least a 5% voting interest at the General Meeting of Shareholders were as follows:

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

Both as at 31 December 2012 and 31 December 2011, the share capital of Asseco South Eastern Europe S.A. amounted to PLN 518,942,510 and it was divided into 51,894,251 ordinary shares with a par value of PLN 10.00 each, which entitled to 51,894,251 votes at the Company's General Meeting of Shareholders.

17. Share premium

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.

18. Retained earnings

As at 31 December 2012, prior years' retained earnings and current net profit totalled at PLN 54,430 thousand and comprised: current year's net profit amounting to PLN 46,712 thousand; undistributed portion of prior years' earnings amounting to PLN 2,161 thousand; allocations from 2009, 2010 and 2011 net profits to the Company's reserve capital amounting to PLN 4,395 thousand, made in accordance with resolutions of the General Meeting of Shareholders of Asseco South Eastern Europe S.A.; prior years' earnings arising from the merger with ITD Poland amounting to PLN 1,204 thousand; as well as other components charged against equity in 2009 amounting to PLN 42 thousand.

19. Provisions

As at 31 December 2011, the Company disclosed a provision for a potential income tax liability amounting to PLN 1,229 thousand, which resulted from doubts concerning the classification of costs related to the public issuance of shares as tax-deductible.
In 2012, this provision was reversed due to the completion of the court proceedings concerning the recognition of IPO-related expenses as tax-deductible (as described in explanatory note 24 to these financial statements). During the course of legal proceedings, the Company obtained negative interpretations of the tax authorities regarding the tax deductibility of such costs. Subsequently, the Company submitted an adjustment to its income tax return, whereby most of the IPO-related costs have been treated as non-tax-deductible. Due to the utilization of tax losses and additional deductions, we have not incurred any additional tax liability, while the originally established provision has not been utilized.

All figures in thousands of PLN, unless stated otherwise

20. Trade payables, financial liabilities and other liabilities

Short-term trade payables	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
To related companies	490	415
To other companies	182	300
	672	**715**

Trade payables are not interest-bearing.

As at 31 December 2012, the balance of trade payables outstanding under transactions conducted with Asseco Poland S.A. was PLN 95 thousand; whereas, as at 31 December 2011 such outstanding payables amounted to PLN 7 thousand. Other related party liabilities include payables to subsidiaries by virtue of purchases we made under our IT service provision projects (amounting to PLN 395 thousand as at 31 December 2012 and PLN 408 thousand as at 31 December 2011).

In the period of 12 months ended 31 December 2012, the net value of purchases from Asseco Poland S.A. totalled at PLN 289 thousand, including PLN 26 thousand by virtue of tangible asset purchases. Whereas, in the period of 12 months ended 31 December 2011, the net value of purchases from Asseco Poland S.A. totalled at PLN 294 thousand, including PLN 7 thousand spent for tangible assets.

Financial liabilities	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Current financial liabilities		
Liabilities due to the acquisition of shares	-	1,203
Currency forward contracts	-	472
Dividend payment liabilities	-	84
	-	**1,759**

As at 31 December 2012, the Company had no financial liabilities.

As at 31 December 2011, liabilities due to the acquisition of shares aggregated at PLN 1,203 thousand and corresponded to the payments for shares in EST A.Ş. in the amount of PLN 85 thousand, in ASEE Bulgaria – PLN 763 thousand, and in Altius, Bulgaria – PLN 355 thousand. In 2012, liabilities arising from the acquisition of shares in subsidiary EST A.Ş. and Altius, Bulgaria were reversed following their remeasurement and subsequently recognized in financial income. Liabilities arising from the acquisition of ASEE Bulgaria, as a result of their final measurement, were partially reduced and thus the Company recognized PLN 75 thousand in financial income for the period of 12 months ended 31 December 2012, disclosed as 'gain on revaluation of conditional payments', and PLN 57 thousand under 'foreign exchange differences'. Whereas, the remaining amount of PLN 632 thousand was paid in October 2012.

All figures in thousands of PLN, unless stated otherwise

Liabilities on taxes, import tariffs, social security and other regulatory payments	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Personal income tax (PIT)	45	23
Social security payable	65	28
Value added tax	319	-
	429	**51**

21. Prepayments, accruals and deferred income

Prepayments	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Prepaid insurance	12	8
Payments for support and maintenance of software	-	28
Prepaid maintenance services and license fees	1,080	-
Other	15	37
	1,108	**73**
- short-term	651	73
- long-term	457	-

Prepaid maintenance services and license fees increased substantially because, under the merger, the Company took over maintenance services contracts performed by ITD Poland.

Accruals	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Provision for the audit of financial statements	136	97
Provision for unused annual leaves	172	139
Provision for salaries	831	631
Provision for operating costs	409	-
	1,548	**867**
- short-term	1,548	867
- long-term	**-**	**-**

Both as at 31 December 2012 and 31 December 2011, accruals comprised mainly the provision for salaries along with payroll overheads of the current period to be paid out in future periods, which resulted from the bonus schemes applied by ASEE S.A., as well as the provision for unused annual leaves and provision for current operating costs, which have been incurred but not yet invoiced.

All figures in thousands of PLN, unless stated otherwise

Deferred income	31 Dec. 2012 (audited)	31 Dec. 2011 (audited)
Payments for support and maintenance of software	6	41
Maintenance services paid in advance	1,106	-
Revenues relating to future periods	589	-
	1,701	**41**
- short-term	1,118	35
- long-term	583	6

The balance of deferred income relates to prepayments for services to be provided, such as maintenance and IT services. The value of maintenance services increased substantially because, under the merger, the Company took over maintenance services contracts performed by ITD Poland.

22. 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. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Change in inventories	1	-
Change in receivables	(551)	256
Change in liabilities	(1,648)	(3,410)
Change in prepayments and accruals	1,614	695
Change in provisions	(1,229)	-
	(1,813)	**(2,459)**

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. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Changes in liabilities as per the balance sheet	**(1,432)**	**(17,991)**
Change in liabilities arising from company acquisitions	1,203	15,053
Valuation of forward contracts	426	(472)
Trade payables of an acquired company	(1,873)	-
Loans and interest	7	-
Other	21	-
Total changes affecting operating cash flows	**(1,648)**	**(3,410)**

All figures in thousands of PLN, unless stated otherwise

Changes in working capital	**Year ended 31 Dec. 2012 (audited)**	**Year ended 31 Dec. 2011 (audited)**
Changes in receivables as per the balance sheet	**(134)**	**(2,437)**
Withholding income tax on dividends	-	(203)
Corporate income tax paid	40	48
Adjustment of receivables from disposal of EST A.Ş.	(2,331)	2,848
Trade receivables of an acquired company	1,874	-
Total changes affecting operating cash flows	**(551)**	**256**

The table below reveals the costs incurred by ASEE S.A. for the acquisition of shares in subsidiary companies:

Cost of acquisition of shares in subsidiary companies	**Year ended 31 Dec. 2012 (audited)**	**Year ended 31 Dec. 2011 (audited)**
ASEE Turkey (former EST A.S., (Istanbul))	-	5,743
ASEE Bulgaria	632	1,310
Altius, Bulgaria	-	1,429
ASEE Slovenia	1,026	1,327
Sigma Turkey	25,333	-
	26,991	**9,809**

The table below discloses the amounts of income received by ASEE S.A. on dividends from shares in subsidiary companies:

Dividend income received	**Year ended 31 Dec. 2012 (audited)**	**Year ended 31 Dec. 2011 (audited)**
ASEE Serbia	10,391	3,867
ASEE Croatia	2,302	4,280
ASEE Romania	11,932	12,835
ASEE Kosovo	823	-
ASEE Macedonia	16,338	-
ASEE Slovenia	641	-
	42,427	**20,982**

Disposal of shares in subsidiary companies	**Year ended 31 Dec. 2012 (audited)**	**Year ended 31 Dec. 2011 (audited)**
ASEE Turkey (former EST A.S., (Istanbul))	**2,173**	**3,212**

The proceeds from disposal of shares in the amount of PLN 2,173 thousand (in 2011: PLN 3,212 thousand) were received from the sale of a 23.1% stake in EST A.Ş., (Istanbul) to ASEE Turkey (former ITD A.Ş.) in 2011.

All figures in thousands of PLN, unless stated otherwise

Proceeds from loans / Repayment of loans	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Proceeds from a loan taken from ASEE Croatia	4,108	-
Proceeds from a loan taken from ASEE Romania	4,109	-
Proceeds from a loan taken from ASEE Macedonia	-	7,717
Total inflows	**8,217**	**7,717**
Repayment of a loan to ASEE Croatia	(4,146)	-
Repayment of a loan to ASEE Romania	(4,164)	-
Repayment of a loan to ASEE Macedonia	-	(8,350)
Total outflows	**(8,310)**	**(8,350)**

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

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

Inflows and outflows relating to loans have been presented in the table above, after restatement to PLN.

23. Contingent liabilities

As at 31 December 2012, the Company had no contingent liabilities.

Changes in liabilities arising from conditional payments for the acquisition of shares in subsidiaries in the period of 12 months ended 31 December 2012 have been described in explanatory note 5 Financial income and expenses.

24. Cases in court

On 2 June 2009, the Company filed an Application to Director of the Taxation Chamber for issuing an individual interpretation whether the expenses incurred in connection with public offering of shares (as defined in art. 3 sect. 1 of the Act 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 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 comes 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. The Court dismissed the cassation appeal on 6 March 2012.

All figures in thousands of PLN, unless stated otherwise

25. 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:

Related party		Sales to related companies	Purchases from related companies	Receivables from related companies	Liabilities to related companies
Parent company:					
Asseco Poland S.A.	*2012*	305	289	-	95
	2011	367	294	14	7
Subsidiary companies:					
	2012	5,233	513	530	395
	2011	3,401	1,045	241	408

Transactions conducted with or through the Key Management Personnel (members of the Management Board and Supervisory Board) of Asseco South Eastern Europe S.A.

The values of transactions conducted by ASEE S.A. or companies of Asseco South Eastern Europe Group with or through the Key Management Personnel (members of the Management Board and Supervisory Board) of ASEE S.A. during the 12-month periods ended 31 December 2012 and 31 December 2011, as well as receivables and liabilities outstanding under such transactions as at 31 December 2012 and 31 December 2011 are presented in the table below:

Related party		Sales to related companies	Purchases from related companies	Receivables from related companies	Liabilities to related companies
Key Management Personnel (members of the Management Board and Supervisory Board) of ASEE S.A.:					
	2012	89	5,374	10	36
	2011	63	5,622	3	74

Purchases from and sales to related companies presented in the table above are primarily related to the rental of space, and purchases or sales of hardware and services conducted by companies of ASEE Group and ASEE S.A. with entities related through the Key Management Personnel or with the Key Management Personnel themselves.

The figures disclosed in the table above include the following transactions concluded with or through the Key Management Personnel (members of the Management Board and Supervisory Board) of ASEE S.A.:

During the period of 12 months ended 31 December 2012, ASEE Serbia incurred total space rental costs of PLN 4,661 thousand that were paid to its related entities MHM d.o.o., Beograd[1], DM3 d.o.o., Beograd[2] and Mini Invest d.o.o., Beograd[2].

[1] Mihail Petreski, Member of the Supervisory Board of ASEE S.A. is a shareholder in Liatris d.o.o. which as at 31 December 2012 held a 7.40% equity interest in ASEE S.A. (as at 31 December 2011: 7.40%). 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 ASEE S.A. 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 ASEE S.A. 100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, President of the Management Board of Asseco SEE d.o.o., Beograd and Member of the Management Board of ASEE S.A;

[2] Miljan Mališ, Member of the Management Board of ASEE S.A. is a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A.;

All figures in thousands of PLN, unless stated otherwise

During the period of 12 months ended 31 December 2012, ASEE Macedonia incurred space rental costs amounting to PLN 685 thousand that were paid to MPS d.o.o., Skopje[3].

During the period of 12 months ended 31 December 2012, ASEE Serbia incurred total space rental costs of PLN 4,891 thousand that were paid to its related entities MHM d.o.o., Beograd, DM3 d.o.o., Beograd and Mini Invest d.o.o., Beograd.

During the period of 12 months ended 31 December 2011, ASEE Macedonia incurred space rental costs amounting to PLN 721 thousand that were paid to MPS d.o.o., Skopje.

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

In addition, members of the Management Board and companies related through members of the Management Board and Supervisory Board of Asseco South Eastern Europe S.A. received dividends from ASEE S.A. in the total gross amount of PLN 2,663 thousand for 2012 as compared with PLN 1,929 thousand distributed for 2011.

Until the date of approval of these consolidated financial statements, ASEE S.A. 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.

26. Employment

Average workforce in the reporting period	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Management Board	2	2
Production departments	7	-
Sales departments	3	-
Administration departments	8	8
	20	**10**

27. Remuneration of Members of the Management Board and Supervisory Board of ASEE S.A.

The table below presents remuneration payable to individual Members of the Company's Management Board and Supervisory Board for performing their functions during 2012 and 2011.

Remuneration for the period of	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Management Board		
Piotr Jeleński – President of the Management Board	789	921
Marcin Rulnicki – Member of the Management Board 1)	167	-
Rafał Kozłowski – Vice President of the Management Board 2)	234	351
Total	**1,190**	**1,272**

1) Marcin Rulnicki was appointed as Member of the Management Board of ASEE S.A. as of 1 June 2012; therefore, his remuneration data have been presented for the period from 1 June 2012 to 31 December 2012.
2) Rafał Kozłowski resigned from the position of Vice President of the Management Board of ASEE S.A. as of 1 June 2012; therefore, his remuneration data have been presented for the period from 1 January 2012 to 31 May 2012.

[3] Mihail Petreski, Member of the Supervisory Board of ASEE S.A. is the sole shareholder in MPS d.o.o., Skopje.

All figures in thousands of PLN, unless stated otherwise

Since 2010, Piotr Jeleński and Rafał Kozłowski (till May 2012) and Marcin Rulnicki (since June 2012) have served in the Management Board of ASEE S.A. on the basis of work contracts. The remaining members of the Company's Management Board and Supervisory Board perform their functions under an assignment and do not receive any remuneration for the performance of their duties.

28. 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 2012 and 31 December 2011:

Type of service	Year ended 31 Dec. 2012 (audited)	Year ended 31 Dec. 2011 (audited)
Obligatory audit of the annual financial statements and review of semi-annual financial statements	210	215

29. Capital management

The primary objective of the Company's capital management is to maintain its capital ratios at a safe level enabling a strong credit rating in order to support further development of the Company's business operations as well as continuing maximization of shareholder value.

The Company manages its capital structure and makes necessary adjustments in response to the changing economic conditions. To maintain or adjust its capital structure, the Company may decide to pay out a dividend, return some capital to shareholders, or issue new shares. During the 12-month periods ended both 31 December 2012 and 31 December 2011, the Company did not introduce any changes to its objectives, policies and processes adopted in this area.

30. Hedges of cash flows

The Company 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. Cash at bank accounts denominated in EUR have been designated as hedging instruments.

During the 12-month period ended 31 December 2012, no revaluation of hedging instruments was recognized in equity due to insignificant amount of such revaluation.

During the period of 12 months ended 31 December 2011, the Company reversed the valuation of cash held at a bank account denominated in EUR (designated as a hedging instrument) that was previously recognized in revaluation capital in the amount of PLN 241 thousand.

31. Objectives and principles of financial risk management

ASEE S.A. 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.

All figures in thousands of PLN, unless stated otherwise 59

Foreign currency 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.

The analysis of the Company's financial results sensitivity to fluctuations in the exchange rates of EUR and USD, performed as at 31 December 2012, did not indicate any potential significant impact on our financial performance.

Credit risk

The Company concludes transactions only with reputable companies which have good credit ratings. All customers who wish to trade on credit terms 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's inability to settle their payments, whereas the maximum exposure to such risk is limited to the carrying value of such financial instruments.

There is no particular concentration of credit risk within the Company.

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 table below reveals the Company's trade payables as at 31 December 2012 and 31 December 2011, by the maturity period based on the contractual undiscounted payments.

Aging structure of trade payables	**31 Dec. 2012**		**31 Dec. 2011**	
		(audited)		**(audited)**
	Amount	**Structure**	**amount**	**Structure**
Liabilities due already	395	58.78%	165	23.08%
Liabilities falling due within 3 months	281	41.22%	550	76.92%
	672	**100.00%**	**715**	**100.00%**

32. Financial instruments

Fair value

The book values of financial assets and liabilities held by the Company both as at 31 December 2012 and 31 December 2011 did not significantly differ from their fair values.

Assets that are carried on the balance sheet at fair value through profit or loss have been assigned to Level 1 in the fair value hierarchy.

During both the years ended 31 December 2012 and 31 December 2011, none of the financial instruments held was reclassified from Level 1 to Level 2, or from Level 2 to Level 3, or contrariwise, in the fair value measurement hierarchy.

All figures in thousands of PLN, unless stated otherwise

Items of income, expenses, gains and losses recognized in the income statement, by category of financial instruments

Year ended 31 Dec. 2012 (audited)	Category according to IAS 39	Interest income (expenses):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Gain (loss) on revaluation	Total
Financial assets						-
Trade receivables and other receivables	L&R	6	(70)	-	-	(64)
Cash and cash equivalents	FVtPL	713	(477)	-	-	236
Financial assets carried at fair value through profit or loss	FVtPL	-	-	-	128	128
Financial liabilities						
Interest-bearing bank loans and borrowings	OFLaAC	(12)	(95)	-	-	(107)
Liabilities due to the acquisition of shares	FVtPL	-	56	-	494	551
Trade payables and other financial liabilities	OFLaAC	-	(1)	-	-	(1)
Currency forward contracts	FVtPL	-	(46)	-	495	448
		707	**(633)**	**-**	**1,117**	**1,191**

Year ended 31 Dec. 2011 (audited)	Category according to IAS 39	Interest income (expenses):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Gain (loss) on revaluation	Total
Financial assets						
Investments in subsidiary companies		-	-	(6,033)	-	(6,033)
Trade receivables and other receivables	L&R	-	(47)	-	-	(47)
Cash and cash equivalents	FVtPL	246	1,351	-	-	1,597
Financial assets carried at fair value through profit or loss	FVtPL		-	-	171	171
Financial liabilities						
Interest-bearing bank loans and borrowings	OFLaAC	(459)	(657)	-	-	(1,116)
Liabilities due to the acquisition of shares	FVtPL	(149)	-	-	3,890	3,741
Trade payables and other financial liabilities	OFLaAC	-	(8)	-	-	(8)
Currency forward contracts	FVtPL	-	(177)	-	(472)	(649)
		(362)	**462**	**(6,033)**	**3,589**	**(2,344)**

All figures in thousands of PLN, unless stated otherwise

33. Capital expenditures

In the period of 12 months ended 31 December 2012, the Company spent PLN 26,991 thousand for the acquisition of shares in subsidiary companies, while its expenditures for non-financial fixed assets amounted to PLN 234 thousand.

In the period of 12 months ended 31 December 2011, the Company spent PLN 9,809 thousand for the acquisition of shares in subsidiary companies, while its expenditures for non-financial fixed assets amounted to PLN 251 thousand.

34. Significant events after the balance sheet date

In the period from 31 December 2012 till the date of approval of these financial statements, this is until 20 February 2013, we have not observed any significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of Asseco South Eastern Europe S.A.

35. Significant events related to prior years

Until the date of preparing these financial statements for the year ended 31 December 2012, this is until 20 February 2013, we have not observed any significant events related to prior years, which have not but should have been included in the accounting books.