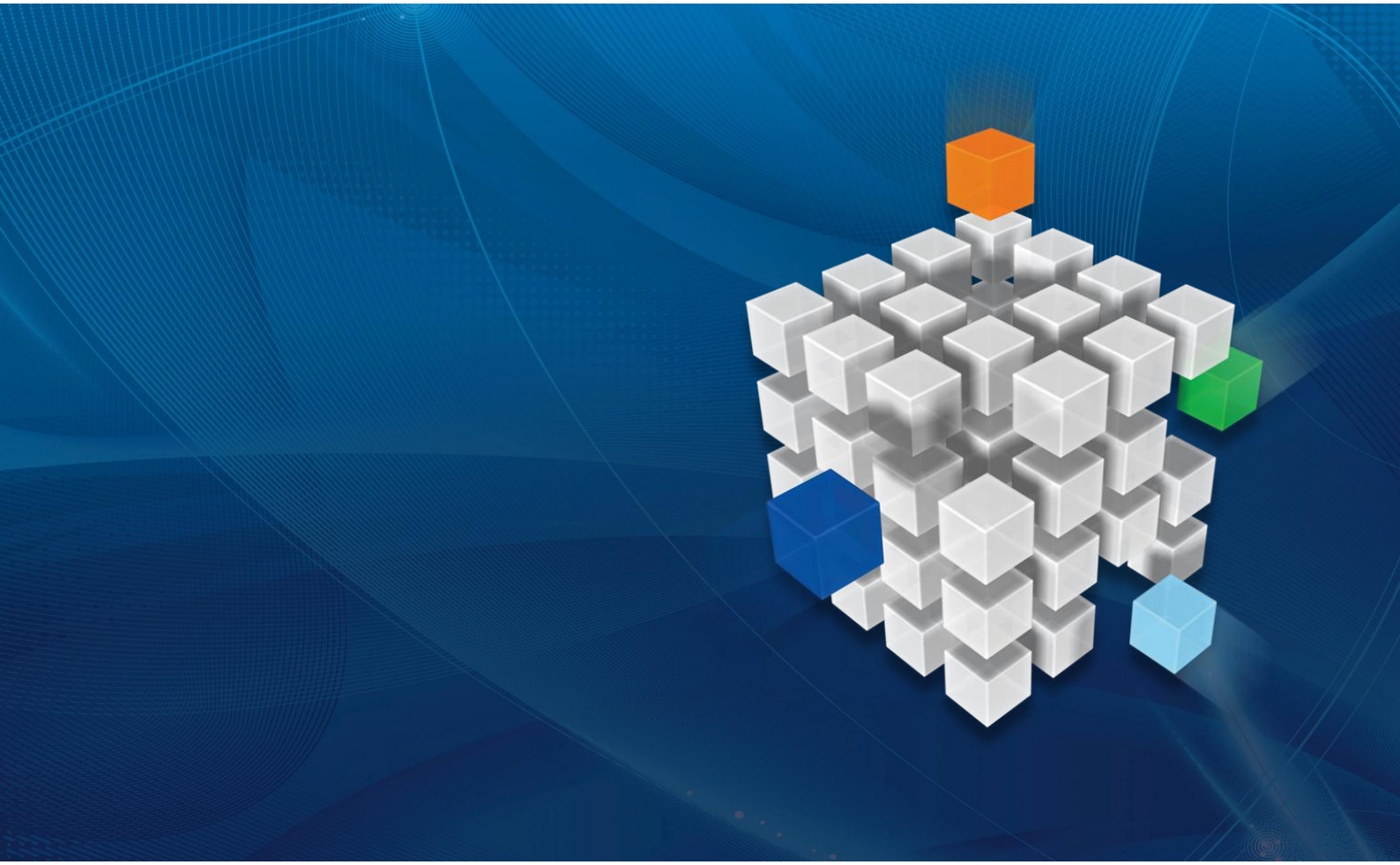
asseco CENTRAL EUROPE

Solutions for Demanding Business



ANNUAL REPORT 2012

CHAIRMAN´S LETTER
MANAGEMENT REPORT
SELECTED FINANCIAL DATA
CORPORATE GOVERNANCE
STANDALONE FINANCIAL STATEMENTS

1 March 2013

CONTENTS

I. CHAIRMAN´S LETTER

Dear shareholders and investors, valued customers, dear colleagues, dear readers,

Before I started writing this address, I had tried to recall the memories of important and extraordinary events in 2012. It was not easy at all. I had asked myself a question: "Could it be that my memory is already so bad or we did not have any extraordinary activities in the company?" Neither is completely true. The truth is that many of us worked so much time on work activities every day that the whole year merged into a one day-by-day continuous project. However, to me, the year 2012 was the year, when we worked together exemplarily on contracts regardless of which country our customer was in, and regardless of whether the development was carried out in Brno, Prague or Bratislava. The year 2012 really became the first year, when we were building the single brand and company **Asseco Central Europe** in both countries, the Czech Republic and Slovakia, with a unified organizational structure. Since 2012, to us, there has been only one company - Czech and Slovak Asseco CE with a single budget, although two legal entities registered in the Czech Republic (CR) and the Slovak Republic (SR) will continue to exist.

Allow me to summarize the year 2012 briefly. I will start with an evaluation of the situation in the state and public administration, for which we implement projects in the amount of more than **30% of our annual revenues**. That is really a large share in our yearly budget. The **Public Business Unit (BU)** with the Public CZ and Public SK Divisions ensures its fulfillment and undertakes projects, while they are supported also by the GNS Division to a considerable extent. Along with other projects within the GNS, it represents up to **38% share**. However, the implementation of many projects in the Public Business Unit depends on the conditions in the state and public administration, and it is often parallel to the state of the political situation in the country.
In my address in 2011, I expressed the hope that public procurements for eGovernment projects financed from the European funds would be finally launched in **Slovakia** after the elections in 2010, and we anticipated our active participation in many of tenders as well. It did not happen. The public procurement almost vanished, the Public Procurement Act was made more stringent, and there were almost no tenders. Later, when I assessed the previous year at the beginning of 2012, I naively hoped again that the drawing of the European funds would be expedited after the elections in 2012. But there were still almost no tenders in Slovakia.
And what will happen in 2013? It is the last year of the programme period 2007-2013 and the funds (primarily the Operational Programme for the Information Society (**OPIS**)) need to be drawn. If they are not drawn, they will be lost, and we will have to return the resources not used to the EU. The government will forfeit an opportunity to increase the employment, potential corporate taxes that would be paid by companies from the successfully tendered projects, personal income tax of employed persons, who would be working on those projects, and of course, their social and health security contributions. And yet, the State needs the increased revenue to the state budget, and thus the increased social and health security contributions. It follows from the above that the State should seek to draw the European funds as much as possible. The projects have to be contracted by the end of 2013, while the funds need to be drawn in 2013 at least partially, and the final withdrawal may take place as late as by the mid 2015. That means the state and public administration has to organize more and more public procurements, decide on successful bidders and contract companies, so that the withdrawal may commence in 2013. Thus, much more tenders should be announced in Slovakia in 2013 than from 2010 to 2012. Will that happen? December 2012 and January 2013 confirmed that already. May this trend last in the following period as well. Unfortunately, we did not win any project in the state and public administration in Slovakia in 2012 also due to the said reasons.

In the **Czech Republic**, the public procurement tenders began to be invited to a greater extent already since April 2012, and we were able to participate in some of them thanks to that as well. As a result, we succeeded in the following tenders with contracts signed:

- **Communication Model for Communication with Basic Registers project** for the Czech Social Security Administration (CSSA).
- **Implementation of the Environment Information and Communication Interface (ICI) project for the Project 159** again for the same customer CSSA.
- **Redesign of the Statistical Information System following the Implementation of eGovernment in the CR** for the Czech Statistical Office (CSO). Although this contract was signed only at the beginning of this year (18.1.2013), we had participated in the tender for it during the last four months of the year 2012.

However, we should not forget about our biggest implemented project of 2012 - **RRO** project (Register of Rights and Obligations) for the Ministry of Interior of the CR. The RRO has become one of the basic pillars (registers) of the Czech eGovernment. We completed the complex delivery in 2012, and I can state happily that we delivered the work on time and at the required quality. The RRO was successful and it was greatly appreciated by the customer itself as well. Thanks to this successfully implemented project, and thanks to our acquired know-how and experience from this project, a door to more and more customers, which will gradually connect their information systems to the basic registers, is opening for us.

The **Finance BU** represents **24% share in the annual revenues** of Asseco Central Europe, and it is the historical domain of the whole Asseco Group. In 2012, we experienced a significant drop in revenues from our most important client Slovenská sporiteľňa (Erste Group), which was had been caused by an incremental implementation of group solutions. And so one of our most important customers by the amount of revenues in the past finished only in the sixth place in our internal ranking in 2012. We had expected it in advance, thus we had prepared for it partially. We established **DanubePay**, which should become our processing solution not only for Central Europe, but for the whole Asseco Group as well in a short time. We already have several opportunities today, and I believe that we will have a few nice projects by the end of the year.
Colleagues from the **Building Savings** Division strived so intensively that we signed a migration contract with **Českomoravská stavební spořitelna** in the mid 2012 for the replacement of the old core system with our StarBUILD. And that is not all yet. We keep fighting for another customer, **Fundamenta Lakaskassza** of Hungary.
It is also worth mentioning that we managed to launch StarBUILD, StarINS and StarSTAT successfully in the **Wüstenrot Group** in the Czech Republic in 2012 in the end, on which the entire Finance Business Unit had been working at that time.

The **Healthcare BU**, where the Healthcare and Insurance Divisions belong, is indeed the smallest business unit with its share that amounted **14%**, yet its customers are not only state institutions, but also customers with the corporate capital. Although we did not manage to win any new customer, the projects we implemented were successful or without major problems. I believe that the whole business unit will be at least as successful in 2013 as in 2012.

I cannot omit the rest of our revenues in the amount of **13%**, which was provided by technical and infrastructure projects and sales. The remaining almost **11%** is represented by the **revenues from LGS.**

The start of the year is already behind us and we are fully immersed in our everyday work again. I am convinced that new nice projects and great work challenges await us this year. As a part of the Asseco Group, we are fully prepared for the year 2013 to provide our clients with such solutions and support, so that they are ultimately satisfied. Let us stick together in doing so. It makes sense and brings nice results and joy of work.

Jozef Klein
CEO and Chairman of the Board of Directors

II. MANAGEMENT REPORT

1 COMPANY PROFILE

Asseco Central Europe ("Asseco CE", "the Company") is a member of the international Asseco Group, one of the leading software houses in Europe.

1.1 History and present days

The Company was established on 16 December 1998. The original name of the Company was ASSET Soft, a. s. By the end of 2004, a strategic partnership between ASSET Soft and Comp Rzeszów (later renamed to Asseco Slovakia and Asseco Poland) was created, thus laying the foundations of the international software Asseco Group. The main reason behind the formation of the IT group of companies operating in Central and Eastern Europe was to face the pressure of multinational giants and to ensure successful growth in domestic as well as foreign markets.

One of the main objectives of both companies was to gain trust of renowned European investors and analysts, and the acquisition of funds to implement a strategic acquisitions plan. On 10 October 2006 the Company entered the Warsaw Stock Exchange and became the first Slovak company directly listed on a foreign stock exchange. The next year, 2007, was an "acquisition" year, when the Company used the funds gained to fulfil its expansion plans by acquiring a majority stake in three Slovak, three Czech and one Austrian company. On the background of the acquisition processes being completed at the beginning of 2008, the Company focused on the next stage of consolidation and integration of the firms already acquired. Moreover, by the end of May 2008, it had subscribed additional shares intended for institutional investors at the stock exchange within a SPO (Secondary Public Offer). The Company used the funds thereby gained to strengthen its market position in Central Europe through further acquisitions abroad and integration-consolidation processes within the Asseco CE Group.

In July 2009 the Company expanded by integrating Asseco Slovakia and Asseco Czech Republic, two suppliers of complex IT solutions for recognized financial institutions, public administration authorities and for large commercial entities. The commercial name Asseco Central Europe was registered in both countries in spring 2010. This project is a logical conclusion of the integration process in the Asseco Group. It mirrors the current trends in the global IT markets and the Company's goal to be one of the European leaders in this area.

The business profile of Asseco Central Europe, a. s. (SK) includes software and computer hardware consultancy, production of software as well as the supply of software and hardware. According to the classification adopted by the Warsaw Stock Exchange, the Company's business activity is classified as "information technology". Other undertakings of the Group conduct similar operations.

In addition to comprehensive IT services, the Group also sells goods including computer hardware. The sale of goods performed is to a large extent connected with the provision of software implementation services.

Through a joint strategy for the development of new solutions, knowledge sharing, and expanding offer for its customers, Asseco Central Europe has increased its sales potential and competitiveness. Proven Slovak solutions can thus be used in the Czech Republic, and vice versa (e.g. Slovak banking systems and Czech digital telematics). Parts of the Asseco Central Europe Group are also other companies with IT and telecommunications focus and the Company thus employs almost 1.600 people.

General information:

Company's name:	Asseco Central Europe, a. s.
Registered seat:	Trenčianska 56/A, 821 09 Bratislava
ID number:	35 760 419
VAT ID:	SK7020000691
Established:	12 February 1999
Legal form:	joint stock company
Share capital:	EUR 709,023.84
Number of shares:	21,360,000
Type of shares:	bearers shares
Nominal value of share:	EUR 0.033194
Registered:	Commercial Register maintained by the District Court of Bratislava I., Section: Sa, File No.:2024/B,

1.2 Scope of activities

- Advice and consultancy in the fields of software and hardware and computer and organizational systems
- Provision of software/ sale of finished programs based on an agreement with authors
- Market research in the fields of information systems
- Purchase and sales of computer technology
- Administrative operation
- Advertising and promotion activities
- Business mediation
- Automated data processing
- Organisation and performance of training course in the area of computer technology
- Provision of system software maintenance except for intervention with reserved technical equipment
- Lease of IT equipment
- Design and optimization of information technology solutions, their development and implementation
- Information system operation assurance
- Completing of computer networks and hardware, except for intervention into reserved technological equipment
- Completing of IT technology, installation of technology, computer and data networks in the scope of safe voltage
- Installation and configuration of operational systems, programmes (software) and their maintenance
- Management of computer networks and hardware with the exception of interference with reserved technical facilities
- Creation of computer and data networks and information systems
- Management in the area of information systems and information technology
- Assembly, repair and maintenance of office and computer technology in the scope of safe voltage
- Advisory and consultancy activity in the area of information systems in information technologies
- Providing of Internet access, transfer of data and other communication services, electronic transactions with authenticity, authorization and clearance
- Research and development in natural sciences and engineering

2 BUSINESS OFFER

During 2011, products and services provided by individual entities of the group were divided at the level of Asseco Group to transparently defined business units. A matrix-oriented organisational structure was created, which combines the hierarchic management line of individual regions and entities in regions with a segment-oriented organisational structure, which is strictly focused on creating business opportunities in the given segment. This organisational arrangement makes it possible to consolidate products and services within Business Units and at the same time to simplify the offer of the whole group. Products and services at the group level were divided into the following areas: Banking, Insurance, Healthcare, Public, Telco & Utilities, IT infrastructure and ERP (Enterprise Resource Planning).

The offer of products and services is arranged within every regional grouping to segment-oriented groups/ areas which are autonomously managed. Within Asseco Central Europe, they include the following areas: **Finance, Healthcare, Public, IT Infrastructure, Telco, and ERP**.

Specific divisions of Asseco CE SK/ CZ or entities belonging to Asseco CE at the regional level are allocated to individual Business Units.

	Finance	Health Care	Public	Telco	ERP
SK	Banking Building Savings Business Intell.	HealthCare Insurance	Public Admin. Traffic Telem.	slovanet	asseco solutions
CZ			Public Admin. Traffic Telem. Capital Market GeoNet Sys.		asseco solutions
HU	Statlogics	GlobeNet®			

Products or product groups are divided in the same way. Asseco CE builds its offer on key products which represent the basis of its competences and experience. One of the basic goals of the Company is to create efficient and easily accessible solutions which fully respect the differences and specifics of individual customers and thus help them achieve their competitive advantage. This goal has been fulfilled by a suitable combination of offered products and present solutions and by the development of customized solutions.

The product offer is complemented by key services and competences which spread across the product portfolio. They include two basic services: software development and outsourcing.

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2.1 Software development

Software development is the strongest competence of Asseco CE, covering all activities associated with software development – from detailed analysis of customer requirements through the consultation of possible solutions, development, design of optimal technology architecture, technology and development tools, up to testing, documentation, implementation, training or support in the solution of operational problems. The Company has technical expertise as for commercial entities – banks and insurance companies, and also for health care facilities or public organizations.

2.2 Outsourcing

Servicing information technologies

To provide assistance to both external and internal customers, and not just with service-related activities: handling queries regarding repairing of different types of ICT equipment (computers, notebooks and servers) and peripherals (printers, scanners and UPS), HW and SW procurement consulting, HW upgrade, equipment, equipment installation and consequent preventive checks, installation and maintenance of operating

systems – all of that by means of remote, as well as local service support in the entire territory of Slovak Republic.

Personalization of smart cards

Smart card personalization services, supplies of hardware, software and cards, development and integration of complete card systems, commercial and technical services. The complexity of services is provided by subsequent support for users. In addition smart cards personalisation, we provide graphic personalisation of plastic cards, magnetic tape encryption, covering and distributing these cards together with the printing and distribution of PINs.

A complementary service is the creation of customer applications using an identification or authentication carrier – a chip or hybrid card. These applications are used in all areas, including organisational processes such as payment and loyalty systems, identification, and attendance systems, etc.

2.3 Business Unit Finance

StarBANK

StarBANK is a client-oriented, multicurrency bank information system for medium-sized and large banks. The system automates all retail and wholesale operations and provides a comprehensive set of reports, controlling and intra dealing. Main functions: client management, active and passive management accounts, cash and cashless payments, currency exchange, checks, Trade Finance, Treasury securities, Data warehouse, MIS, controlling, reporting, current and financial accounts, etc.

eStarBANK

Portal solution enabling the use of electronic distribution channels that ensures all basic retail functions for remote clients (Internet banking, home banking, mail banking and GSM banking).

StarTREASURY

A solution designed to support the administration of available funds and trading on financial and capital markets. It provides for automation of such activities from the implementation of transactions up to the outcome in the general ledger. It is a tool which is not only suitable for investment companies, but also for companies which only need to manage their own funds and investments.

StarCARD®

Full information system supporting pay card transactions for banks and processing centers. It includes authorization support, clearing and transaction settlement and dealer administration. Integral part of the system is an application software for end devices, ATM, and POS terminals.

StarBUILD

A complex banking information system specialized for the needs of building savings banks, which fully covers the individual business processes of the building savings bank. Besides the core-banking system, it also contains a wide portfolio of superstructure modules which are mutually integrated into one unit. The maximum integration of individual modules in a single complex solution brings a significant reduction in the costs of HW, standard SW licensing (operating systems, databases) and their maintenance.

StarSTAT

This solution matches the requirements of all types of companies that deal with regular extraction, loading, transformation and production of generated data. Its key functionalities can be described in two ways. The first group of usage is to use StarSTAT as a universal reporting tool for daily reporting activities. Gathering financial data, cash-flow information, key statistical data about an organization, management and managerial reports or regular statistical reports processing; all activities are focused on gathering, editing, processing data and producing reports for public institutions. The other group of StarSTAT usage is represented by banks, insurance houses, leasing companies and other financial institutions. StarSTAT brings ready-made functionalities for mandatory reporting to finance market regulators. In 2012, this system went through a considerable technological innovation with an addition of the significant part of a new functionality. A new license policy was also set up with an aim to ensure the continuous development and support to StarSTAT for the customers that are using it, whose number was increasing during 2012 as well.

StarBI

Solution enabling the centralization of data from distributed and heterogeneous systems, consolidation of data, creation of data domains and automation of the management of processes and data stored in DWH. It serves as the basis for the creation of add-on applications for decision support.

AQS (Asseco Quality Services)

The solution implies the product, methodology and related consulting and implementation services in the area of processing and data quality, whereas data can be derived from one or more data sources in the organization. The product supports a process-driven approach of processing large volumes of data in one or more cycles with an emphasis on complex documentation and reporting processes carried out. AQS contains functionality for collecting, cleaning, automated or manual consolidation of data with the possibilities of their transformation into new pre-defined structures at the exit. The AQS solution was also proven in practice by successful projects focused on complex data migrations.

2.4 Business Unit Healthcare

Asseco Group has a wide range of solutions for the whole vertical of health segment. Our activities are targeted for three basic customer groups:

- State represented by the central bodies of public administration (such as ministries and specialized health institutions) and organizations of local governments (owners and operators of regional health care networks)
- Health insurance companies
- Health care providers ranging from the biggest hospitals and specialized medical facilities to ambulances and general practitioners

According to the new structure, products of the Insurance Division fall into the Healthcare Business Unit as well. The reason for their transfer from the Finance Business Unit was making the development activities more efficient and an interest in better utilization of the business know-how in the field of insurance and health insurance.

Mediform

A comprehensive information system for health insurance companies covers the most important processes in the insurance company, e.g. IS administration, dials and catalogues, client registers, receipt and claiming of insurance premium, annual

accounting, realization of payments of provided healthcare, medical revision of costs and refunding of costs for insured persons from the EU. Accounting is a part of the system.

ZPIS

ZPIS is a centralized multi-tier information system (IS) for health insurance companies (HIC). It includes complete application program facilities for the administration and support of health insurance company activities. It is built based on the long lasting experiences in developing and extending of the systems for health insurance and contains the latest modern technologies knowledge. It is a universally usable and modifiable system based on relational database technology. The IS is integrated with Internet portal and electronic registry for contact between the customer and their clients and partners. The IS can be connected to other support systems (ERP, MIS, call centre, ect.).

StarINS

Comprehensive information system for insurance companies automates all front-office and backoffice operations including personal, property and liability insurance, as well as life (capital, investment and hazardous) insurance. The system operates as an independent product above the electronic distribution channels.

SofiSTAR

Production information system for management of the pension funds. The system provides for front-office and back-office activities with a high degree of process automation with the addition of Internet access for clients to their personal pension accounts and automatic processing of electronic documents related to pension savings.

2.5 Business Unit Public

In the field of central public administration, we specialize in the creation and supplying such solutions which cannot be implemented using standard means and tools without a large amount of creative work. Our biggest domain is the ability to design and implement systems for processing large volumes of data with sophisticated transaction logics. A specific offer for public administration consists of the design and delivery of complex systems for the state administration including HW, network infrastructure and specialized highly loaded applications with a guaranteed high availability for the specific needs of the state administration, such as central registers, commercial registers, control systems for state allowance and subsidy distributions or budget information systems for processing and publishing large data files on the Informix or Oracle platform, using application servers of Weblogic and Geocluster RAC topologies and the Java development environment.

The biggest projects implemented in this field include deliveries of solutions for Ministry of Transport. We also cooperate with the Supreme Audit Office, Central Statistical Offices and many other offices and Ministries in Slovakia.

Transport telematics

Support of processes and integration of supplies for the information systems of state technical supervision, central register of carriers and digital tachograph. Designed for performance pricing of selected roads in the Czech Republic, construction and operation of distribution and contact points for the distribution and change of OBU units. Flexible system of solutions intended for the storage, archiving and analysis of data from digital and analogue tachographs using a web application.

StarBI*G

Add-on solutions for data from production systems or other sources of reference data (CRM, accounting DB, etc.), which are mainly intended for public administration bodies. The solutions enable the operative creation of data analysis through OLAP technologies, the development of statistical analyses and forecasts and the preparation of data as a basis for decision support. Prearranged solutions for economy, transport, education, grants, etc.

StarECM

A modular information system making possible to cover all aspects associated with the administration and recording of documents, fast search, process processing and archiving of documents and information. The solution covers the whole life cycle of documents. It enables working with all types and formats of documents and information (structured / non-structured document, database record, image, sound or otherwise recorded information). The solutions use standard products and technologies of Microsoft, IBM and Oracle. These products are extended by services in the field of designing the electronization of customer's processes, workflow setting, working with digitally signed documents, etc.

2.6 Business Unit IT Infrastructure

The IT Infrastructure Business Unit offers a whole range of services and solutions for internal and external customers. We focus on full support required for application processes of other business units in the following fields:

- Hardware deliveries, software licenses, network infrastructure.
- Technical design of an application solution.
- Design, implementation and support of a technical design across all infrastructure layers - servers, disk arrays, networks, operating systems, database systems, middleware and application servers, presentation layer.
- Design, setup and operation of development and test environments.

In addition, the IT Infrastructure Business Unit also operates internal information systems of Asseco Central Europe.

The infrastructure services provided for the external customers include:

- Delivery of hardware, software licenses, installation and support of customer environments.
- Call Centre (Help Desk) services for the external customers.

2.7 Business Unit ERP

Within the composition of Asseco CE, the competence in the field of corporate information systems is supplemented with SAP consulting services. The main focus is the provision of consulting services in the field of implementation of the complex economic information system SAP ERP and introducing and selling SAP ERP and software solutions such as SAPCRM, SAP SRM, etc.

3 COMPANY VALUES

3.1 Mission

The mission of Asseco CE comprises binding values which form an integral part of the business environment and also apply internationally. These binding values are represented in particular by the high and stable quality of the offered solutions and services, continuous care for customers, flexible response to the needs of the market and providing the customers Professional IT services and information systems on the basis of modern information technologies which support their business activities and success. Last, but not least, it includes the assurance of the long-term prosperity of Asseco Central Europe.

3.2 Visions

Asseco Central Europe's vision

"Solutions for Demanding Business" – the credo of Asseco CE represents a key and stable IT service-provider that is at the same time building its position of a strong, reputable and reliable company on the domestic, and international ICT market.

Asseco Group's vision

International Asseco Group is a stable and competitive software center within the European region in the field of providing ICT services. Its goal is to expand its activities worldwide. The Group is achieving this vision by building and developing group of locally-oriented, highly-developed ICT companies that comprise a federative group structure, emphasizing local specifics and local motivation.

3.3 Our values

Satisfied Customer

The only reliable way how to win and keep customers is to provide them with quality services and solutions with a high added value to reach their strategic goals. Their satisfaction and loyalty resulting from it are the basis of success of each company.

Trust of Investors and Shareholders

With its listing on a Stock Exchange market Asseco Central Europe was transformed from a privately-owned joint-stock company to a publicly traded one. Its presence on the Stock Exchange means particularly the necessity of a new approach to process management and the implementation of key decisions, while considering the interests of investors, fulfilment of their expectations and building their trust.

Constant Organic Growth

Asseco CE wants to improve constantly, keep up with the times and bring advanced technologies and "Solutions for Demanding Business" to the market, thus meeting the needs of the clients.

Employee Satisfaction

The Company is aware of the fact that its employees represent a key factor in the provision of quality services. It considers their motivation and loyalty an integral part of

the Company's success. Its aim is to create a stimulating working environment that develops the creativity of employees and supports their personal growth.

Social Responsibility

Asseco Central Europe strives to contribute to increasing the quality of life of society not only by developing of modern information technologies, but also by supporting scientific institutions committed to this goal.

3.4 Company Management Code

Asseco CE is fully aware of the importance of having Corporate Governance standards in place and complying with them. In accordance with standards valid in the market, the above corporate management principles and methodology - "Best Practices" – were incorporated into the Company's documents and procedures.

The Company Management Code was approved by the Company´s Board of Directors and published in the Current Report, i.e. in the Stock Exchange report, on March 13, 2008. This report is accessible on the Company's official web site under the "Investors" Section. It contains complete information about the management methods utilized in the Company as well as all information about deviations from the Management Code and the reasons why the decision deviating from the Code was made.

3.5 Code of Conduct

The Company's Code of Conduct represents a set of principles that are focused inside the Company – towards the employees, as well as towards its surrounding environment. It primarily recognizes principles of ethical behaviour while conducting business and upholds principles of objectivity, transparency, accountability and openness in its activities. Asseco Central Europe declares that it nowadays, as well as in the future, wants to be a reliable partner for its customers, shareholders, business partners, employees and also for the public in all the countries and regions where it operates. Based on conditions for an open and transparent corporate culture that are created by the Company, the staff members are able to distinguish between reasonable and contentious actions.

Asseco CE regards as its core values, above all, to be:

- **Relations within the Company, especially:**
  - respect for people – a basis for interpersonal relationships
  - honest, conscientious and efficient work
  - communication ethics
  - Company loyalty
  - upholding the Company's reputation and safeguarding its assets
  - ethics in conflict resolution

- **Relations with customers and suppliers**, meaning respect for customers and correctness toward business partners. Local or international legal frameworks apply to all entrepreneurial conduct. Once the Company was listed on the Warsaw Stock Exchange, the impact of these frameworks on Company's conduct is even more significant.

Asseco CE encourages any expression of opinions and suggestions staff members make. If necessary, staff members can even make any non-public expressions of opinion, complaints or communications by means of anonymous post box located in unmonitored spaces in the Company's headquarters or via intranet. The Company will handle each opinion, suggestion or recommendation it receives.

3.6 The Company's Strategic Goals

- Maintaining customer focused, morally strong and technically robust Company staff base.
- Improve existing customer`s satisfaction by delivering modern information systems with high business added value.
- Penetrating the international market through a portfolio of the Company´s solutions and mutual synergies within the Asseco Group. Improve cooperation within Asseco Central Europe and Asseco Group, focused on synergies in sales enforcement, customer benefits and knowledge sharing.
- Sharpening and improving internal corporate processes and raising the Company corporate culture.

4 SHAREHOLDERS' STRUCTURE OF ASSECO CENTRAL EUROPE, A. S.

According the information available to the Board of Directors following shareholders exceeded the 5% share as at 31 December 2012:

Shareholder	Number of shares	Number of votes	% share
Asseco Poland, S. A.	19,973,096	19,973,096	93.51

The share capital of the Company as at 31 December 2012 was equal to EUR 709,023.84 and was divided into 21,360,000 bearer's shares with a nominal value of EUR 0.033194 each.

4.1 Changes in the shareholders structure

On 28 August 2012 the Board of Directors of the Company was notified by PKO BP Bankowy Otwarty Fundusz Emerytalny and with PKO Dobrowolny Fundusz Emerytalny, represented by PKO BP BANKOWY Powszechne Towarzystwo Emerytalne S.A. (hereinafter "PKO Funds") that, as a result of acquisitions of Asseco Central Europe shares effected on 28 August 2012, PKO Funds increased its voting interest in the Company General Meeting above 5%.

Before the above-mentioned transactions, PKO Funds held 1,066,070 shares in Asseco Central Europe a. s., which represented 4.990964% of the Company's share capital and entitled to 1,066,070 votes and 4,990964% of the total number of votes at the Company's General Meeting of Shareholders, wherein:

- PKO BP Bankowy Otwarty Fundusz Emerytalny held 1,066,020 shares in Asseco Central Europe a. s., which represented 4.99073% of the Company's share capital and entitled to 1,066,020 votes and 4.99073% of the total number of votes at the Company's General Meeting of Shareholders;
- PKO Dobrowolny Fundusz Emerytalny held 50 shares in Asseco Central Europe, a. s., which represented 0.00023% of the Company's share capital and entitled to 20 votes and 0.00023% of the total number of votes at the Company's General Meeting of Shareholders.

After the above mentioned transactions, PKO Funds held together 1,068,070 shares in Asseco Central Europe, a. s., which represented 5.00033% of the Company's share

capital and entitled to 1,068,070 votes and 5.00033% voting interest at the Company's General Meeting of Shareholders, wherein:

- PKO BP Bankowy Otwarty Fundusz Emerytalny held 1,068,020 shares in Asseco Central Europe a. s., which represented 5.00009% of the Company's share capital and entitled to 1,068,020 votes and 5.00009% of the total number of votes at the Company's General Meeting of Shareholders,
- PKO Dobrowolny Fundusz Emerytalny held 50 shares in Asseco Central Europe a. s., which represented 0.00023% of the Company's share capital and entitled to 20 votes and 0.00023% of the total number of votes at the Company's General Meeting of Shareholders.

On 14 December 2012 the Board of Directors of the Company was notified by PKO BP Bankowy Otwarty Fundusz Emerytalny and with PKO Dobrowolny Fundusz Emerytalny, represented by PKO BP BANKOWY Powszechne Towarzystwo Emerytalne S.A. (hereinafter "Funds") that, as a result of registration by the District Court in Rzeszów, on 13 December 2012, of the share capital increase in "Asseco Poland Joint Stock Company" with its seat in Rzeszów (hereinafter "Asseco Poland") and activities related to the swap of shares of the Company for shares of Asseco Poland (shares of the Company were transferred to Asseco Poland as contribution in kind – shares in kind – to cover the above mentioned increase of the share capital), voting interest in the Company General Meeting decreased below the threshold of 5%.

Before the above-mentioned change, Funds held 1,095,409 shares in the Company, which represented 5.1283% of the Company's share capital and entitled to 1,095,409 votes and 5,1283% of the total number of votes at the Company's General Meeting of Shareholders, wherein:

- PKO BP Bankowy Otwarty Fundusz Emerytalny held 1,095,359 shares in the Company, which represented 5.1281% of the Company's share capital and entitled to 1,095,359 votes and 5.1281% of the total number of votes at the Company's General Meeting of Shareholders;
- PKO Dobrowolny Fundusz Emerytalny held 50 shares in the Company, which represented 0.0002% of the Company's share capital and entitled to 50 votes and 0.0002% of the total number of votes at the Company's General Meeting of Shareholders.

As a result of the share swap transaction described above, the Funds (together and individually) doesn´t hold any shares of the Company, or any part of the total number of votes at the Company´s General Meeting of Shareholders, as the transfer of shares of the Company to the account of Asseco Poland occurred on the basis of the settlement instruction issued in accordance with the appropriate procedures and records related to the mode of implementation of shares subscriptions for the increase of share capital of Asseco Poland.

On 28 December 2012 the Board of Directors of the Company was notified by Asseco Poland S.A. that further to the settlement of the issue of ordinary series K bearer shares, with a nominal value of PLN 1 each, offered by Asseco Poland S.A. within a public offering based on a prospectus published on 12 November 2012 (the "Offering"), Asseco Poland S.A. increased on 28 December 2012 its shareholding in the Company. Currently, Asseco Poland S.A. holds 19.973.096 shares constituting 93.51% of the total number of shares in the share capital of the Company, which entitle it to 19.973.096 votes at the general meeting of the Company and which represent 93.51% of the total number of votes at the general meeting of the Company.

Prior to the settlement of the Offering, Asseco Poland S.A. held 8,560,000 shares in the Company, which constituted 40.07% of the total number of shares in the Company, entitled it to 8,560,000 votes at the general meeting of the Company and represented 40.07% of the total number of votes at the general meeting of the Company.

On 3 January 2013 the Board of Directors of the Company was notified by ING Otwarty Fundusz Emerytalny (hereinafter "Fund") that, as a result of swap of shares of Asseco Central Europe, a. s. for shares of Asseco Poland S.A., Fund decreased its shareholding in the Company below the threshold of 5% of voting interest in the Company´s General Meeting.

Before the above-mentioned change, Fund held 1,456,016 shares in the Company, which represented 6.82% of the Company's share capital and entitled to 1,456,016 votes and 6,82% of the total number of votes at the Company's General Meeting.

On the day of 3 January 2013, the Fund did not hold any shares of the Company.

According the information available to the Board of Directors following shareholders exceeded the 5% share as at 1 March 2013:

Shareholder	Number of shares	Number of votes	% share
Asseco Poland, S. A.	19,973,096	19,973,096	93.51

The share capital of the Company as at 1 March 2013 was equal to EUR 709,023.84 and was divided into 21,360,000 bearer's shares with nominal value of EUR 0.033194 each.

5 MEMBERS OF THE BOARDS OF ASSECO CENTRAL EUROPE, A. S.

There were following members of the Board of Directors and Supervisory Board of Asseco Central Europe, a. s. as at 31 December 2012:

Board of Directors	Period	Supervisory Board	Period
Jozef Klein	1.1.2012-31.12.2012	Adam Tadeusz Góral	1.1.2012-31.12.2012
Marek Grác	1.1.2012-31.12.2012	Andrej Košári	1.1.2012-31.12.2012
Tomáš Osuský	1.1.2012-31.12.2012	Ján Handlovský	1.1.2012-31.12.2012
Martin Morávek	1.1.2012-13.12.2012	Marek Paweł Panek	1.1.2012-31.12.2012
Michal Navrátil	1.1.2012-13.12.2012	Przemysław Sęczkowski	1.1.2012-31.12.2012
Radek Levíček	13.12.2012-31.12.2012		
David Stoppani	13.12.2012-31.12.2012		

There were following members of the Board of Directors and Supervisory Board of Asseco Central Europe, a. s. as at 1 March 2013:

Board of Directors	Period	Supervisory Board	Period
Jozef Klein	1.1.2013-present	Adam Tadeusz Góral	1.1.2013-present
Marek Grác	1.1.2013-present	Andrej Košári	1.1.2013-present
Tomáš Osuský	1.1.2013-present	Ján Handlovský	1.1.2013-present
Radek Levíček	1.1.2013-present	Marek Paweł Panek	1.1.2013-present
David Stoppani	1.1.2013-present	Przemysław Sęczkowski	1.1.2013-11.2.2013

5.1 Changes in the number of shares in Asseco Central Europe, a.s. owned by the members of the Board of Directors (BoD) and Supervisory Board (SB):

Person	Number of shares as on 1 March 2013	Number of shares as on 31 Dec 2012	Number of shares as on 31 Dec 2011
Jozef Klein (BoD)	0	0	275,000
Andrej Košári (SB)	0	0	522,385

6 PERSONNEL INFORMATION AND POLICY

Asseco Central Europe is an important employer in the IT sector in Slovakia, comprising a team of top professionals at all management levels and in all areas of the Company's operation. This fact reflects the strong position of the Human Resources Department, which plays an important role in the strategic management process. Asseco CE's system of human resources values is permanently enshrined in the Company's relevant documents and all decisions that directly or indirectly affect the human factor are governed by this system. The personnel management is based on principles of integrity, transparency, respect, cohesion, personal responsibility and trust. In practice, this means daily cascading of the principles in running the Company, its behaviour and communication towards external and internal environment. At the close of 2012 there were 372 people employed by Asseco CE (Slovakia).

The Employee Structure

Given the focus of the Company, software development specialists have the largest representation. More than 90% of the total number of employees consists of programmers, analysts, system and database specialists, testers, documentarians,

project specialists and consultants. A model based on transferring experts – business consultants – directly to production divisions to join developers and consultants together and provide our customers with solutions has been proven to work. Sales and Marketing specialists steadily represent less than 3%, management staff less than 2% and less than 5% of the employees secure the financial, personnel and administrative support of the Company. More than four-fifths of the Slovak employees have achieved a university degree.

For several years the proportion of women in the Company exceeds one-fifth of the total number of workers in the Slovak Republic. However, after 2008 the Company's gender structure has moved in favour of women. Asseco CE enables their promotion to leading positions as well as their professional growth. Women equality is also evident in their representation in middle management.

6.1 Employment structure in the Asseco Central Europe

Number of employees as on	31 Dec 2012	31 Dec 2011
Management board of the parent company	5	5
Production departments	335	307
Sales departments	10	8
Administration departments	22	22
TOTAL	**372**	**342**

7 MARKET POSITION

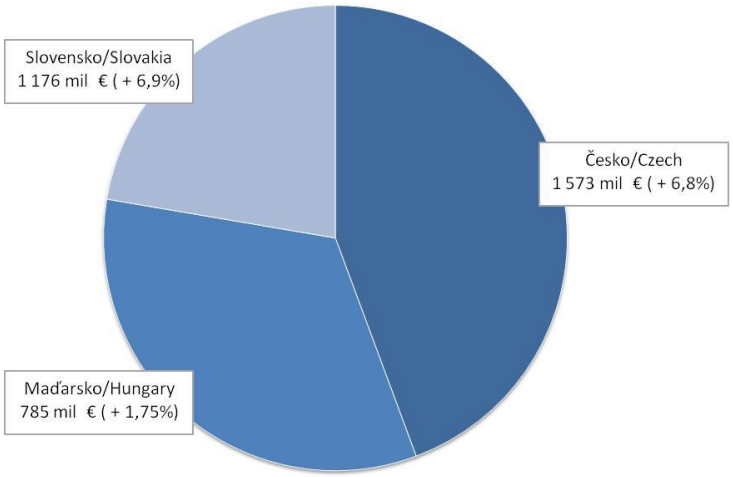
7.1 IT Market

European and local IT market

According to IDC, Romania will see the highest annual growth of IT market within the Central and Eastern Europe region this year, recording almost 7% increase. It will be followed by Poland with 5% and Slovenia with less than 3%. Slovakia should rank fifth, as Hungary will record higher growth as well. The biggest IT market in terms of the amount of spending will be Poland this year with 10 billion USD, followed by the Czech Republic with 5 billion USD. Slovakia will be outpaced both by Hungary and Romania, whose IT spending will exceed the mark of 2 billion USD. However, according to IDC, Slovakia's advantage is the high amount of IT spending in proportion to the population, which reflects the willingness to invest in this sector.

According to the estimates of IDC, the IT sector in Slovakia grew by 6.9% last year, and thus the amount of spending reached 1.67 billion USD. In 2013, the positive trend should continue, as the company expects the growth of IT market at the level of 7.4% and spending in the amount of almost 1.8 billion USD. The growth should slow down in the following years, but it will probably remain at the level of approximately 6%.

The total volume of the information technology market in Slovakia should reach the amount 1.57 billion USD this year, which represents an annual increase by 1.6%. It follows the analysis of IDC, according to which up to 33% of this year's spending will be in the consumer sector and 25% in the industrial sector. In terms of individual IT segments, the hardware will dominate with 44% share in the total market volume. According to IDC, IT services should consume 39% of the spending and software 17%.



Slovak, Czech and Hungarian IT Market 2011 (IDC Forecast 2012 – year to year)

7.2 Trade

Asseco CE operates throughout the entire EU and within Asseco Central Europe we manage operations in the Czech Republic, Slovakia and Hungary. This is a big advantage because we are able to diversify our efforts over a larger geographic area and with a bigger customer background. Our plan for the coming period is to continue the development of solutions and products which we provide our clients with. We will continue unifying and simplifying our product portfolio and we will further closely cooperate with our clients to be able to provide them with the necessary solutions for their business.

The main strategic role of the Sales Department of Asseco CE is to identify new business opportunities, thoroughly perform business activities at our new potential customers, which should consequently result in signing contracts. The aim is to bring about reasonable projects for the Company and professional work for our specialists.

The main attributes the Sales Department is built on, are as follows:

Working consistently and straightforwardly with customers - Success in business is based on detailed knowledge of the needs of our current and potential clients in combination with targeted quotes designed according to those needs, while carrying out direct business activities.

Transparency - Each member of the business team should be sharing his or her knowledge responsibly, understandably and especially based on facts.

Equal and open cooperation with Business Units - Business success is based on teamwork between all participating Sales units within the Company. The Sales Department is an integral part of the new organisational structure with Business Units within Asseco CE.

Selection of business cases - A deep knowledge of clients and their business needs, combined with the optimal choice of business situations where we have the greatest chance to win a contract, is the key to successful building of an effective Sales Department.

7.3 Awards

Asseco Central Europe, as well as its subsidiaries, won several major awards in 2012. The Company has for a long time placed high in ICT in the Trend TOP ranking compiled by the weekly the Trend annually. In addition, the Company was ranked among the leaders of the national economy in Slovakia.

Asseco Central Europe has maintained its position among the TOP ICT companies in Slovakia

Asseco Central Europe succeeded several times in the ranking of the opinion-shaping economic weekly the Trend – Trend TOP in ICT in 2012 as well. It defended its previous victories in the categories "IT Service Providers in Slovakia", "Top IT Suppliers for Private Financial Sector" and "Top IT Suppliers for Industrial Production". The Company also climbed to the top in the category "Top IT Suppliers for Public Sector" last year particularly due to new tenders in the field of state administration in the Czech Republic.

The Company has improved in the category "Software Houses in Slovakia" already for three years in a row. While it was in the fifth place in 2009, it moved to the fourth place in the ranking for 2010, and it is currently in the third place. It placed second in the categories "Information and Communication Companies with Highest EBITDA", "IT Product and Service Suppliers in the SR by Value Added" and "Most Profitable IT Companies in Slovakia" the same as a year ago.

Poskytovatelia IT služieb na Slovensku (2011)
IT Service Providers in Slovakia (2011)

		Predaj IT služieb (tis. €) / IT services sales (000 €)	Ročná zmena (%) / Annual Change (%)	Služby subjektom v zahraničí / Exported services	Rozdelenie tržieb podľa typu služieb [1] (tis. €) / Sales by type of service [1] (000 €): vývoj softvéru na zakázku / tailor-made software development	nové implementácie / new implementations	podpora nasadených aplikácií / support of existing applications	outsourcing	technický servis hardvéru / technical hardware maintenance	bezpečnosť IT / IT security
1.	Asseco Central Europe, a.s., Bratislava	117 450	10,1	54 243	20 394	20 080	35 158	34 692	–	–
2.	T-Systems Slovakia, s.r.o., Košice	71 849	19,1	69 954	–	–	–	71 849	–	–
3.	Atos IT Solutions and Services, s.r.o., Bratislava	49 131	-29,1	9 566	n	n	n	n	n	n
4.	Tempest, a.s., Bratislava	37 405	-20,5	n	324	2 039	1 901	20 145	9 839	2 238
5.	Siemens Program and System Engineering, s.r.o., Bratislava [2]	35 541	-5,5	n	35 541	–	–	–	–	–
6.	Soitron, a.s., Bratislava	30 002	-36,3	n	–	4 213	2 050	10 414	12 120	1 205
7.	Ness Slovensko, a.s., Bratislava	28 745	-15,5	9 165	20 238	1 498	6 937	–	–	72
8.	Alcatel-Lucent Slovakia, a.s., Bratislava	28 167	59	14 136	6 493	–	–	–	21 674	–
9.	Gratex International, a.s., Bratislava	25 673	96,3	n	19 410	965	3 361	163	–	740
10.	PosAm, s.r.o., Bratislava	20 910	1	325	8 669	3 565	4 683	2 097	1 896	–

Najväčší dodávatelia IT pre súkromný finančný sektor (2011)
Top IT Suppliers for Private Financial Sector (2011)

		Dodávky pre súkromný finančný sektor (tis. €) / Supplies for the private financial sector (000 €): 2011	2010	Zmena (%) / Change (%): 2011/2010	Podiel na celkových tržbách (%) / Share on total revenues (%): 2011	2010
1.	Asseco Central Europe, a.s., Bratislava	33 521	35 002	-4,2	25,1	27,5
2.	Atos IT Solutions and Services, s.r.o., Bratislava	13 095	12 169	7,6	18,1	12,6
3.	InsData, s.r.o., Nitra	11 467	9 628	19,1	100,0	100,0
4.	Soitron, a.s., Bratislava	10 487	9 400	11,6	16,1	11,5
5.	Gratex International, a.s., Bratislava	9 792	6 768	44,7	28,0	39,0
6.	Softec, s.r.o., Bratislava	6 060	6 516	-7,0	47,5	68,5
7.	PosAm, s.r.o., Bratislava	5 503	5 238	5,1	16,3	16,9
8.	Datalan, a.s., Bratislava	5 033	3 005	67,5	12,0	7,0
9.	Ness Slovensko, a.s., Bratislava	3 969	8 615	-53,9	13,8	25,3
10.	Tempest, a.s., Bratislava	2 536	1 628	55,8	4,7	2,1
11.	Softip, a.s., Bratislava	1 142	943	21,1	9,3	6,7
12.	Asseco Solutions, a.s., Bratislava	939	458	105,0	10,0	5,1
13.	Millennium 000, s.r.o., Bratislava	855	n	n	41,2	n
14.	Softline Services, a.s., Bratislava	800	600	33,3	38,3	34,7
15.	Anasoft APR, s.r.o., Bratislava	670	670	-0,1	7,2	10,9

Najväčší dodávatelia IT pre verejný sektor (2011)
Top IT Suppliers for Public Sector (2011)

		Dodávky pre verejný sektor (tis. €) / Supplies for the public sector (000 €): 2011	2010	Zmena (%) / Change (%): 2011/2010	Podiel na celkových tržbách (%) / Share on total revenues (%): 2011	2010
1.	Asseco Central Europe, a.s., Bratislava	44 210	40 599	8,9	33,1	31,9
2.	Atos IT Solutions and Services, s.r.o., Bratislava	30 124	53 585	-43,8	41,6	55,5
3.	Datalan, a.s., Bratislava	28 103	28 760	-2,3	67,0	67,0
4.	Tempest, a.s., Bratislava	22 745	36 849	-38,3	42,2	48,6
5.	Soitron, a.s., Bratislava	16 219	25 677	-36,8	24,9	31,4
6.	Gratex International, a.s., Bratislava	11 541	4 339	166,0	33,0	25,0
7.	Ness Slovensko, a.s., Bratislava	11 414	12 025	-5,1	39,7	35,3
8.	PosAm, s.r.o., Bratislava	9 625	17 368	-44,6	28,5	56,0
9.	Gamo, a.s., Banská Bystrica	8 945	11 421	-21,7	68,0	67,0
10.	Softec, s.r.o., Bratislava	4 893	1 626	200,9	38,3	17,1
11.	exe, s.r.o., Bratislava	4 600	n	n	37,0	n
12.	InterWay, s.r.o., Bratislava	4 564	n	n	64,8	n
13.	elfa, s.r.o., Košice	4 290	10 363	-58,6	59,1	84,3
14.	Anasoft APR, s.r.o., Bratislava	3 128	2 004	56,1	33,7	32,5
15.	Telegrafia, a.s., Košice	2 651	4 208	-37,0	35,0	40,0

Najväčší dodávatelia IT pre priemyselnú výrobu (2011)
Top IT Suppliers for Industrial Production (2011)

		Dodávky pre priemyselnú výrobu (tis. €) / Supplies for Industrial production (000 €)		Zmena (%) / Change (%)	Podiel na celkových tržbách (%) / Share on total revenues (%)	
		2011	2010	2011/2010	2011	2010
1.	Asseco Central Europe, a.s., Bratislava	42 846	51 663	-17,1	32,1	40,6
2.	Alcatel-Lucent Slovakia, a.s., Bratislava	14 167	8 710	62,7	31,4	37,0
3.	Atos IT Solutions and Services, s.r.o., Bratislava	11 078	9 258	19,7	15,3	9,6
4.	Soitron, a.s., Bratislava	7 621	1 880	305,4	11,7	2,3
5.	Ness Slovensko, a.s., Bratislava	5 184	3 760	37,9	18,0	11,0
6.	PosAm, s.r.o., Bratislava	4 544	517	778,9	13,5	1,7
7.	Siemens Program and System Engineering, s.r.o., Bratislava	4 265	5 644	-24,4	12,0	15,0
8.	exe, s.r.o., Bratislava	2 880	n	n	23,2	n
9.	Datalan, a.s., Bratislava	2 097	2 576	-18,6	5,0	6,0
10.	Asseco Solutions, a.s., Bratislava	2 067	1 544	33,9	22,0	17,2
11.	Softip, a.s., Bratislava	2 016	1 712	17,8	16,4	12,1
12.	Telegrafia, a.s., Košice	1 884	3 156	-40,0	25,0	30,0
13.	BSC Line, s.r.o., Dubnica nad Váhom	1 763	1 475	19,5	40,0	35,0
14.	GFTy – Slovensko, a.s., Martin	1 390	765	81,7	47,2	25,2
15.	Tempest, a.s., Bratislava	1 335	1 516	-11,9	2,5	2,0

Najväčší dodávatelia IT pre infraštruktúrne podniky (2011)
Top IT Suppliers for Utility Companies (2011)

		Dodávky pre infraštruktúrne podniky (tis. €) / Supplies for the utility companies (000 €)		Zmena (%) / Change (%)	Podiel na celkových tržbách (%) / Share on total revenues (%)	
		2011	2010	2011/2010	2011	2010
1.	Alcatel-Lucent Slovakia, a.s., Bratislava	30 895	14 844	108,1	68,6	63,0
2.	RWE IT Slovakia, s.r.o., Košice	16 033	13 377	19,9	100,0	100,0
3.	Asseco Central Europe, a.s., Bratislava	12 908	–	–	9,7	–
4.	PosAm, s.r.o., Bratislava	11 423	5 393	111,8	33,9	17,4
5.	Soitron, a.s., Bratislava	11 203	3 510	219,2	17,2	4,3
6.	Atos IT Solutions and Services, s.r.o., Bratislava	10 953	11 243	-2,6	15,1	11,6
7.	Tempest, a.s., Bratislava	10 887	10 391	4,8	20,2	13,7
8.	Ness Slovensko, a.s., Bratislava	6 631	9 236	-28,2	23,1	27,1
9.	Ipesoft, s.r.o., Žilina	5 492	4 178	31,4	93,8	90,6
10.	I.S.D.D. plus, s.r.o., Bratislava	3 923	3 678	6,7	95,0	95,7
11.	Datalan, a.s., Bratislava	3 356	2 576	30,3	8,0	6,0
12.	Stéra, a.s., Bratislava	3 075	2 219	38,6	73,2	64,4
13.	Telegrafia, a.s., Košice	2 651	3 156	-16,0	35,0	30,0
14.	AnasoftA PR, s.r.o., Bratislava	2 567	2 078	23,5	27,6	33,7
15.	Softip, a.s., Bratislava	1 874	3 140	-40,3	15,3	22,2

Info-komunikačné firmy s najvyššou EBITDA (2011)
ICT Companies With The Highest EBITDA (2011)

		EBITDA (tis. €) / EBITDA (000 €)	Ročná zmena (%) / Change (%)	Marža EBITDA (%) / EBITDA margin (%)	Odpisy (tis. €) / Amortization and depreciation (000 €)	Prevádzkový zisk (tis. €) / Operating Profit (000 €)	Investície (tis. €) / Investsments (000 €)
Informačné technológie							
1.	Eset	70 838	-8,0	69,1	2 029	68 928	2 429
2.	Asseco Central Europe	30 335	32,8	22,7	9 259	18 001	21 769
3.	T-Systems Slovakia	7 037	-29,0	9,8	2 496	4 792	3 124
4.	PosAm	3 990	-13,1	11,8	855	3 135	1 190
5.	Gratex International	3 878	166,6	11,1	348	3 512	n
6.	Soitron	3 837	-61,7	5,9	1 136	2 701	n
7.	Tempest	3 806	-54,7	7,1	672	3 024	n
8.	Atos IT Solutions and Services	3 144	-62,6	4,3	2 847	297	1 899
9.	Sygic [1]	3 118	71,0	34,9	8	3 111	84
10.	RWE IT Slovakia	2 866	-28,3	17,9	32	2 854	n

Dodávatelia IT produktov a služieb v SR podľa pridanej hodnoty (2011)
Suppliers of Information Technologies in Slovakia Ranked by Added Value (2011)

		Pridaná hodnota (tis. €) / Added value (000 €)		Zmena (%) / Change (%)	Celkové tržby (tis. €) / Total sales (000 €)	Zisk po zdanení (tis. €) / After-tax profit (000 €)		Zmena (%) / Change (%)	Priemerný počet zamestnancov / Average number of employees	
		2011	2010	2011/2010	2011	2011	2010	2011/2010	2011	2010
1.	Eset, s.r.o., Bratislava [4]	89 616	86 071	4,1	102 542	55 864	61 141	-8,6	326	245
2.	Asseco Central Europe, a.s., Bratislava	75 719	67 184	12,7	133 485	15 742	9 610	63,8	1 515	1 672
3.	T-Systems Slovakia, s.r.o., Košice	55 430	45 747	21,2	71 849	4 344	7 143	-39,2	2 041	1 766
4.	Siemens Program and System Engineering, s.r.o., Bratislava [1]	25 058	26 225	-4,4	35 541	905	1 876	-52	698	700
5.	Atos IT Solutions and Services, s.r.o., Bratislava [1,2]	21 960	n	n	72 356	-1 075	n	n	476	n
6.	Soitron, a.s., Bratislava [3]	19 366	32 788	-40,9	65 135	2 947	6 689	-55,9	422	714
7.	Tempest, a.s., Bratislava	16 788	21 878	-23,3	53 892	2 498	6 206	-59,7	233	211
8.	Gratex International, a.s., Bratislava	16 244	9 864	64,7	34 973	2 790	601	364,2	303	259
9.	Alcatel-Lucent Slovakia, a.s., Bratislava	15 521	4 701	230,2	45 062	408	1 008	-59,5	201	201
10.	PosAm, s.r.o., Bratislava	13 898	14 635	-5,0	33 739	2 366	2 995	-21,0	269	254

Source: Trend TOP in IT, economy weekly Trend, May 2012

Intelligent Transport System in the City of Trnava on the shortlist of the IT PROJECT OF THE YEAR

In autumn last year, Asseco CE was included in the **shortlist for the IT PROJECT OF THE YEAR** with the Intelligent Transport System in the City of Trnava project. The goal of the project is the strategic monitoring of the road network on the territory of the city and in the wider vicinity, and of the traffic related information, as well as the creation of traffic information on the current and predicted traffic conditions. The project offers a solution that is unique in the conditions of the SR, where many new technological and telematic solutions and procedures have been tested and debugged. The official results of the contest were announced at the ceremonial event IT GALA.

Asseco CE is among the leaders in building of the national economy in Slovakia

Last year, Asseco Central Europe was not absent from the ranking of the top companies and organizations operating in Slovakia both in various branches of business and in the non-profit sphere either, which is annually compiled by the weekly the Trend. Last year, only five IT companies were included in the TREND TOP 200 ranking that analyses the most important Slovak non-financial enterprises by consolidated revenues regardless of their focus. Only HP, whose subject of business differs considerably, was ranked higher than Asseco CE. The Company also scored in the following rankings (all rankings contain companies regardless of their focus):

- Asseco CE has the 20th highest return on sales among all the companies doing business in Slovakia.
- The Company is in the top thirty of companies with the highest increase in value added. Moreover, the Company placed thirty-second in the cross-industry ranking of companies that contribute the most to the creation of the GDP of Slovakia.
- It is also in the top thirty of companies with the highest after-tax-profit.
- Asseco CE made its ways to the ranking of the most investing companies in the SR as well.

8 NEW PROJECTS, PRODUCTS AND SERVICES

Supreme Audit Office of the SR – Audit Information System support and development services

At the end of 2011 and at the beginning of 2012, all the parts of the National Project Audit Information System of the Supreme Audit Office (hereinafter referred to as the AIS SAO SR), financed from the OPIS funds, were put into production operation. The subject of the delivery was an implementation of electronic services of the Supreme Audit Office of the SR (hereinafter referred to as the SAO SR), namely by the implementation of a new information system for the support of SAO SR processes.

The support and development services for the delivered solution have been provided under the valid agreement (Terms and Conditions for the Provision of Support Services) since 2012.

In the first half of 2012, the priority goals of the project focused on setting the process and conditions for the management of AIS SAO SR production operation, as well as the support to SAO SR end users by the provision of training services.

Based on good practice and user experience in the use of AIS SAO SR, activities related to the development of the information system were designed, approved and consequently implemented in the second half of 2012. Their main goal was the support to the end user at work with the information system and implementation of new procedures and methods related to the support of the audit activity of SAO SR personnel.

Completion of StarFIN implementation for the financial group Wüstenrot

Since 2010, a project of StarFIN production system implementation was in progress in Wüstenrot. It comprised of a complete delivery of the main information systems StarINS, StarBUILD and StarSTAT. StarINS was delivered including the customization, as well as the migration of data from the existing systems to the new system. In January 2012, **StarINS** was launched in the production environment of Wüstenrot pojišťovna as well as of Wüstenrot životní pojišťovna. In February 2012, the implementation of StarFIN was completed by the migration of data from the original systems and starting the routine operation of the banking core system **StarBUILD** for Wüstenrot stavební spořitelna, a. s. and Wüstenrot hypoteční banka, a. s., namely including DMS, report administration and management system **StarSTAT** and all interfaces to the related institutions and registers (Ministry of Finance, Czech National Bank (CNB), CBCB, Central Credit Register (CCR), ISIR, FISST, …). In May 2012, a pilot operation of the whole StarFIN was completed and its final implementation was accepted by the customer. In the third quarter of 2012, a client and consultant portal (CCP) was launched above the central system StarFIN.

By this implementation, the Wüstenrot financial group acquired a high-performance complex information system providing an automated processing of bulk processes, with central secured records of all its clients, central database of its product portfolio - with full support of their administration and functionality, and with great options of their mutual combination and interconnection, with the tracking of its customers' needs, and with the provision of a wide range of building savings and insurance tailor made for its clients. The new CCP ensures record-keeping, tracking and control of all the information, and provides operations and tools required for the support of both internal and external sales channels, as well as for the clients of the Wüstenrot financial group.

Launch of SofiSTAR information system pilot operation in ČSOB Penzijná spoločnosť, a. s.

In February 2012, ČSOB Penzijná spoločnosť, a. s. signed a contract with Asseco CE for the delivery of SofiSTAR information system. The experience gained by the Company in the implementation of the same information system in projects for the second and third pillar in Slovakia, as well in the creation of the previous core system of ČSOB Penzijná spoločnosť, contributed to this success. The work on the project advanced very dynamically in the past year, and a pilot operation of the solution being supplied was launched early this year. SofiSTAR was modified for the conditions of ČSOB Penzijná spoločnosť preserving the original functionalities in the existing core system ISPF. In 2013, the Company will deliver the remaining functionalities and migrate the data from the original core system ISPF to the new core system SofiSTAR. Consequently, the operation of the original core system will be terminated.

Českomoravská stavební spořitelna – Replacement of the existing core system IBP with the complex system for building savings StarBUILD

A contract for the delivery of StarBUILD was signed in July 2012 follow up to the Proof of Concept project successfully implemented at the turn of 2011 and 2012. Českomoravská stavební spořitelna (ČMSS) is the largest building savings bank in the Czech Republic and the second largest building savings bank in Europe. By the signature of the contract, Asseco CE acquired the fourth out of five building savings banks in the Czech Republic. Thus it reinforced the dominant position of StarBUILD in the building savings bank market in the Czech Republic.

Financial Directorate of the SR – Extension of the data warehouse functions by the solution for the fight against tax frauds

In accordance with the governmental concept of fight against tax frauds, a Collateral module was implemented above the data warehouse solution to support the payment of collateral in the registration of taxable entities for VAT.

The module provides the determination of taxable entity's risk level by an evaluation of predefined attributes on the basis of the implemented data mining model. Subsequently, it calculates, according to the risk level, the amount of the collateral that has to be paid by the taxable entity in connection with the registration. The module provides the evaluation of taxable entity's behaviour after one year from the registration, when the state returns the collateral in case of a trouble-free course. If the taxable entity commits an illegal act within a year after the registration, then the paid collateral is be used to cover the liabilities incurred to the state by such conduct.

Delivery of the DMS system to Vojenská zdravotní pojišťovna ČR

The Health Insurance Company Portal (HICP) data message processing and the trustworthy HICP data message storage for Vojenská zdravotní pojišťovna České republiky represent a system of electronic document circulation in the environment of the health insurance company. It provides information support for the entire process from the creation and recording of a document up to its sending, and on the other hand, recording of the receipt of documents and their long-term trustworthy archiving in electronic format. In terms of the concept, it de facto makes it possible to fulfill the vision of a paperless insurance company. The delivery of the whole solution consists of four main components: central infrastructure, HICP data message recording, support process management and trustworthy HICP data message storage. The benefits of the project for the customer can be seen in saving on administrative costs related to the processing of documents, harmonisation with the legislation of the CR in the field of electronic file service management, and in the streamlining and organization of work for the covered areas/processes.

9 KEY CLIENTS

BANKING

Československá obchodní banka, a. s.
EXIMBANKA SR
GE Money Bank, a. s.
GE Money Multiservis, a. s.
Istrobanka, a.s.
J&T Banka, a.s.
Magyar Nemzeti Bank
OTP Banka Slovensko, a. s.
Poštová banka, a. s.
Slovenská sporiteľňa, a. s.
Tatra banka, a.s.
UniCredit Bank Slovakia, a. s.
Všeobecná úverová banka, a.s.
Wincor Nixdorf, s. r. o.
Wüstenrot hypoteční banka, a. s.
Živnostenská banka, a.s.

BUILDING SAVINGS

Českomoravská stavební spořitelna, a. s
HVB – Banca pentru Locuinte
Modrá pyramida stavební spořitelna, a. s.
Stavební spořitelna České spořitelny, a. s.
Wüstenrot - stavební spořitelna, a. s.

INSURANCE

Allianz - Slovenská poisťovňa, a. s.
ČSOB d.s.s., a. s.
ČSOB Penzijní fond Progress, a.s.
ČSOB Pojišťovna, a.s.
Pojišťovna Všeobecné zdravotní pojišťovny, a.s.
STABILITA d.d.s., a. s.
VÚB Generali dôchodková správcovská spoločnosť, a. s.
Wüstenrot neživotní pojišťovna, a.s.
Wüstenrot životní pojišťovna, a.s.

HEALTHCARE

Česká průmyslová zdravotní pojišťovna
Európska zdravotná poisťovňa, a.s.
Fakultná nemocnica s poliklinikou F. D. Roosevelta
Fakultná nemocnica Trnava
Ministerstvo zdravotníctva SR (Ministry of Health of the Slovak Republic)
Národné centrum zdravotníckych informácií (National Health Information Center, Slovak Republic)
Oborová zdravotní pojišťovna zaměstnanců bank, pojišťoven a stavebnictví
Revírní bratrská pokladna, zdravotní pojišťovna
Union zdravotná poisťovňa, a.s.
Ústav zdravotnických informací a statistiky ČR (Institute of Health Information and Statistics of the Czech Republic)
Všeobecná zdravotná poisťovňa, a.s.
Vojenská zdravotní pojišťovna České republiky
Zaměstnanecká pojišťovna Škoda

PUBLIC

Daňové riaditeľstvo SR (Tax Directorate of the Slovak Republic)
Energetický regulačný úrad (Energy Regulatory Office, Slovak Republic)
Ministerstvo dopravy, výstavby a regionálneho rozvoja SR (Ministry of Transport, Construction and Regional Development of the Slovak Republic)
Ministerstvo zdravotníctva SR (Ministry of Health of the Slovak Republic)

Najvyšší kontrolný úrad SR (The Supreme Audit Office of the Slovak Republic)

Národná diaľničná spoločnosť, a.s. (National Highway Company, Slovak Republic)

Štatistický úrad SR (Statistical Office of the Slovak Republic)

TELCO AND IT

Orange Slovensko, a. s.

SWAN

Telekom, a. s.

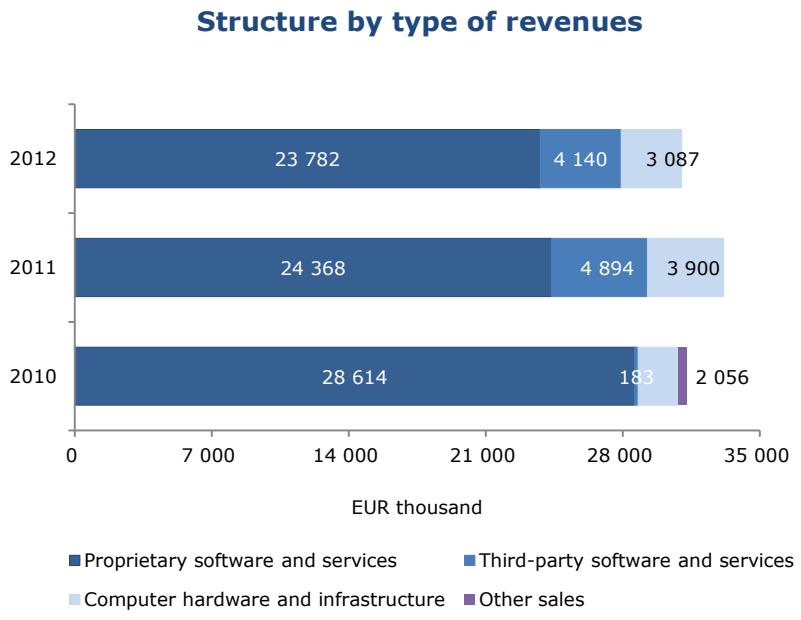
10 ANALYSIS OF FINANCIAL RESULTS OF ASSECO CENTRAL EUROPE, A. S.

In the last three financial years ended 31 December 2012, 31 December 2011 and 31 December 2010, Asseco Central Europe, a.s. (the "Company") posted the following financial results:

EUR thousand	2010	Margin	2011	Margin	2012	Margin
Sales revenues	31,285	*N/A*	33,162	*N/A*	31,009	*N/A*
Operating profit	7,261	*23.2%*	6,632	*20.0%*	5,924	*19.1%*
Pre-tax profit	8,514	*27.2%*	12,978	*39.0%*	13,616	*43.9%*
Net profit for the period	7,006	*22.4%*	11,687	*35.0%*	12,463	*40.2%*

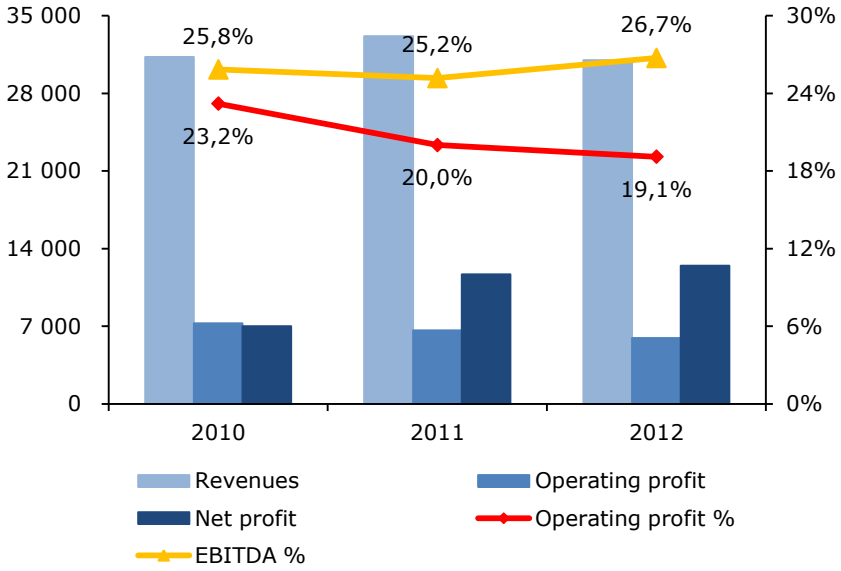
The Company reported decrease in sales by 6,5% in 2012 on year-on-year basis ("y/y"), compared to a 6% growth in 2011 y/y. A more detailed analysis of revenues reveals that the core revenues from proprietary software and services slightly decreased by 2,4% in 2012 y/y, in comparison to drop by 15% in 2011 y/y. Sales from third-party software and hardware dropped by 15% and 21% respectively y/y.

The Company's results were still adversely influenced by the business environment in Slovakia. Parliamentary elections in March 2012 resulted in personnel changes in public administration and have essentially stopped new tenders in public sector. Apart from that, general cost savings trends resulted in continuos price negotiations in both public and finance sector.



Operating profit of the Company declined by EUR 0.7 million in 2012 y/y. The drop was influenced mainly by amortization of DEF3000 license (put in use at the beginning of 2012) which brought in a negative impact worth EUR 0.7 million.

Due to cost saving in operations and positive impact from of accounting operations (provisions, write-offs, allowances, etc.) in 2012 the Company maintained to keep stable EBITDA y/y. EBITDA, which adjusts for depreciation and amortization expenses, amounted to EUR 8.1 million, EUR 8.4 million and EUR 8.3 million in the 2010, 2011 and 2012. EBITDA margin slightly increased to 26.7% (25.2% in 2011) mainly due to lower sales in 2012.



Given the relatively stable operating performance in the analyzed period, the reported changes in net income were driven mainly by results from financial activities. In 2010, the Company earned on dividends from subsidiaries EUR 4.8 million and reported EUR 7 million net income after the loss from a write-off of the UNiQUARE investment of EUR 3.2 million was accounted. In 2011 dividends received accounted for EUR 6.2 million of net

profit for the period of EUR 11.7 million, while in 2012 the higher dividends in amount of EUR 7.4 million contributed to increase of net profit to EUR 12.4 million.

Financial position of the Company

EUR thousand	As at 31 Dec 2010	Share on total	As at 31 Dec 2011	Share on total	As at 31 Dec 2012	Share on total
PP&E and other non-current assets	1,751	1.6%	1,314	1.1%	2,150	2.0%
Ingangible assets	15,792	14.4%	13,299	11.0%	11,373	10.5%
Financial investments	63,007	57.3%	62,348	51.4%	64,759	59.5%
Current assets, excluding cash	18,040	16.4%	27,182	22.4%	17,730	16.3%
Cash and cash equivalents	11,450	10.4%	17,209	14.2%	12,737	11.7%
Total Assets	**110,040**	100.0%	**121,352**	100.0%	**108,749**	100.0%
Equity	94,256	85.7%	101,244	83.4%	99,609	91.6%
Interest-bearing debt[1]	105	0.1%	29	0.0%	8	0.0%
Other non-interest bearing liabilities[1]	15,679	14.2%	20,079	16.5%	9,132	8.4%
Total Equity and Liabilities	**110,040**	100.0%	**121,352**	100.0%	**108,749**	100.0%

Note 1: the figure includes both current and non-current portion of liabilities.

Financial indicators

Net debt	(11,345)		(17,180)		(12,729)	
Net liabilities	4,334		2,899		(3,597)	
Net liabilities to Equity	5%		3%		(4%)	

In 2010 the Company disposed of the shareholding in UNiQUARE and merged with its subsidiaries MPI Consulting and ISZP. The transactions had impact on balance of financial investments, intangibles and other receivables reported at the end of 2010 and 2011. Financial investments decreased by EUR 22.3 million in this respect. In the same period, the Company acquired interests in Statlogics and GlobeNet at cost of EUR 15.1 million. The balance of financial investments outstanding after the changes in the group structure, was EUR 63 million as at 31 December 2010.

Transaction price of the disposal of shares in UNiQUARE was structured in a form of the Company's acquisition of licenses for UNiQUARE products worth EUR 12.3 million and a receivable from disposal of EUR 5.5 million. Legal mergers with MPI and ISZP led to a recognition of intangible assets in total amount of EUR 4.2 million. The carrying amount of intangibles stood at EUR 15.8 million at the end of 2010 and decreased to EUR 13.3 million due to amortization of intangibles as well as impairment charge of EUR 0.3 million recognized at 31 December 2011.

In 2011, the Company increased its ownership interest in Statlogics from 70% to 85% for a consideration of EUR 0.7 million. Owing to the both (i) worsened macroeconomic situation in Hungary and (ii) lower than budgeted performance, the Company recognized impairment on its investment in GlobeNet in amount of EUR 1.6 million as at 31 Decemeber 2011.

Following to the disposal of the UNiQUARE investment and acquisition of the UNiQUARE

licenses, the Company and Asseco Poland S.A. agreed to trade-off two solutions of the UNiQUARE licenses (Teller and Loan) and Def 3000 software developed by Asseco Poland S.A. The transaction took place at the end of 2011 and resulted in a recognition of intercompany receivable of EUR 5.7 million and payable of EUR 5.2 million on the face of the Company's statement of financial position. Both of them were later on settled in 2012.

In 2012 the Company acquired remaining shares in both Statlogics (15%) and Globenet in two tranches (10% and 30%) for the total consideration of EUR 3.8 million. Apart from that investments, the net impact from dividends was negative in amount of EUR 6.3 million. Amortization of software licences acquired in previous periods resulted in the decrease in intangible assets by EUR 2 million.

Net working capital calculated as a difference between non-financial current receivables and payables amounted to EUR 3.3 million, EUR 5 million and EUR 3.7 million as at the end of 2010, 2011 and 2012, respectively. These levels indicate a self-sufficient financing of operating cycle of the Company. Further to that, virtually zero indebtedness and a stable level of accumulated retained earnings (EUR 18.5 million as at 31 December 2012) confirm a healthy capital structure of the Company in the analyzed period.

Cash-flow analysis

EUR thousand	2010	2011	2012
Cash-flow from operating activities	5,667	4,456	7,899
Cash-flow from investing activities	(4,809)	6,076	1,750
Cash-flow from financial activities	(4,778)	(4,773)	(14,121)
Change in cash for the period	**(3,921)**	**5,759**	**(4,472)**
Cash and cash equivalents, beginning of period	15,371	11,450	17,209
Cash and cash equivalents, end of period	11,450	17,209	12,737

Cash-flow statement provides a clear view on both activities of the Company. Cash-flows generated in operations represents net cash income from rendering of software services. Cash conversion ability of the Company was strong in 2010-2012.

Cash-flow from investing activities represents outlays spent on acquisition of shareholding interests (and proceeds from disposals of shares) and cash collection of dividends from subsidiaries. In 2010, the outflow of cash on investments prevailed over dividend proceeds when controlling interests in Statlogics and GlobeNet became the acquisition targets of the Company. The opposite holds for year 2011 when only non-controlling interest in Statlogics was acquired but cash from dividends of EUR 5.8 million was collected. In 2012 the Company maintained the positive result from investing activities with EUR 7.7 million dividends received and EUR 3.8 million were spent on the non-controlling interests in both Hungarian companies. Short term investments used as bank deposit in amount of EUR 4 million are presented as an outflow in investing activities.

Cash-flow from financial activities summarizes cash paid in dividends to shareholders of the Company (EUR 4.7 million in 2010 and 2011 and EUR 14.1 million in 2012). Due the income from dividends lowr than the distribution of dividends to the Company's shareholders in 2012, the Company's cash balances decreased in spite of higher cash-flow from software operations.

Analysis of concentration risks

Sales revenues to the following customers exceeded a 10% share on total sales of the Company in year 2012: Všeobecná zdravotná poisťovňa, a.s.

Purchases from the following suppliers exceeded a 10% share on total purchases of the Company in year 2012: ASBIS SK s.r.o.

11 DESCRIPTION OF SIGNIFICANT RISKS AND THREATS

Risks associated with the environment in which the Company operates

- Risks associated with the macroeconomic situation in Slovakia - uncertain development of the IT market (mainly because of still appreciable effects of the global financial crisis), uncertain economic growth, decline in business investment in previous periods, decline in public procurement due to budgetary savings or increase in inflation can have a negative impact on the activities and financial situation of the Company, its financial results and prospects of development.
- Risk associated with the adoption of legislation, when some of the activities provided by the private institutions will be eliminated and moved to the State responsibility (health insurance, social security and pension insurance and selected banking activities)
- Changes in the way of adoption, interpretation and application of legislation - any changes in legislation, especially in the field of taxation, labor, social security, may have an adverse impact on business activities, forecasts, financial results and position
- Increasing competition on the IT market can have a negative impact on the ability of the companies of the Company to acquire new projects, which can result in reduction of profit margins and lead to a reduction in market share
- The persistence of lack of IT professionals in the labor market
- Adverse changes in exchange rates, but clearly slowed by the introduction of Euro in the Slovak republic, especially in the case of group companies that operate in the Euro area and mostly invoice in Euros
- Risks connected with concentration of activities on domestic market – the Company may not benefit (diversify risks) from positive (negative) market development
- Risks linked with the development in the financial sector - most of the Company's customers are customers from the financial sector, development in this sector will have an impact on the results of the Company
- Risks connected with the interpretation of the laws of a foreign legal systesm, with the inaccuracy of interpretation - Asseco Central Europe, a.s. was founded and operates in accordance with Slovak legislation. The Company is listed on the Warsaw Stock Exchange and is subject to the relevant legislation valid in Poland, which is available in Polish or English language
- The risk of non-compliance of Polish or Slovak legislation with the legislation of the country where subsidiaries operate. There is a additional risk from not assessing the current situation of a subsidiary correctly from the public point of view.

Risks associated with business activities of the Company

- Dependence on few big projects and any difficulties in obtaining new projects may have an adverse impact on the Company's activities - each loss of an important project, which is not offset by revenue from new or existing projects may affected adversely the operating activities, forecasts, financial results and financial position of the Company

- Dependence on major customers, loss of which could have an adverse impact on the Company's activities, may adversely affect operating activities, forecasts, financial results and position of the Company
- Failure to prepare and implement new products and services may have a material adverse effect on the Company's activities
- The Company plans to participate in the implementation of projects in the public sector, some of which will be co-financed from the resources available in the operational programs of the European Union. Any delays or restrictions on these projects may adversely affect the Company's operations
- Failure to meet contractual deadlines, or other parameters specified by the clients of the Company or the improper functioning of the solutions provided by the Company - there is still a potential risk that the Company will not be able to meet all the needs of customers, which may result in a penalty payment
- Loss of reputation in the eyes of customers - for example, following a competitive efforts toward the creation of competitive pressure on the Company through the media
- Customization of products to changes in the law may incur significant costs that may not be fully paid by the customer
- Major suppliers may limit cooperation with the Company (this applies primarily to support of the standardized third-party products that we use to deliver our solutions)Operational and financial difficulties of sub-contractors may adversely affect the reliability of the Company in the eyes of customers.
- General risks of acquisition of companies - there is still a potential risk that the integration process of new companies in the Group will be less successful or we may experience some difficulties.
- Failure to execute the strategic goals of expansion

Risks associated with the management of Asseco Central Europe, a. s.:

- A majority shareholder can take action in contradiction with the interests of other shareholders
- The risk of a potential conflict of interest of members of the Board of Directors and the Supervisory Board
- The number of members of the Supervisory Board, which elect employees according to relevant provisions of the Statute, may not be consistent with the law
- Insurance policy may not cover all risks
- Rapid growth and development can lead to difficulties in obtaining adequate managerial and operational resources
- Dependence on key personnel whose loss could adversely affect the Company's activities
- Board members who resign, may require compensation
- Company may not be able to maintain the existing corporate culture in relation with activities development
- Integration of management processes in the Company may be incorrectly interpreted and cause divergent decisions
- The adoption, interpretation and application of legislation in Slovakia may be different than in Poland and other countries
- Polish courts issued rulings against the Company may be more difficult to apply in Slovakia than it would be if the Company and its management were in Poland
- Shareholders from Poland may have difficulty with the exercise of rights under the Slovak legislative
- Investors may not be able to sell shares of the Company at the expected price or the expected date due to the lack of an active or liquid market
- Excess supply of the Company shares on the stock market may have an adverse impact on their price

12 SIGNIFICANT EVENTS AND ACHIEVEMENTS OF ASSECO CENTRAL EUROPE, A. S.

On 13 December 2012, the Board of Directors of Asseco Central Europe, a. s., adopted the resolutions on the resignation of Mr. Michal Navrátil and Mr. Marek Morávek from Board of Directors. The resignations came into effect on the same day.

On 13 December 2012, the Supervisory Board of the Asseco Central Europe, a. s. adopted a resolution on the appointment of Mr. Radek Levíček, Business Unit Public Director, as a new vice-chairman of the Board of Directors of the Company. Furthermore, on 13 December 2012, the Supervisory Board of the Company at its meeting adopted a resolution on the appointment of Mr. David Stoppani, Sales Director of Asseco Central Europe, a. s. /CZ/, as a new member of the Board of Directors of the Company. Both appointments came into effect on the same day.

On the same day, Director of Internal Support Division of the Company, Mr. Michal Navrátil, was appointed as a registered proxy of the Company. The appointments came into effect on 15 January 2013.

Important business contracts realized in the Company

- Českomoravská stavební spořitelna (Czech-Moravian Building Society) – replacement of the core banking system, StarBUILD implementation and customization for the largest Building Society in Czech Republic
- Českomoravská stavební spořitelna (Czech-Moravian Building Society) –CHR project extension
- Finančné riaditeľstvo SR (Tax Administration of the Slovak Republic) – change requests related with the extension of the DWH functionalities in Anti Fraud Solution
- NKU (Supreme Audit Office) – signed SLA contract

13 ADDITIONAL INFORMATION

13.1 Indication of the proceedings pending before the courts and public administration

Currently there are no ongoing proceedings before the courts, the authority responsible for arbitration proceedings or public administration bodies, in which the party would be Asseco Central Europe, a. s. which would be subject to claims or liabilities of at least 10% of the equity of the Company.

13.2 Information about seasonality

Production of the Company is subject to the usual seasonality observed across the IT industry. According to past experience most of the Company revenues are generated in the fourth quarter, when investments budgets are realized by the customers.

13.3 Information on the dividends paid or declared

According to information published in the Prospectus, the Company has not declared a dividend policy.

Ordinary general shareholders meeting which was held on 19 April 2012 approved consolidated and standalone financial statements of Asseco Central Europe, a. s. and the

distribution of net profit from previous periods. The dividends were paid out in the total amount of EUR 14,097,600 which represents EUR 0.66 per 1 share.

13.4 Information on changes in contingent liabilities or contingent assets

Information on contingent liabilities or contingent assets are presented in the Note 26 and Note 27 of the Company's financial statements.

13.5 Transactions with related parties

Transactions of the Company with related parties are provided in the Note 23 of the financial statements of the Company.

13.6 Loans, loan agreements, sureties, guarantees and commitments

The Company did not bear any loans as at 31 December 2012. Commitments and contingent liabilities are provided in the Note 26 and Note 27 of the financial statements of the Company.

13.7 Feasibility of achievement of the published of forecasts for 2012

The Board of Directors of the Company did not publish any forecast for 2012.

13.8 Management of financial resources

The financial resources of Company consists of operating activities.

The Company holds surplus funds with licensed banking institutions, in form of term deposits with minimal risk. The Company does not invest in securities for short-term appreciation of resources other than those reported in the Note 16 of the financial statements of the Company.

The Company generally fulfills its obligations on time. If necessary, the Company is able to react to short-term lack of liquidity by using intercompany loans.

13.9 Evaluation of feasibility of investment projects

Apart from purchases of non controlling interests in both Hungarian subsidiaries, the investment activities of the Company in 2012 were connected mostly with the creation of the processing center represented by the newly established subsidiary DanubePay, a.s.

All of the transactions were planned in a way that they should not limit or threaten the ongoing character of operating activities of the Company and the financial liquidity of individual companies of the group. Moreover, the Company plans to continue reinvesting in the assets, which are used for operating activities.

13.10 Factors and events, particularly of unusual character, having an impact on financial results

There were the following one-off transactions having significant impact on financial results of the Company in 2012:

- Impairment of financial investment in GlobeNet of EUR 1.45 million and simultenous release of EUR 1.45 million of contingent consideration related to the transaction price; and
- Reversal of provisions for contractual penalties created in 2011 in amount of EUR 0.6 million.

13.11 Characteristics of the factors relevant to the development of the Company

External factors affecting future financial performance of the Company include:

- Development of economic situation in the countries of Central Europe and economic situation in the customers market
- Level of demand for IT solutions in the financial sector
- Level of demand for IT solutions in public administration
- The rapid pace of technological development
- Actions of competitors from the IT industry
- Exchange rate volatility

Internal factors affecting future financial performance of the Company include:

- Realization of customer contracts
- Results of tenders and negotiation of new contracts in the IT sector
- Cooperation and synergies resulting from the collaboration of companies within the group in order to maintain competitive advantages and strengthening the group's position in the market
- The Company's management expects further integration of the group companies, based on planned synergies enabling more benefits for Asseco Central Europe SK and CZ and Asseco Solutions SK and CZ in the future.

13.12 Changes in the basic principles of management of the Company

In the reporting period, there were no changes in the basic principles of management of Company.

13.13 All agreements between the Company and its management, providing compensation in case of their resignation or dismissal

Asseco Central Europe, a. s. has not entered into agreements with its management, providing for compensation in case of their resignation or dismissal.

13.14 Information on salaries, bonuses or benefits for managers and supervisors

Information on salaries, bonuses or benefits for managers and supervisors are presented in the Note 32 of the financial statements.

13.15 Information about existing agreements that may result in the future changes of the proportions of shares held by existing shareholders

Asseco Central Europe, a. s. is not aware of any agreement which could result in changes in the proportion of shares held by existing shareholders.

13.16 Information about share based payment transactions

The Company does not conduct employee share schemes.

13.17 Agreement with the entity authorized to audit financial statements

General Shareholders Meeting of Asseco Central Europe, a. s. approved the selection of Ernst & Young Slovakia, spol. s r.o. with registered seat at Hodžovo námestie 1/A Bratislava, SKAU Licence No. 257 as independent auditor for standalone and consolidated financial statements of Asseco Central Europe, a. s. for the year 2012.

Detailed information about the total audit fees charged to Asseco Central Europe, a. s. are presented in the Note 30 of the financial statements of the Company.

13.18 Significant events after the balance sheet date

Up to the date of preparing this annual report 2012 no significant events occurred that might have an impact on the financial statements.

14 SELECTED FINANCIAL DATA OF FINANCIAL STATEMENTS

SELECTED FINANCIAL DATA	In thousand of zł		In thousand of EUR	
	4 quarters cumulative	4 quarters cumulative	4 quarters cumulative	4 quarters cumulative
	1 Jan 2011 - 31 Dec 2011	1 Jan 2011 - 31 Dec 2011	1 Jan 2012 - 31 Dec 2012	1 Jan 2011 - 31 Dec 2011
Sales revenues	129,419	137,294	31,009	33,162
Operating profit (loss)	24,724	27,457	5,924	6,632
Pre-tax profit (loss)	56,828	53,730	13,616	12,978
Net profit for the period reported	52,016	48,385	12,463	11,687
Net cash provided by (used in) operating activities	32,967	18,448	7,899	4,456
Net cash provided by (used in) investing activities	7,304	25,157	1,750	6,076
Net cash provided by (used in) financing activities	(58,935)	(19,761)	(14,121)	(4,773)
Increase (decrease) in cash and cash equivalents	(18,664)	23,844	(4,472)	5,759
Assets total	444,588	535,988	108,749	121,352
Non-current liabilities	0	31	0	7
Current liabilities	37,366	88,782	9,140	20,101
Shareholders' equity	407,222	447,174	99,609	101,244
Share capital	2,899	3,132	709	709
Number of shares	21,360,000	21,360,000	21,360,000	21,360,000
Earnings per share (in ZŁ/EUR)	2.44	2.27	0.58	0.55
Book value per share (in ZŁ/EUR)	19.06	20.94	4.66	4.74
Declared or paid dividends per share (in ZŁ/EUR)	2.70	0.91	0.66	0.22

Selected items of Statement of financial position are recalculated at the average exchange rate announced by the Polish National Bank prevailing on the balance sheet date. Selected items in the Profit and loss account and Cash flows statement for the period are converted by the arithmetic average of exchange rates announced by the Polish National Bank at the last day of each month of the period.

Exchange rates

The following exchange rates between ZŁ and EUR were used to recalculate financial information

- Selected items of Statement of financial position as at 31 December 2012 were recalculated at exchange rate announced by National Bank of Poland on the balance sheet date (EUR 1 = ZŁ 4.0882)
- Selected items of Statement of financial position as of 31 December 2011 were recalculated at exchange rate announced by National Bank of Poland on the balance sheet date (EUR 1 = ZŁ 4.4168)
- Selected items of Profit and loss account and Statement of cash flows for the period from 1 January 2012 to 31 December 2012 were recalculated at average exchange rate calculated from exchange rates announced by National Bank of Poland on the last day of each month in the reported period (EUR 1 = ZŁ 4.1736)

- Selected items of Profit and loss account and Statement of cash flows for the period from 1 January 2011 to 31 December 2011 were recalculated at average exchange rate calculated from exchange rates announced by National Bank of Poland on the last day of each month in the reported period (EUR 1 = ZŁ 4.1401)
- The highest and the lowest exchange rate for the reported periods:

		1 Jan 2012 - 31 Dec 2012	1 Jan 2011 - 31 Dec 2011
max	ZŁ -> EUR	4.5135	4.5642
min	ZŁ -> EUR	4.0465	3.8403

Signatures of all members of the Board of Directors of Asseco Central Europe, a. s. under the Management report on activities of the Asseco Central Europe, a. s. for the 2012 year

Jozef Klein Chairman of the Board	Radek Levíček Vice-chairman of the Board	Marek Grác Member of the Board
David Stoppani Member of the Board	Tomáš Osuský Member of the Board	

1 March 2013, Bratislava

ASSECO CENTRAL EUROPE BOARD OF DIRECTORS STATEMENT

Statement of the Board of Directors of Central Europe, a. s. on the reliability of the financial statements of the Asseco Central Europe, a. s. for the period from 1 January to 31 December 2012.

The Board of Directors of Asseco Central Europe, a. s., according to its best knowledge, declares that the financial statements for the period from 1 January to 31 December 2012 have been prepared in accordance with the rules under International Financial Reporting Standards, International Accounting Standards and related interpretations published by the European Commission and give a true and fair financial position of the Company and its financial performance and that the report shall include a true picture of the development and achievements and the Company, including a description of the main threats and risks.

Jozef Klein Chairman of the Board of Directors	Radek Levíček Vice-chairman of the Board	Marek Grác Member of the Board of Directors
David Stoppani Member of the Board of Directors	Tomáš Osuský Member of the Board of Directors	

Statement of the Board of Directors of Asseco Central Europe, a. s. on the entity authorized to the financial statements of Central Europe, a. s. for the period from 1 January to 31 December 2012.

This Board of Directors of Asseco Central Europe, a. s. declares that the entity authorized to audit the financial statements of the Asseco Central Europe, a. s., i.e. Ernst & Young Slovakia, spol. s r. o., with seat in Bratislava was chosen in accordance with the law. Entity and the auditors who audited the report fulfilled the conditions of an impartial and independent opinion about the study, in accordance with applicable law.

Jozef Klein
Chairman of the Board of Directors

Radek Levíček
Vice-chairman of the Board

Marek Grác
Member of the Board of Directors

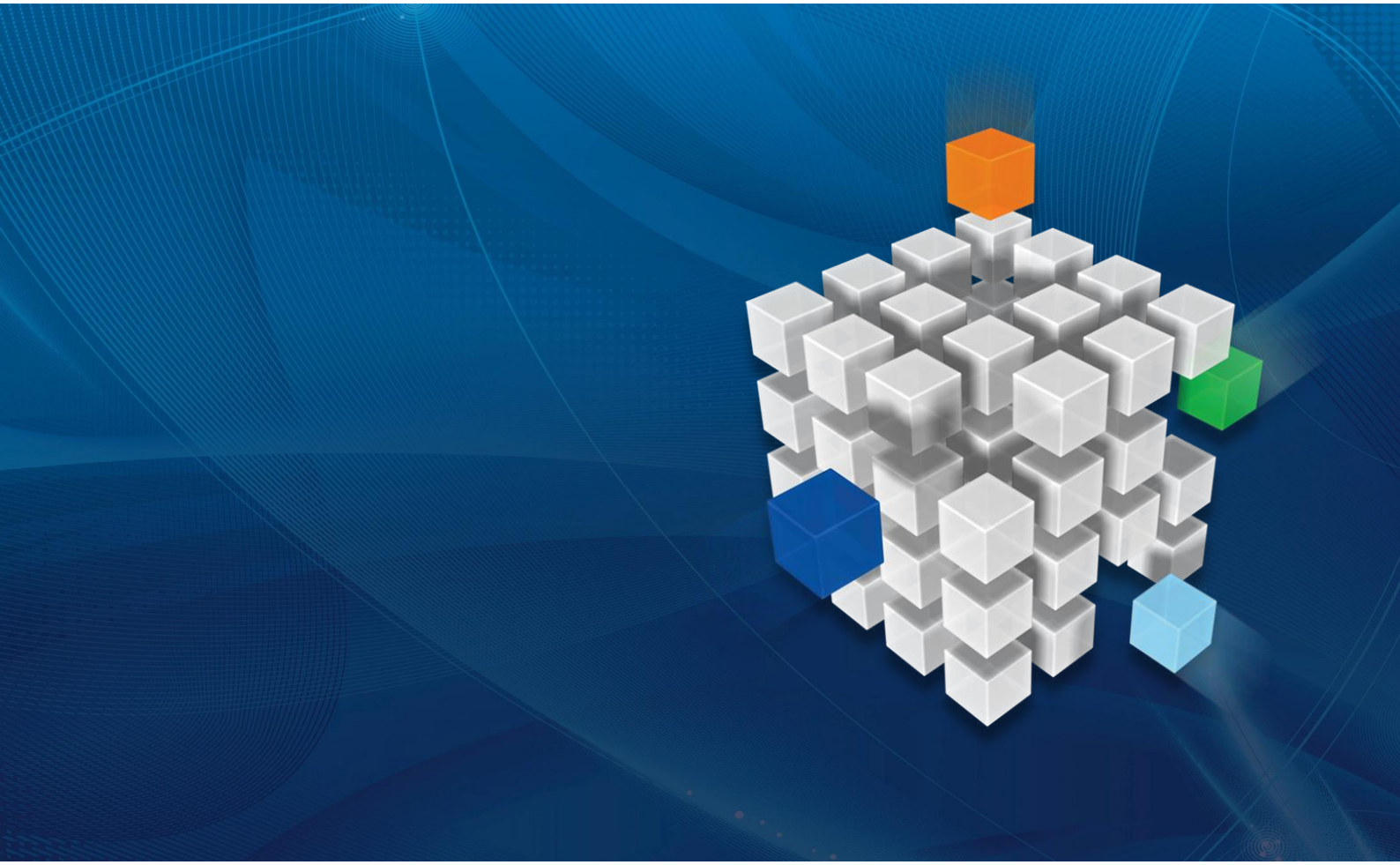
David Stoppani
Member of the Board of Directors

Tomáš Osuský
Member of the Board of Directors

1 March 2013, Bratislava

asseco CENTRAL EUROPE

Solutions for Demanding Business



REPORT ON COMPLIANCE of Asseco Central Europe, a. s. with the corporate governance standards

1 March 2013

Declaration of Asseco Central Europe, a. s. on compliance with the Corporate Governance Standards, prepared pursuant to §91 sect. 5 item 4 of the Regulation of the Minister of Finance regarding current and periodic information to be submitted by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state, dated 19 February 2009 (Journal of Laws No. 33, item 259)

I. THE SET OF CORPORATE GOVERNANCE STANDARDS APPLICABLE TO THE ISSUER AND THE PLACE WHERE IT IS PUBLICLY AVAILABLE.

Asseco Central Europe, a. s. („the Company") is bound by the Code of Best Practice for WSE Listed Companies (2008) adopted by a resolution of the Supervisory Board of the Warsaw Stock Exchange on 4 July 2007. The report on corporate governance standards applied by Asseco Central Europe, a. s. was published in the Company's current report No. 15/2008 of 13 March 2008. Furthermore, the Company made a declaration of compliance with the corporate governance standards, which has been published on our corporate website www.asseco-ce.com, in the Investor Relations section.

II. CORPORATE GOVERNANCE STANDARDS WHICH HAVE BEEN PARTIALLY OR ENTIRELY WAIVED BY THE ISSUER AND THE RATIONALE FOR DOING SO.

The Company's Board of Directors decided to abandon application of the following corporate governance rules:

Rule No.	Rule	Our comment
II.1.11.	A company should operate a corporate website and publish information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting.	We apply this rule in a limited scope, i.e., the Company discloses information on shareholders holding not less than 5% of the total number of votes at the general meeting in the form of a current report. Information on stakes held by members of our Board of Directors and Supervisory Board is disclosed in our periodical reports.
II. 3.	Before a company executes a significant agreement with a related entity, its Management Board shall request the approval of the transaction/agreement by the Supervisory Board. This condition does not apply to typical transactions made on market terms within the operating business by the company with a subsidiary where the company holds a majority stake. For the purpose of this document, related entity shall be understood within the meaning of the	We apply this rule in line with our binding Articles of Associations. The powers of the Supervisory Board include *inter alia* granting consent for entering into agreements between the Company and members of its Board of Directors and Supervisory Board, our shareholders or entities linked with the Company or entities having capital or personal connection to members of our Board of Directors, Supervisory Board or our shareholders.

	Regulation of the Minister of Finance issued pursuant to Article 60.2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Dz.U. No. 184, item 1539, as amended).	
II.7	A company shall set the place and date of a General Meeting so as to enable the participation of the highest possible number of shareholders.	We do not apply this rule. We are registered in Slovakia and our General Meetings take place in Slovakia. The possibility of some of our Polish shareholders to participate in General Meetings may be limited. In order to make this easier for our shareholders, we plan to organize, in Poland, meetings preceding the General Meeting at a convenient time and place. These pre-meetings will allow all shareholders to register and discuss topics intended to be subject matter of the General Meeting. They will be able to grant powers of attorney to persons delegated by us to such meetings.
III.1.1)	In addition to its responsibilities laid down in legal provisions the Supervisory Board should: once a year prepare and present to the Ordinary General Meeting a brief assessment of the company's standing including an evaluation of the internal control system and the significant risk management system.	We apply this rule in a limited scope, i.e. annual reports signed by Board of Directors include information regarding evaluation of the Company's situation.
III.4.	A member of the Supervisory Board should notify any conflicts of interest which have arisen or may arise to the Supervisory Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.	We apply this rule in a limited scope, i.e., our major shareholder, Asseco Poland is entitled to designate three out of five members of the Supervisory Board. Asseco Poland has a very similar business activities profile and potentially acceptance of this rule could be impossible or could complicate the activities of our Supervisory Board.
III.6	At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the *Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board*. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company	We apply this rule in a limited scope, i.e. our major shareholder, Asseco Poland is entitled to designate three out of five members of the Supervisory Board. One Supervisory Board member is appointed by our employees. For these reasons, the Board of Directors is not able to ensure compliance with this rule.

	cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.	
III.8	Annex I to the *Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors…* should apply to the tasks and the operation of the committees of the Supervisory Board.	We apply this rule in a limited scope, i.e., our Supervisory Board shall act on the basis of the laws of the Slovak Republic.
IV.6	The date of setting the right to dividend and the date of dividend payment should be set so to ensure the shortest possible period between them, in each case not longer than 15 business days. A longer period between these dates requires detailed grounds.	The Company acts on the basis of the regulations in force in the Slovak Republic and, as a company listed on the WSE, is obliged to obey the regulations in force in Poland. In the case of dividend payments, the Company must adjust the method of payment to the two systems. For this reason, there might be a slight delay between the day on which a right to a dividend is established and the day the dividend is actually paid.

III. MAIN FEATURES OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS APPLIED BY THE ISSUER IN THE PROCESS OF PREPARING ITS SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS.

The Company's separate and consolidated financial statements are prepared in compliance with the International Accounting Standards ("IAS") as well as the International Financial Reporting Standards ("IFRS"). Both IAS and IFRS include interpretations approved by the International Financial Reporting Interpretations Committee ("IFRIC").

One of the key control mechanisms in the process of preparing the Company's financial statements involves periodical verification of such financial statements by an independent certified auditors, and in particular the review of semi-annual financial statements as well as the preliminary and final audits of annual financial statements.

Certified auditors are selected by the Company in such a way as to ensure that their entrusted tasks are performed impartially. For the sake of such impartiality, the Company changes the entity authorized to audit its financial statements at least once every five years. The change of certified auditors should be also understood as changing the individual carrying out the audit. Certified auditors are each year selected by the Supervisory Board from among reputable auditing firms, which can guarantee high standards of service and independence. Auditing agreements are concluded for one-year periods.

In order to ensure accuracy of the Company's accounting books as well as generation of highly reliable financial data, the Company's Board of Directors adopted the following documents:

1. Company Organizational Regulations,
2. Accounting Policy and Chart of Accounts, both consistent with the International Financial Reporting Standards,
3. Quality Management System ISO 9001:2000,
4. Numerous internal procedures regulating the Company's operations with significant exposure to risk.

Quality of the accounting data, which provide basis for the preparation of financial statements, is additionally guaranteed by the fact that the Company's accounting books are maintained in an integrated ERP system.

The Audit Committee, established from among Members of the Supervisory Board, plays an important role in internal control of the preparation of separate and consolidated financial statements. This committee is entitled to perform financial auditing activities within the company and in particular to:

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

The internal control and risk management procedures applied in the process of preparing the financial statements of Asseco Central Europe are very effective and enable production of high quality reports, which is best proved by the opinions issued by certified auditors following their audits of the Company's annual financial statements.

IV. SHAREHOLDERS WHO, DIRECTLY OR INDIRECTLY, HOLD SIGNIFICANT STAKES OF SHARES INCLUSIVE OF THE NUMBERS OF SHARES AND EQUITY INTERESTS HELD, AND THE NUMBERS OF VOTES AND VOTING INTERESTS THEY ARE ENTITLED TO AT THE GENERAL MEETING OF SHAREHOLDERS.

To the best knowledge of the Company's Board of Directors, as at the publication date of this report, i.e. on 1 March 2013, the Shareholders who, either directly or through their subsidiaries, held at least 5% of the total votes at the General Meeting of Shareholders were as follows:

Shareholder	Number of shares	Number of votes	% share
Asseco Poland	19,973,096	19,973,096	93.51

V. HOLDERS OF ANY SECURITIES CARRYING SPECIAL RIGHTS WITH REGARD TO CONTROL OF THE COMPANY AND DESCRIPTION OF SUCH RIGHTS.

None

VI. LIMITATIONS ON THE EXERCISE OF VOTING RIGHTS, SUCH AS LIMITATIONS ON VOTING BY HOLDERS OF A CERTAIN PORTION OR NUMBER OF VOTES, TIMING LIMITATIONS ON VOTING, OR OTHER PROVISIONS UNDER WHICH, IN COOPERATION WITH THE COMPANY, OWNERSHIP OF SECURITIES IS DEPRIVED OF SOME RIGHTS INCIDENTAL THERETO.

None

VII. LIMITATIONS ON TRANSFERABILITY OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES.

None

VIII. RULES REGARDING APPOINTMENT AND DISMISSAL OF THE MANAGEMENT MEMBERS AND DETERMINING THEIR AUTHORITY, IN PARTICULAR THE RIGHT TO DECIDE ON ISSUANCE OR REDEMPTION OF SHARES.

The Board of Directors is the statutory body that manages the Company and acts on its behalf. Two members of the Board of Directors acting jointly are entitled to represent the Company. The Board of Directors decides all matters related to the operations of the Company unless the matter lies within the competence of the General Meeting or the Supervisory Board. Any 2 (two) members of the Board of Directors shall act jointly on behalf of the Company in all of the Company's matters towards third parties.

Members of the Board of Directors are elected for the period of 5 (five) years and recalled by the Supervisory Board of the Company. The Supervisory Board shall at the same time determine which of the members of the Board of Directors shall be the Chairman of the Board of Directors. If in accordance with the Articles of Association the Supervisory Board fails to elect/recall the member(s) of the Board of Directors or to appoint the Chairman of the Board of Directors, the General Meeting shall elect/recall members of the Board of Directors, appoint the Chairman of the Board of Directors in accordance with the Articles of Association. A repeated election is possible.

IX. RULES REGARDING AMENDMENT OF THE ISSUER'S ARTICLES OF ASSOCIATION

Commercial Code (Journal of Laws No. 513/1991) applicable in the Slovak Republic regulates the formal requirements for change of the Articles of Association in joint stock companies under § 173 and 174. Articles of Association of Asseco Central Europe, a. s. does not provide specific provisions governing the amendment of the Articles of

Association, i.e. the Company applies the provisions of the Commercial Code in force in the Slovak Republic (Commercial Code), according to which a change of the Company Articles of Association requires a resolution of general meeting and the introduction of new wording to the Registrer of District Court Bratislava I.

If the general meeting agenda includes a change of the Articles of Association, the notice of general meeting must include at least a summary of the proposed changes. The draft amendments to the Articles of Association must be made available to shareholders for inspection at the premises of the company within a general meeting. The resolution of the general assembly to amend the Articles of Association requires a two-thirds of shareholders present at a general meeting and a notarial record must be prepared. After any change to the Articles of Association of the Board shall be obliged to prepare the full text of the Articles of Association and is responsible for its completeness and correctness.

X. THE MANNER OF OPERATION AND ESSENTIAL AUTHORITIES OF THE GENERAL MEETING OF SHAREHOLDERS, DESCRIPTION OF THE SHAREHOLDERS' RIGHTS AND THE EXERCISE THEREOF, AND IN PARTICULAR THE RULES SET FORTH BY THE BYLAWS OF THE GENERAL MEETING OF SHAREHOLDERS PROVIDED SUCH BYLAWS HAVE BEEN ADOPTED, UNLESS SUCH INFORMATION IS DETERMINED DIRECTLY BY THE PROVISIONS OF LAW.

The General Meeting shall be the supreme body of the Company. All shareholders and/or their proxies authorized under power of attorney, as well as other persons/entities shall have the right to participate in the General Meeting in compliance with provisions of the Articles of Association of the Company.

Members of the Board of Directors and the Supervisory Board shall attend the General Meeting. The General Meeting shall be held at least once per year and it shall be convened by the Board of Directors.

The General Meeting shall usually take place in Bratislava in the Company's registered seat. The General Meeting may be also held in another place determined by the Board of Directors during convocation of the General Meeting.

The Extraordinary General Meeting may be convened if the Company's interests require so, or in cases provided for by the generally binding legal regulations and/or the Articles of Association. The General Meeting shall be convened by the Board of Directors by publishing a notice of the General Meeting at least 30 (thirty) days before the date of the General Meeting in nationally circulated periodicals publishing news from the stock exchange.

In respect of difference in laws regulating operation of joint-stock company within two different systems of law, that means difference between Slovak laws, by which is regulated operation of the Company and Polish law regulating rules of trading with shares of the Company at Warszaw Stock Exchange, and for the purpose of explanation of these laws, the Board of Directors can call before each General Meeting an informational meeting of shareholders (further just „informational meeting"), which can happen in Bratislava and/or in Warszawa.

Informational meeting takes place not earlier than 5 and not later than 1 business day before the date of the General Meeting. The right of the shareholder to attend the General Meeting is checked upon an extract of the shareholder's account led by the member of Central Securities Depository in the Slovak Republic or by the member of foreign central depository, which has proprietor's account led in Central Securities Depository in the Slovak Republic, made out on the determining date in accordance with Articles of Association. The original extract from the shareholder's account must be in Slovak or English language in case it will be delivered directly by the depository (bank) to

the address of Asseco Central Europe. In the event that the extract is delivered to the Shareholders' Meeting directly by the shareholder within the time specified in the invitation, it must be certified by a notary translation into Slovak language.

The shareholder may exercise its rights at the General Meeting either in person or through a proxy authorized under a written power of attorney. A shareholder's proxy authorized under a power of attorney may not be a member of the Supervisory Board of the Company.

During registration for the General Meeting the shareholders shall present the documents listed further below in order to allow for verification of their right to participate in the General Meeting:

I.

Original or officially authenticated copy from the extract of the shareholder's account led by the member of the Central Securities Depository in the Slovak Republic or by the member of foreign central depository, which has proprietor's account led in the Central Securities Depository in the Slovak Republic, made out on the determining date in accordance with the Articles of Association.

and

II.

(a) if the shareholder is an individual:

- a valid ID Card or a valid passport or another document replacing the above documents;

(b) if the shareholder is a legal entity:

- an original or an officially verified copy of the Excerpt from the Commercial Register not older than 3 (three) months, stating the situation of a shareholder - the legal entity valid at the time of the General Meeting, and

- its statutory body; members of the statutory body authorized to act in the name of the Company who are attending the General Meeting shall submit a valid ID Card or a valid passport or another document replacing the above documents;

(c) a proxy – an individual:

- an original or an officially verified copy of the power of attorney with an officially verified signature of a shareholder, if he/she is an individual, or with an officially verified signature of statutory body or members of a statutory body authorized to act on behalf of the shareholder if it is a legal entity;

- a valid ID Card or a valid passport or another document replacing the above documents; and

- if the proxy represents a shareholder – a legal entity – also an original or an officially verified copy of the Excerpt from the Commercial Register in respect of the shareholder not older than three (3) months, stating the situation of a shareholder - the legal entity valid at the time of the General Meeting.

(d) a proxy – a legal entity – represented by its statutory body:

- an original or an officially verified copy of the power of attorney with an officially verified signature of a shareholder, if he/she is an individual, or with an officially verified signature of statutory body or members of a statutory body authorized to act on behalf of the shareholder if it is a legal entity;

- an original or an officially verified copy of the Excerpt from the Commercial Register not older than three (3) months, stating the situation of a shareholder - the legal entity valid at the time of the General Meeting,

- a valid ID Card or a valid passport or another document replacing the above documents of the statutory representative of the proxy; and
- if the proxy represents a shareholder – a legal entity – also an original or an officially verified copy of the Excerpt from the Commercial Register not older than three (3) months, stating the situation of a shareholder - the legal entity valid at the time of the General Meeting.

The official language of the General Meeting is the Slovak. If a shareholder needs a translation into a foreign language, it must be provided by the shareholder at the shareholder's costs.

The General Meeting decide about all questions by two-thirds vote majority of present shareholders, except cases, when the generally binding legal acts require higher number of votes of shareholders (more).

The number of a shareholder's votes shall depend on the nominal value of shares held by such shareholder. Each share with a nominal value of 0.033194 EUR shall represent one vote.

Minutes must be taken from every General Meeting in respect of its course.

The following issues shall be entrusted in the scope of competence of the General Meeting:

(a) amendments to the Articles of Association of the Company,

(b) deciding on increase and decrease in the registered capital, on authorization of the Board of Directors to increase the registered capital pursuant to Section 210 of the Commercial Code and to issue bond

(c) selection and recalling of members of the Board of Directors, including appointment of the Chairman of the Board of Directors, provided that the Supervisory Board does not decide on election/recalling of members of the Board of Directors, including appointment of the Chairman of the Board of Directors pursuant to Article of Associatons,

(d) election and recalling of members of the Supervisory Board, except for the members of the Supervisory Board elected and recalled pursuant to Section 200 of the Commercial Code by employees of the Company,

(e) approval of the Annual and Extraordinary Financial Statements, deciding on distribution of profit or payment for losses and determining the royalties,

(f) deciding on transformation of the nature of securities issued as certificated securities into book-entry securities and vice-versa, if allowed by the generally binding legal regulations,

(g) deciding on winding-up of the Company and on a change in its legal form,

(h) deciding on termination of registration of the Company's shares for trading at the Stock Exchange and deciding on Company's ceasing to exist as a public joint-stock company,

(i) approval of directives applicable to remuneration of members of the Company's bodies,

(j) deciding on approval of an Agreement on transfer of the enterprise or Agreement on transfer of a part of the enterprise,

(k) deciding on change of type of the Company's shares issued as registered shares to bearer shares and vice-versa;

(l) deciding on division (split off) of the Company's shares into shares with lower nominal value;

(m) deciding on further questions that the law or the Articles of Associations put under the scope of competence of the General Meeting or that the General Meeting acquires into its scope of competence by its resolution.

Other provisions of the course and organization of the meetings of the shareholders meeting, its activities and the other issues are part of the appropriate provisions of the Commercial Code and Articles of Associations of the Company.

XI. COMPOSITIONS, LAST YEAR CHANGES IN THE COMPOSITIONS, AND OPERATIONS OF THE ISSUER'S MANAGEMENT, SUPERVISORY AND ADMINISTRATIVE BODIES AND THEIR COMMITTEES.

THE SUPERVISORY BOARD

The Supervisory Board is the inspection body of the Company which supervises how the Board of Directors exercises its range of powers and how the business activity of the Company is conducted. The Supervisory Board shall have 5 (five) members. The term of office of the members of the Supervisory Board shall be five (5) years.

Members of the Supervisory Board shall be elected and recalled by the General Meeting. The principle shall apply at all times that 3 (three) members of the Supervisory Board shall be nominated by Asseco Poland, S.A., with its registered office in Rzeszów, ul. Armii Krajowej 80, 35-307 Rzeszów, the Republic of Poland, registered in the Register of Entrepreneurs of the National Court Register held by the District Court in Rzeszów, XII Commercial Division of the National Court Register under the KRS number 0000104838 and 1 (one) member of the Supervisory Board shall be nominated and elected by employees pursuant to valid legal regulations.

The range of powers and duties of the Supervisory Board shall include, in particular, without limitation:

- review of the Annual and Extraordinary Financial Statements of the Company;
- review and evaluation of the Reports of the Board of Directors on the activity and position of the Company and the companies controlled by it, as well as review and evaluation of proposals of the Board of Directors for distribution of profit and/or covering of losses;
- approval of annual budget of the Company;
- submission of a written report on results of the aforementioned reviews at the General Meeting;
- approval of rules for remuneration of members of the Board of Directors of the Company;
- convocation of General Meetings of the Company in compliance with the conditions set forth by the Commercial Code and these Articles of Association;
- other issues entrusted to the competence of the Supervisory Board by legal regulations and/or other provisions of these Articles of Association;
- election and recalling of members of the Board of Directors, including appointment of the Chairman of the Board of Directors;

- granting approval with procuration granted by the Board of Directors of the Company;

- approval for the Company to take/provide loans and credits, the value of which exceeds the value of the registered capital in one transaction or in whole series of connected transactions or, as the case may be, a corresponding value of this amount in other currencies, which have not been taken into account in the financial budget of the Company, or which have not been approved by a resolution of the General Meeting or of the Supervisory Board;

- approval of a sale and purchase of real estate property by the Company, including co-ownership interests in the real estate property regardless of the value of the title to the real estate property to be acquired or transferred, which have not been taken into account in the financial budget of the Company;

- granting approval with disposition of costs, including investment costs of the Company, in the amount exceeding ten times the value of the registered capital in one transaction or in a series of connected transactions or, as the case may be, the corresponding value of this amount in other currencies, which have not been taken into account in the financial budget of the Company;

- provision of any guarantees, security interests, any out-of-balance sheet obligations, acceptance of liability for damage which have not been taken into account in the financial budget of the Company;

- granting approval with establishment or creation of an easement on any part of the real estate property of the Company, which has not been listed in the financial budget of the Company,

- approval of a purchase or any other acquisition of ownership interests of other companies, shares, with entrance of the Company into other business companies, associations of legal entities, foundations or other investment funds;

- approval of sale of assets of the Company, the value of which exceeds 10% (ten percent) of the book value of the assets of the Company based on the last financial statements verified by an independent auditor, the sale of which has not been taken into account in the financial budget of the Company;

- granting approval with entering into agreements between the Company and members of the Board of Directors of the Company, the Supervisory Board of the Company, shareholders of the Company or, as the case may be, Dependent Entities or entities connected through capital or personally with members of the Board of Directors, members of the Supervisory Board or shareholders;

- granting approval with the acquisition and subsequent use of a specific amount of treasury shares within the total amount of treasury shares that the Company is entitled to acquire based on the prior decision of the General Meeting.

Other provisions of the course and organization of the meetings of the supervisory board, its activities and the other issues are part of the appropriate provisions of the Commercial Code and Articles of Associations of the Company.

There were following members of the Supervisory Board of Asseco Central Europe, a. s. as at 31 December 2012:

Name and Surname	Position	Period
Adam Tadeusz Góral	Chairman	1.1.2012-31.12.2012
Andrej Košári	Vice-Chairman	1.1.2012-31.12.2012
Ján Handlovský	Member (elected by employees)	1.1.2012-31.12.2012
Marek Paweł Panek	Member	1.1.2012-31.12.2012
Przemysław Sęczkowski	Member	1.1.2012-31.12.2012

There were following members of the Supervisory Board of Asseco Central Europe, a. s. as at 1 March 2013:

Name and Surname	Position	Period
Adam Tadeusz Góral	Chairman	1.1.2013-present
Andrej Košári	Vice-Chairman	1.1.2013-present
Ján Handlovský	Member (elected by employees)	1.1.2013-present
Marek Paweł Panek	Member	1.1.2013-present
Przemysław Sęczkowski	Member	1.1.2013-11.2.2013

THE BOARD OF DIRECTORS

The Board of Directors is the statutory body of the Company which manages all the activity of the Company, acts on its behalf and represents it in legal acts. The Board of Directors decides all matters of the Company unless they fall within the powers of the General Meeting or the Supervisory Board pursuant to legal regulations or these Articles of Association.

The Board of Directors adopts a decision by majority of all votes of its present members.

The Board of Directors shall in particular, without limitation, to:

a) ensure proper management of the Company's accounting and submit to the General Meeting for approval the Company's annual or extraordinary financial statements and a proposal for distribution of profit or covering of the Company's losses,

b) together with the annual financial statements, submit to the General Meeting once a year a report on the business activities of the Company and the state of its assets and

liabilities; this report shall form an integral part of the annual report prepared according to special regulations,

c) submit to the Supervisory Board once a year information on fundamental intentions of the business management of the Company for the future period as well as the expected development of the state of assets and liabilities, finances and proceeds of the Company,

d) upon request and within the term determined by the Supervisory Board submit a written report on the state of the business activity and assets and liabilities of the Company as compared with the expected development,

e) inform the Supervisory Board without undue delay about all facts which may substantially influence the development of the business activity and the state of assets and liabilities of the Company, in particular its liquidity,

f) upon request of the Supervisory Board, participate in meetings of the Supervisory Board and give its members additional information in the requested scope about submitted written reports,

g) convene an extraordinary General Meeting without undue delay if it finds out that the Company's loss has exceeded one third of its registered capital or if this can be expected, and submit to the General Meeting proposals for measures; the Board of Directors shall also inform the Supervisory Board without undue delay about these facts,

h) exercise its range of powers with due diligence and in accordance with interests of the Company and all its shareholders. In particular, it shall obtain and take into account all accessible information concerning the subject matter of decision-making, not to disclose business secret and confidential information and facts to third parties, if such disclosure might be detrimental to the Company or threaten interests of the Company and its shareholders. The obligation to keep confidential shall apply also after the expiration of the term of office of a member of the Board of Directors until such information becomes generally known,

i) ensure publication of data from financial statements verified by an auditor in accordance with Act on Accounting at the cost of the Company by publishing them in Commercial Bulletin,

j) submit all documents prescribed by law to the collection of deeds maintained by the relevant Commercial Register and submit motions for entry/change of entry of all data to be registered with the Commercial Register, and that within 30 days as of their occurrence,

k) with a prior consent of the Supervisory Board adopt principles for founding of a new company with an interest of the Company or acquisition of an interest in an existing company, as well as establishment of its branch office in the Slovak Republic or abroad,

l) observe provisions of relevant generally binding legal regulations, Articles of Association of the Company and decisions of its bodies;

m) executes budget of the Company, submits it for the approval of the Supervisory Board and after obtaining of an approval is responsible for its fulfillment.

Other provisions of the course and organization of the meetings of the Board of Directors, its activities and the other issues are part of the appropriate provisions of the Commercial Code and Articles of Associations of the Company.

There were following members of the Board of Directors of Asseco Central Europe, a. s. as at 31 December 2012:

Name and Surname	Position	Period
Jozef Klein	Chairman	1.1.2012-31.12.2012
Radek Levíček	Vice-chairman	13.12.2012-31.12.2012
Tomáš Osuský	Member	1.1.2012-31.12.2012
Marek Grác	Member	1.1.2012-31.12.2012
David Stoppani	Member	13.12.2012-31.12.2012
Martin Morávek	Member	1.1.2012-13.12.2012
Michal Navrátil	Member	1.1.2012-13.12.2012

There were following members of the Board of Directors of Asseco Central Europe, a. s. as at 01 March 2013:

Name and Surname	Position	Period
Jozef Klein	Chairman	1.1.2013-present
Radek Levíček	Vice-chairman	1.1.2013-present
Tomáš Osuský	Member	1.1.2013-present
Marek Grác	Member	1.1.2013-present
David Stoppani	Member	1.1.2013-present

Jozef Klein
Chairman of the Board of Directors

Radek Levíček
Vice-chairman of the Board of Directors

Tomáš Osuský
Member of the Board of Directors

Marek Grác
Member of the Board of Directors

David Stoppani
Member of the Board of Directors

Ernst & Young Slovakia, spol. s r.o.
Hodžovo námestie 1A
811 06 Bratislava
Slovenská republika

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Independent Auditors' Report to the Shareholders of Asseco Central Europe, a.s.

We have audited the accompanying separate financial statements of Asseco Central Europe, a.s. ('the Company'), which comprise the statement of financial position as at 31 December 2012, the profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

1 March 2013
Bratislava, Slovak Republic

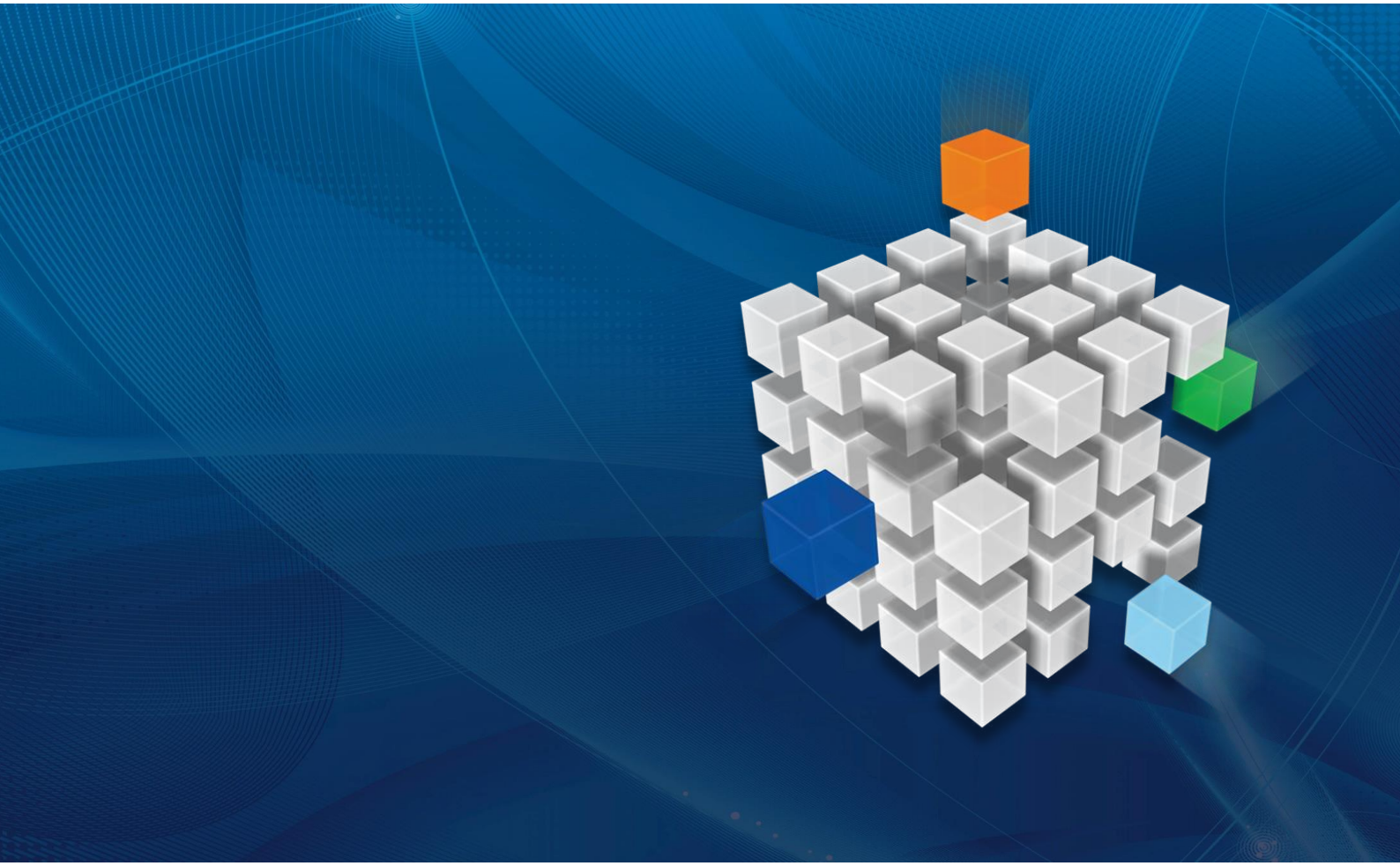
Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Peter Hollý
UDVA Licence No.1072

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

ASSECO CENTRAL EUROPE

Solutions for Demanding Business



ASSECO CENTRAL EUROPE, a. s.

SEPARATE FINANCIAL STATEMENTS
INCLUDING INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
31 DECEMBER 2012

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS

Bratislava, 1 March 2013

FINANCIAL STATEMENTS OF ASSECO CENTRAL EUROPE, a. s. INCLUDING INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

Contents **Page**

FINANCIAL STATEMENTS OF ASSECO CENTRAL EUROPE, a. s.
INCLUDING INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

These financial statements were prepared on 1 March 2013 and authorized for publication by the Board of Directors of Asseco Central Europe, a. s. on 1 March 2013.

Board of Directors:

RNDr. Jozef Klein	Chairman of the Board of Directors
Ing. Radek Levíček	Vice-chairman of the Board of Directors
Ing. David Stoppani	Member of the Board of Directors
Ing. Tomáš Osuský	Member of the Board of Directors
Ing. Marek Grác	Member of the Board of Directors

Person responsible for maintaining the accounting books:

Rastislav Mordavský	Chief Accountant

PROFIT AND LOSS ACCOUNT
ASSECO CENTRAL EUROPE, a. s.

	Note	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Sales revenues	1	**31,009**	**33,162**
Cost of sales (-)	2	**(21,995)**	**(22,413)**
Gross profit on sales		**9,014**	**10,749**
Selling expenses	2	(759)	(969)
General administrative expenses	2	(3,210)	(2,581)
Net profit on sales		**5,045**	**7,199**
Other operating income	3	919	232
Other operating expenses	3	(40)	(799)
Operating profit		**5,924**	**6,632**
Financial income	4	9,291	7,985
Financial expenses	4	(1,599)	(1,639)
Pre-tax profit		**13,616**	**12,978**
Corporate income tax (current and deferred portions)	5	(1,153)	(1,291)
Net profit for the period reported		**12,463**	**11,687**
Earnings per share attributable to Shareholders of Asseco Central Europe, a.s. (in EUR):			
Basic consolidated earnings per share from continuing operations for the reporting period	6	*0.58*	*0.55*
Diluted consolidated earnings per share from continuing operations for the reporting period	6	*0.58*	*0.55*

STATEMENT OF COMPREHENSIVE INCOME
ASSECO CENTRAL EUROPE, a. s.

	Note	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Net profit for the reporting period		**12,463**	**11,687**
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**12,463**	**11,687**

STATEMENT OF FINANCIAL POSITION
ASSECO CENTRAL EUROPE, a. s.

ASSETS	Note	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Non-current assets		**78,282**	**76,961**
Property, plant and equipment	8	834	612
Intangible assets	9	11,373	13,299
Investments in subsidiaries	10	64,759	62,348
Long-term loans	11	1,052	-
Deferred income tax assets	5	264	702
Current assets		**30,467**	**44,391**
Inventories		2	-
Deferred expenses	12	695	412
Trade accounts receivable	14	8,957	13,203
Corporate income tax		1,082	658
Other receivables	14	2,705	12,308
Current financial assets at fair value through profit or loss		-	10
Loans granted	15	160	591
Other financial assets	16	4,129	-
Cash and short-term deposits	17	12,737	17,209
TOTAL ASSETS		**108,749**	**121,352**

STATEMENT OF FINANCIAL POSITION
ASSECO CENTRAL EUROPE, a. s.

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Shareholders' equity (attributable to Shareholders of the Parent Company)			
Share capital	18	709	709
Share premium		74,901	74,901
Retained earnings		23,999	25,634
Total shareholders' equity		**99,609**	**101,244**
Non-current liabilities		**-**	**7**
Non-current financial liabilities	19	-	7
Current liabilities		**9,140**	**20,101**
Trade accounts payable	22	3,546	5,888
Corporate income tax payable	22	-	-
Liabilities to the State budget	22	1,171	726
Financial liabilities	20	6	1,472
Other liabilities	22	1,895	7,629
Provisions	21	962	1,811
Accrued expenses	22	694	1,979
Deferred income	22	866	596
TOTAL LIABILITIES		**9,140**	**20,108**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**108,749**	**121,352**

STATEMENT OF CHANGES IN EQUITY
ASSECO CENTRAL EUROPE, a. s.

	Note	Share capital	Share premium	Retained earnings	Total shareholders' equity
As at 1 January 2011	18	**709**	**74,901**	**18,646**	**94,256**
Net profit for the period		-	-	11,687	**11,687**
Dividend for 2010	7	-	-	(4,699)	**(4,699)**
As at 31 December 2011 (audited)	**18**	**709**	**74,901**	**25,634**	**101,244**
As at 1 January 2012	18	**709**	**74,901**	**25,634**	**101,244**
Net profit for the period		-	-	12,463	**12,463**
Dividend for 2011	7	-	-	(14,098)	**(14,098)**
As at 31 December 2012 (audited)	**18**	**709**	**74,901**	**23,999**	**99,609**

STATEMENT OF CASH FLOWS
ASSECO CENTRAL EUROPE, a. s.

	Note	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Cash flows - operating activities			
Pre-tax profit from continuing operations and profit (loss) on discontinued operations		13,616	12,978
Total adjustments:			
Depreciation and amortization	2	2,367	1,718
Changes in working capital	25	313	(1,278)
Interest income and expense		(377)	(259)
Gain on investing activities		(7,438)	(6,128)
Profit on disposal of intangible assets		(109)	-
Other		24	117
Net cash generated from operating activities		**8,396**	**7,148**
Corporate income tax paid		(497)	(2,692)
Net cash provided by (used in) operating activities		**7,899**	**4,456**
Cash flows - investing activities			
Proceeds from disposal of tangible fixed assets and intangible assets		220	366
Acquisition of tangible fixed assets and intangible assets		(554)	(317)
Acquisition of other financial assets	16	(4,016)	-
Acquisition of subsidiary companies		(25)	(699)
Acquisition of non-controlling interests		(3,836)	-
Proceeds from sale of investment in subsidiaries	14	2,360	860
Settlement of derivative financial instrument		(35)	(5)
Loans granted	15	(1,955)	(700)
Loans collected	15	1,480	700
Interest received		375	19
Dividends received		7,736	5,852
Net cash provided by (used in) investing activities		**1,750**	**6,076**
Cash flows - financing activities			
Finance lease commitments paid		(23)	(74)
Dividends paid to shareholders of the parent entity		(14,098)	(4,699)
Net cash provided by (used in) financing activities		**(14,121)**	**(4,773)**
Increase (decrease) in cash and cash equivalents		(4,472)	5,759
Cash and cash equivalents as at 1 January		17,209	11,450
Cash and cash equivalents as at 31 December	**17**	**12,737**	**17,209**

SUPPLEMENTARY INFORMATION AND EXPLANATIONS

I. GENERAL INFORMATION

Asseco Central Europe, a. s. (the "Company", "Parent Company", "Issuer") is a joint-stock company with its registered seat at ul. Trencianska 56/A, 821 09 Bratislava, Slovakia.

The Company was established on 16 December 1998. The original name of the company ASSET Soft, a. s. was changed to Asseco Slovakia, a. s. in September 2005. The new Company's name was registered in the Commercial Register on 21 September 2005. On 28 April 2010, the Company changed its name from Asseco Slovakia, a. s. to Asseco Central Europe, a. s. and registered it in the Commercial Register of the Slovak Republic on the same day.

Since 10 October 2006, the Company's shares have been listed on the main market of the Warsaw Stock Exchange.

The parent company of Asseco Central Europe, a. s. is Asseco Poland SA (the higher-level parent company). As at 31 December 2012, Asseco Poland SA held a 93.51% stake in the share capital of Asseco Central Europe, a. s. Asseco Poland SA increased share as a result within a public offering based on a prospectus published on 12 November 2012 for a swap of shares of Asseco Central Europe, a. s. for shares of Asseco Poland SA.

The period of the Company's operations is indefinite. Asseco Central Europe, a. s. is the parent company of the Asseco Central Europe Group (the "ACE Group"). The business profile of Asseco Central Europe, a. s. includes software and computer hardware consultancy, production of software, as well as supply of software and hardware. According to the classification adopted by the Warsaw Stock Exchange, the Company's business activity is classified as "information technology".

In addition to comprehensive IT services, the Company also sells goods including computer hardware. The sale of goods conducted is to a large extent connected with the provision of software implementation services. These financial statements provide a description of the Company's core business broken down by relevant segments.

These financial statements cover the period of 12 months ended 31 December 2012 and contain comparative data for the period of 12 months ended 31 December 2011 in the case of the profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows; and comparative data as at 31 December 2011 in the case of the statement of financial position.

The Company prepares its financial statements in accordance with the International Financial Reporting Standards ("IFRS") endorsed by the European Union for the current and comparative period. Asseco Central Europe, a. s. has applied the IFRS since 2006.

II. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING FINANCIAL STATEMENTS

1. Basis for preparation of financial statements

The financial statements were prepared in accordance with the historical cost principle, except for derivative financial instruments which were measured at their fair value.

The presentation currency of these financial statements is euro (EUR), and all figures are presented in thousands of euro (EUR), 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.

Up to the date of approval of these financial statements, no circumstances indicating a threat to the Company's ability to continue as a going concern have been identified.

2. Compliance statement

These financial statements were prepared in compliance with the International Financial Reporting Standards ("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 European Union as well as the Company's operations, in the scope of accounting principles applied by the Company there is no difference between the IFRS that came into force and the IFRS endorsed by the EU.

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

3. Significant accounting judgments, estimates and assumptions

Preparing financial statements in accordance with IFRS requires making judgements, estimates and assumptions which affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Although the estimates and assumptions have been adopted on the basis of the Company management's best knowledge of the current activities and occurrences, the actual results may differ from those anticipated.

In the 12 months period ended 31 December 2012, the Company's approach to making estimates was not subject to any substantial changes on the prior periods. Details of the main areas subject to accounting estimates and management's professional judgment, whose estimates, if changed, could significantly affect the Company's future results, are given below.

i Operating cash flows assumed for valuation of IT contracts as well as measurement of their completion

The Company executes a number of contracts for construction and implementation of information technology systems. Additionally, some of those contracts are denominated in foreign currencies. Valuation of IT contracts requires that future operating cash flows are determined in order to arrive at the fair value of income and expenses and to provide the fair value of the embedded currency derivatives; it also requires measurement of the progress of contract execution. The progress of contract execution is measured as a relation of costs already incurred (provided such costs contribute to the progress of the work) to the total costs planned, or as a portion of man-days worked out of the total work-output required.

Assumed future operating cash flows are not always consistent with the agreements with customers or suppliers due to modifications of IT projects implementation schedules. As at 31 December 2012, receivables from the valuation of IT contracts amounted to EUR 421 thousand, while liabilities due to such valuations equalled EUR 70 thousand. As at 31 December 2012, there were no embedded financial derivatives recognized in financial liabilities.

ii Rates of depreciation and amortization

The level of depreciation and amortization rates is determined on the basis of the 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.

iii Impairment test of financial and non-financial assets

The Board of Directors regularly reviews whether there exist indicators of impairment of financial and non-financial assets. Upon assessment of triggering events, the Company concluded there are indicators of impairment related to its financial investments. The Company therefore tested its financial investments on impairment. This task required making estimates of value in use of financial investments. The value in use is estimated by determination of the future cash flows expected to be generated by the investments and determination of a discount rate to be used in order to calculate net present value of those cash flows. As at 31 December 2012, the carrying amount of financial investments was EUR 64,759 thousand. Refer to the Note 10 for details.

4. Changes in the accounting principles applied

The accounting principles (policies) adopted in preparation of these financial statements are consistent with those applied for preparation of 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. The Company applied all Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted by the European Union ('EU') that are relevant to the Company's operations.

Standards and interpretations relevant to the Company's operations, effective in the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current accounting period:

- IFRS 7 Financial Instruments: Disclosures (amendment)

The IASB issued an amendment to IFRS 7 on 7 October 2010. The amendment provides enhanced disclosures for transferred financial assets that are derecognised in their entirety and transferred assets that are not derecognised in their entirety. The effective date is for annual periods beginning on or after 1 July 2011.

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

- IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopter

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company.

5. New standards and interpretations published but not yet in force

Standards issued but not yet effective or not yet adopted by the EU up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

- The first phase of IFRS 9 *Financial Instruments: Classification and Measurement* – effective for financial years beginning on or after 1 January 2015 – not endorsed by EU till the date of approval of these financial statements. In subsequent phases, the IASB will address hedge accounting and impairment. The application of the first phase of IFRS 9 will have impact on classification and measurement of the financial assets of the Company / Group. The Company / Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture,
- Amendments to IAS 19 *Employee Benefits* - effective for financial years beginning on or after 1 January 2013,
- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* - effective for financial years beginning on or after 1 July 2012,
- Amendments to IAS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets* – effective for financial years beginning on or after 1 January 2012 – in EU effective at the latest for financial years 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 financial years beginning on or after 1 July 2011 – in EU effective at the latest for financial years beginning on or after 1 January 2013,
- IFRS 10 *Consolidated Financial Statements* – effective for financial years beginning on or after 1 January 2013, – in EU effective at the latest for financial years beginning on or after 1 January 2014, the Company expects to adopt this standard from 1 January 2014,
- IFRS 11 *Joint Arrangements* – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014, the Company expects to adopt this standard from 1 January 2014,
- IFRS 12 *Disclosure of Interests in Other Entities* – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014, the Company expects to adopt this standard from 1 January 2014,
- Amendments to IFRS 10, IFRS 11 and IFRS 12 *Transition Guidance* - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 13 *Fair Value Measurement* - effective for financial years beginning on or after 1 January 2013,
- IAS 27 *Separate Financial Statements* – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014,

- IAS 28 *Investments in Associates and Joint Ventures* – effective for financial years beginning on or after 1 January 2013 – in EU effective at the latest for financial years beginning on or after 1 January 2014,
- IFRIC 20 Stripping C*osts in the Production Phase of a Surface Mine - effective for financial years beginning* on or after 1 January 2013,
- Amendments to IFRS 7 *Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities* - effective for financial years beginning on or after 1 January 2013,
- Amendments to IAS 32 *Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities*- effective for financial years beginning on or after 1 January 2014,
- Amendments to IFRS 1 *First–time Adoption of International Financial Reporting Standards: Government Loans* – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- *Improvements to IFRSs* (issued in May 2012) – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* (issued on 31 October 2012) – effective for financial years beginning on or after 1 January 2014 – not endorsed by EU till the date of approval of these financial statements.

The Company management is performing an analysis of the adoption of these standards, revisions and interpretations; this has not yet been completed so the impact is not assessed.

6. Summary of major accounting principles

i. Translation of items expressed in foreign currencies

The functional currency of the Company as well as the reporting currency used in these financial statements is the euro (EUR).

Transactions denominated in foreign currencies are initially recognized at the functional currency exchange rate of the transaction date. Assets and liabilities expressed in foreign currencies are restated at the functional currency exchange rate of the balance sheet date. Foreign currency non-monetary items valued at historical cost are restated at the exchange rate as at the initial transaction date. Foreign currency non-monetary items valued at fair value are restated using the exchange rate as of the date when such fair value is determined.

The following exchange rates were applied for the purpose of valuation in the statement of financial position:

Currency	As at 31 Dec 2012	As at 31 Dec 2011
EUR	1.00000	1.00000
USD	1.31940	1.29390
CZK	25.15100	25.78700
GBP	0.81610	0.83530
HUF	292.30000	314.58000
PLN	4.07400	4.45800

ii. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment write-downs. Any costs incurred after a tangible asset has been commissioned to use, such as costs of repairs and technical inspections, or operating fees, are expensed in the reporting period in which they were incurred. At the time of purchase, tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses constitute a component of assets as well.

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

Type	Period of useful life
Buildings and structures	12-20
Machinery and technical equipment	4-12
Transport vehicles	3-6
Computer hardware	4-12

The appropriateness of the periods of useful life and residual values applied is subject to annual review which results in relevant adjustments to the depreciation charges to be made in the subsequent years.

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

Investments in progress relating to tangible assets under construction are recognized at purchase price 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 into use.

iii. Intangible assets

Purchased separately or acquired as a result of merger of companies

Intangible assets purchased in a separate transaction are measured at initial recognition as cost. Intangible assets acquired as a result of a merger are measured at their fair value as at the date of merger.

The period of useful life of an intangible asset is assessed and classified as definite or indefinite. Intangible assets with a definite period of useful life are amortized using the straight-line method over the expected useful life, and amortization charges are expensed appropriately in the profit and loss account. The periods of useful life, being the basis for determination of amortization rates, are subject to annual verification and, if needed, they are adjusted starting from the next financial year. Below are the periods of useful life adopted for intangible assets:

Type	Period of useful life
Cost of development work	2-5
Computer software	2-8
Patents and licences	2-8
Customer relations	2-7
Other	2-5

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Except for development work, intangible assets produced by the Company on its own are not capitalized, but the expenditures on their production are expensed in the profit and loss account for the period in which they were incurred.

Research and development work

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to reliably measure the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied, requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Any gain or loss resulting from derecognition of an intangible asset from the statement of financial position (calculated as the difference between the net cash obtained from sales and the book value of such item) is disclosed in the profit and loss account for the period in which such derecognition was effective.

iv. Leasing

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

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

Leasing agreements, whereby the lessor retains substantially all the risks and rewards incidental to ownership of the leased asset, are treated as operating leasing. Lease payments under an operating leasing are recognized as expenses in the profit and loss account on a straight-line basis over the leasing period.

v. Impairment of non-financial assets

At each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired. Should there be any indications of impairment, the Company estimates the recoverable value. If the book value of a given asset exceeds its recoverable value, impairment charges are made reducing the book value to the level of the 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 an asset generates cash flows significantly independent from cash flows generated by other assets or other groups of assets or other cash-generating units.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the profit and loss account in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

Impairment tests are performed annually for intangible assets with an indefinite period of useful life, assets under construction and those which are no longer in use. The remaining intangible assets are tested for impairment if there are indications of a possible impairment in value. If the book value exceeds the estimated recoverable value (whichever is the higher of the two following values – net sales price or value in use), the value of these assets are to be reduced to the recoverable value.

vi. Subsidiaries, Associated Companies and Joint Ventures

Securities and shares in subsidiaries, associated companies and joint ventures which are not classified as held-for-sale are recognized at the carrying value representing acquisition cost less potential accumulated losses of impairment.

Securities and shares in subsidiaries, associated companies and joint ventures classified as held-for-sale are recognized at whichever is the lower of carrying value or fair value less disposal costs

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 price equal to fair value of the effective 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 identified or identifiable payments and with a fixed maturity date which the Company intends and is able to hold to maturity. Financial assets held to maturity are valued at amortized cost using the effective interest rate. Financial assets held to maturity are classified as non-current assets if their maturity exceeds 12 months from the balance sheet date.

Financial instruments acquired in order to generate profits owing to short-term price fluctuations are classified as financial instruments valued at fair value through profit or loss. Financial instruments valued at fair value through profit or loss are measured at fair value taking into account their market value as at the balance sheet date. Changes in these financial instruments are recognized as financial income or expenses. Financial assets valued at fair value through profit or loss are classified as current assets, provided the Board of Directors intends to dispose them within 12 months from the balance sheet date.

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 non-current 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. If the financial instruments are not quoted on an active market and it is impossible to determine their fair value reliably with alternative methods, financial assets available for sale are valued at the purchase price 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 price of such assets available for sale (after deducting any deferred tax liabilities) is recognized in the asset revaluation reserve. A decrease in the value of assets available for sale, resulting from their impairment, is recognized as a financial expense in the profit and loss account.

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

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

A financial instrument are derecognized from the statement of financial position if the Company no longer controls the contractual rights arising from such instrument; this usually takes place when the instrument is sold or when all the cash flows to be generated by this instrument are transferred to an independent third party.

viii. Trade accounts receivable

Trade accounts receivable, usually with payment terms ranging from 14 and 30 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for uncollectible receivables. Such an allowance for doubtful accounts is determined if it is no longer probable that the entire receivable amount will be collected. Doubtful accounts are expensed in the profit and loss account at the time when they are deemed uncollectible.

Where the effect of the value of money in time is material, the value of accounts receivable is 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. If the discounting method is used, the increase in receivables over time is booked as financial income.

ix. Cash and short-term deposits

Cash and cash equivalents presented in the statement of financial position consist of cash kept in banks and in hand by the Company, current cash deposits with a maturity not exceeding 3 months, and other highly liquid instruments.

The balance of cash and cash equivalents disclosed in the financial statement of cash flows consists of the cash and cash equivalents as defined above. For the purposes of the statement of cash flows, the Company decided not to present current account credits (used as an element of financing).

x. Trade accounts payable

Trade accounts payable relating to operating activities are recognized and disclosed at the amounts stated on the invoices as received, and are recognized in the reporting periods to which they relate. Other liabilities to a significant extent also relate to operating activities although, in contrast to trade accounts payable, they were not invoiced.

xi. Derivative financial instruments and hedges

In order to hedge against the risk of changes in foreign currency exchange rates and in interest rates, the Company utilizes currency forward contracts. 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.

Fair value of currency forward contracts is determined on the basis of the forward exchange rates currently available for contracts with similar maturity.

Gains and losses on changes in fair value of derivatives are recognized directly in profit or loss for the current financial reporting period, due to the fact that the Company does not use financial instruments which are qualified for hedge accounting.

xii. 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 yet been incurred) 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 is reduced either directly or by establishing an impairment write-down. The amount of the loss is recognized in the profit and loss account.

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. This reversal of the impairment write-down is 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 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 the 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, is derecognized from equity and recognized in the profit and loss account. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss. 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 an impairment loss is reversed in the profit and loss account.

xiii. Inventories

Inventories are valued at the whichever is the lower of the following two values: purchase price/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 measures the cost of inventories consumed by using the specific identification method. Revaluation write-downs of inventories are recognized in operating expenses.

xiv. Deferred expenses

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

In particular, deferred expenses may include the following items:

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

xv. Accrued expenses and deferred income

Accrued expenses are recognized in profit and loss in the amount of the probable obligations related to the current reporting period, in particular resulting from the supplies delivered / services rendered to the entity by its contractors, and the obligation's amount can be reliably valued.

Similarly to the provisions for liabilities, accruals' amounts are estimated. While preparing the estimates, the generally accepted trade practices should be considered.

Amortization of accruals may fall according to the time or volumes of supplies / services. Time and manner of amortization schedule is justified with the nature of the costs amortized, with respect to the prudence principle.

Liabilities recognized as accruals decrease the costs of the reporting period in which it was stated that they would not occur.

Deferred income (unearned revenues) relates mainly to prepayments received for the provision of maintenance services in future periods. The Company applies deferred expenses or deferred income accounts if such income or expenses relate to future reporting periods. By contrast, accrued expenses are disclosed in the amount of probable liabilities relating to the present reporting period.

Accrued expenses and deferred income are presented in the statement of financial position as non-current and current liabilities.

xvi. Revenues and expenses related to completion of implementation contracts

Sales of services executed under a contract which, as at the balance sheet date, are not completed but provided to a considerable extent are recognized at the balance sheet date proportionally to the percentage of completion of such services, on condition that the amount of revenue can be determined in a reliable way. The progress of contract execution is measured as a percentage of the total estimated contract execution costs incurred from the date of contract conclusion to the date when the related revenues are being determined, or as a portion of work completed out of the total work effort required. When determining the contract execution costs incurred up to the balance sheet date, any expenses for future activities related to the contract are not taken into account. These are disclosed as deferred expenses.

If it is impossible to reliably estimate the progress of a service execution as at the balance sheet date, sales revenues are recognized in the amount of costs incurred in the reporting period; however, this is limited to the amount of costs that are likely to be paid by the ordering party in the future.

In the event that it is probable that the total contract execution costs exceed the total contract revenues, the anticipated loss is recognized as cost in the reporting period in which it is detected.

Production costs of unfinished services comprise the costs incurred since the effective date of relevant agreement to the balance sheet date. Production costs incurred prior to concluding the agreement and which are related to the subject matter thereof are capitalized, provided they are likely to be covered with future revenues received from the ordering party.

If the progress of costs incurred deducted by expected losses and increased by profits included in the profit and loss account exceeds the progress of invoiced sales, the amount of non-invoiced sales constituting this difference is presented as other receivables.

On the other hand, if the progress of invoiced sales exceeds the proportion of costs incurred, decreased by expected losses and increased by profits included in the profit and loss account, future-related (unearned) revenues resulting from such difference are disclosed as other liabilities.

xvii. Provisions

A provision is 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 is recognized as a separate asset when, and only when, it is virtually certain that such reimbursement will be received. The expense relating to such a provision is presented in the profit and loss account, net of the amount of any reimbursements.

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

Where the effect of the value of money in time is material, the amount of a provision is 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 the discounting method is used, the increase in a provision due to the passage of time is recognized as borrowing costs.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or the service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

xviii. Equity

Shareholders' equity is presented at nominal value. Shareholders' equity comprises the following items:

- share capital, presented in the amount of capital contributions made and paid up,
- share premium from the sale of shares over their par value,
- other comprehensive income,
- retained earnings, including the net profit for the reporting period.

xix. Sales revenue

The accounting principles relating to recognition of sales revenues from execution of IT contracts have been already described above. Sales revenues are recognized in the amount reflecting the probable economic benefits associated with the transaction to be obtained by the Company and when the amount of revenue can be measured reliably.

While recognizing sales revenue the following criteria are also taken into account:

Sales revenue

Revenue is recognized if the significant risks and benefits resulting from ownership of products have been transferred to the buyer and when the amount of revenue can be reliably measured. Sales of computer software services (implementations, modifications and maintenance) are recognized systematically over the term of relevant contracts. On the other hand, revenues from sale of implementation services are recognized based on the percentage of their completion. Sales of services executed under a contract which, as

at the balance sheet date, are not completed but provided to a considerable extent are recognized at the balance sheet date proportionally to the percentage of completion of such services, on condition that the amount of revenue can be determined in a reliable way. The progress of contract execution is measured as a percentage of the total estimated contract execution costs incurred from the date of contract conclusion to the date when the related revenues are determined, or as a proportion of work completed out of the total work effort planned. If it is impossible to estimate reliably the result of the contract, the revenues are only recognized in the amount of costs incurred which the Company expects to recover.

Interest income

Interest income is recognized on a time-proportion basis (taking into account the effective yield - the interest rate which accurately discounts future cash flows during the estimated period of use of a financial instrument to the net book value of such a financial asset).

Interest income comprises interest on loans granted, investments in securities held to maturity, bank deposits and other items, as well as the discounts of costs (liabilities) according to the method of the effective interest rate.

Dividends

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

xx. Operating costs

The Company maintains cost accounting both by cost nature and by cost function. Cost of sales comprises the costs resulting directly from purchases of merchandise sold and generation of services sold. Selling expenses include the costs of distribution activities. General administrative expenses include the costs of the Company's management and administration activities.

xxi. Payroll expenses and costs of social and other insurance

The Company provides short-term employee benefits (mainly comprising payroll expenses, costs of medical, health and social security as well as the costs of creating the social fund). Over the course of the year, the Company makes contributions to social and health insurance from the gross wages paid, as well as contributions to the unemployment fund as per the statutory rates. The costs of the contributions are posted in the profit and loss account in the same period as the relevant payroll expenses.

In respect of employees who opted to participate in the programme of supplementary pension insurance, the Company contributes an amount of up to 2.5% of the total monthly tariff wage for these purposes.

No pension scheme is currently in operation in the Company.

xxii. Income tax and value added tax

For the purposes of financial reporting, deferred income tax is calculated applying the balance sheet liability method to all temporary differences that exist, at the balance sheet date, between the tax base of an asset or liability and its carrying amount in the statement of financial position. Deferred income tax provisions are established in relation to all positive temporary differences – except for situations when a deferred tax provision arises from an initial recognition of goodwill or initial recognition of an asset or liability on a transaction other than a combination of companies 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 participation in joint ventures – except for situations when the investor is able to control the timing of reversal of such temporary differences and when it is probable that such temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognized in relation to all negative temporary differences, as well as unutilized deferred tax assets or unutilized tax losses carried forward to subsequent years, in such an amount that it is probable that future taxable income will be sufficient to allow the above temporary differences, assets or losses to be utilized. This does not apply to situations when deferred tax assets related to negative temporary differences arise from the initial recognition of an asset or liability on a transaction other than a combination of companies which, at the time of its conclusion, has no influence on pre-tax profit, taxable income or tax loss. Furthermore, in the event of negative temporary differences arising from investments in a subsidiary or associated companies or from participation in joint ventures, deferred tax assets are recognized in the statement of financial position in such amounts only that it is probable that the above 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 is verified at every balance sheet date and is duly decreased or increased to reflect any changes in the estimates of achieving taxable profit sufficient to utilize the deferred tax asset partially or entirely...

Deferred tax assets and deferred tax provisions are 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 are the tax rates (and tax regulations) legally or factually in force at the balance sheet date.

Income tax relating to items that are directly recognized in equity is recognized under equity and not in the profit and loss account. Revenues, expenses and assets are recognized in the amounts excluding value added tax unless:

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

The net amount of value added tax which is recoverable from or payable to the tax authorities is included in the statement of financial position as a part of receivables or liabilities to the state budget.

III. INFORMATION ON SEGMENTS

The Company operates in the sector of information technologies and telecommunications. Because the main business activities have a similar character, there is no reason to adopt the standard relating to segmental information. The organizational structure is homogeneous, without any independent part that would operate on different activities. On the base of the above, the Company declares itself as one business segment.

The Company operates in more economic regions, but almost 80% of revenues come from the Slovak Republic. The rest are from the Czech Republic, where Asseco Central Europe has the international branch and from other European countries are included in the financial statements submitted.

Geographical sectors are distinguished by the Company's geographical operations where economic activities are being conducted.

The numbers in the tables below are after inter-company eliminations, and dividends are seen directly in the net profit of the reportable segment.

For 12 months ended 31 December 2012 and as at 31 December 2012 (audited)	Slovak market	Czech/other market	Total
Sales revenues			
Sales to external customers	22,236	8,773	**31,009**
Operating profit of reportable segment	**4,257**	**1,667**	**5,924**
Interest income	377		377
Interest expense	-	-	-
Corporate income tax	**(820)**	**(333)**	**(1,153)**
Non-cash items:			
Depreciation and amortization	(2,367)	-	(2,367)
Impairment write-downs on segment assets	(199)	-	(199)
Net profit of reportable segment	**11,129**	**1,334**	**12,463**
Segment assets	106,433	2,316	**108,749**
Segment capital expenditures	**(579)**	**-**	**(579)**

The impairment write-downs on segment assets of EUR 199 thousand comprise allowances for receivables of EUR 308 thousand and reversal of allowances for intangibles of EUR (109) thousand.

The increase in Segment assets in the Czech/other market in 2012 compared to 2011 was caused by the acquisition of licence StarBUILD for Českomoravská stavební spořitelna, a.s. in amount of EUR 1,201 thousand.

For 12 months ended 31 December 2011 and as at 31 December 2011 (audited)	Slovak market	Czech/other market	Total
Sales revenues			
Sales to external customers	26,735	6,427	**33,162**
Operating profit (loss) of reportable segment	**5,347**	**1,285**	**6,632**
Interest income	263		263
Interest expense	(4)	-	(4)
Corporate income tax	**(1,048)**	**(243)**	**(1,291)**
Non-cash items:			
Depreciation and amortization	(1,718)	-	(1,718)
Impairment write-downs on segment assets	(511)	-	(511)
Net profit (loss) of reportable segment	**10,645**	**1,042**	**11,687**
Segment assets	120,270	1,082	**121,352**
Segment capital expenditures	**(1,016)**	**-**	**(1,016)**

IV. NOTES TO THE FINANCIAL STATEMENTS

1. Sales revenue

In 2012 and the corresponding comparative period, the operating revenues were as follows:

Sales revenues by type of business	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Proprietary software and services	23,782	24,368
Third-party software and services	4,140	4,894
Computer hardware and infrastructure	3,087	3,900
	31,009	**33,162**

Sales revenues by sectors	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Banking and finance	14,938	20,722
Enterprises	2,196	1,321
Public institutions	13,875	11,119
	31,009	**33,162**

Sales revenues by territorial structure	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Slovakia	22,236	26,735
Czech Republic	8,727	6,415
Other European countries	46	12
	31,009	**33,162**

2. Operating costs

	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Materials and energy used (-)	(220)	(208)
Costs of goods sold	(6,556)	(7,868)
Third party work (-)	(3,155)	(3,920)
Salaries (-)	(10,482)	(9,110)
Employee benefits, of which (-)	(2,986)	(2,781)
social security contributions (-)	*(1,457)*	*(1,339)*
Depreciation and amortization (-)	(2,368)	(1,718)
Taxes and charges (-)	(21)	(14)
Business trips (-)	(190)	(160)
Change in write-offs (+)/(-)	15	518
Other (-)	(1)	(702)
	(25,964)	**(25,963)**
Cost of sales:	**(21,995)**	**(22,413)**
production cost (-)	*(15,439)*	*(14,545)*
cost of merchandise, materials and third party work sold (COGS) (-)	*(6,556)*	*(7,868)*
Selling expenses (-)	**(759)**	**(969)**
General administrative expenses (-)	**(3,210)**	**(2,581)**

The amount of Salaries increased in 2012 because of yearly bonuses for achieving targets. The increase in Depreciation and amortization in 2012 (EUR 2,368 thousand) compared to 2011 (EUR 1,718 thousand) was caused by the starting depreciate of Software licences def 3000/CB (EUR 650 thousand).

3. Other operating income and expenses

Other operating income	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Gain on disposal of tangible fixed assets	21	50
Compensations received	32	26
Re-invoicing	0	1
Income from rental services	82	106
Reversal of allowances of other receivables	110	-
Reversal of other provisions	635	-
Other	39	49
Total	**919**	**232**

In other operating income is included reversal of provisions (EUR 635 thousand) created for contractual penalties related to delayed project deliveries in 2011. The Company concluded the penalties with the customers without disputes and thus provisions were reversed.

Other operating expenses	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Shortages identified in stock-take (-)	-	(1)
Charitable contributions for unrelated companies (-)	(23)	(14)
Provision for penalties and compensations	-	(758)
Other (-)	(17)	(26)
Total	**(40)**	**(799)**

Provisions for penalties and compensations in 2011 represents provisions created for contractual penalties, mostly related to delayed project deliveries in 2011.

4. Financial income and expenses

Financial income	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Interest income on loans granted, debt securities and bank deposits	377	263
Gain on foreign exchange differences	-	48
Gain on exercise of currency derivatives - forward contracts	26	31
Dividends received	7,438	6,193
Other financial income	1,450	1,450
Total financial income	**9,291**	**7,985**

Other financial income reported in 2012 and 2011 represents release of the contingent consideration recognized on acquisition of GlobeNet, Zrt in 2010. The financial performance of GlobeNet, Zrt was below the target profit in 2012 and 2011, hence the Company released the contingent consideration. The contingent consideration was fully released during 2011 and 2012 and whole GlobeNet acquisition was completed as the Company hold 100% share as at 31 December 2012.

Financial expenses	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Interest expense on financial leases (-)	(2)	(4)
Bank fees and charges (-)	-	(36)
Loss on foreign exchange differences (-)	(76)	-
Loss on exercise of currency derivatives - forward contracts	(71)	(26)
Write-off of investment in subsidiaries, jointly-controlled entities or associates (-)	(1,450)	(1,573)
Total financial expenses	**(1,599)**	**(1,639)**

As a result of annual impairment tests, the Company recognized an impairment charge of EUR 1,450 thousand on investment in GlobeNet, Zrt as a result of the weaker financial performance, which was also reflected in the release of the contingent consideration (refer to Note 10). As at 31 December 2011 amount of impairment charge on investment in GlobeNet, Zrt was EUR 1,573 thousand.

5. Corporate income tax

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

	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Current portion of corporate income tax and prior years adjustments	(715)	(1,479)
Deferred portion of corporate income tax	(438)	188
related to occurrence or reversal of temporary differences	*(438)*	*188*
Income tax expense as disclosed in the profit and loss account, of which:	**(1,153)**	**(1,291)**

Regulations applicable to the value added tax, corporate income tax, personal income tax or social security contributions are subject to frequent amendments, thereby often depriving taxpayers of the possibility to refer to well-established regulations or legal precedents. The current regulations in force include ambiguities which may give rise to different opinions and legal interpretations on the taxation regulations, either between companies and public administration or between the public administration bodies themselves. Taxation and other settlements (for instance customs duty or currency payments) may be controlled by administration bodies that are entitled to impose considerable fines, and the amounts of the liabilities so determined must be paid with high interest. In effect, the amounts disclosed in the financial statements may later be changed, after the taxes payable are finally determined by the taxation authorities.

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

	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Pre-tax profit	**13,616**	**12,978**
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	**2,587**	**2,466**
Income and expenses from valuation of IT contracts	-	-
Non-taxable financial income - dividends	(1,446)	(1,161)
Other non-taxable income and non-deductible expenses	12	(14)
Corporate income tax computed at the effective tax rate of 8.5% in 2012 and 9.9% in 2011	**1,153**	**1,291**

The Company made an estimate of taxable income planned to be achieved in the future and concluded it will make feasible the recovery of deferred income tax assets (net of provisions) in the full amount as at 31 December 2012 and as at 31 December 2011.

	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Deferred income tax assets	509	1,000
Deferred income tax provisions	(245)	(298)
Deferred income tax assets (+)/Deferred income tax provision (-), net	**264**	**702**

	Balance Sheet			Profit and Loss Account	
	31 Dec 2012	Mergers and taking control over companies	31 Dec 2011	12 months ended 31 Dec 2012	12 months ended 31 Dec 2011
	(audited)	(audited)	(audited)	(audited)	(audited)
Deferred income tax provision					
Profits due to the balance sheet valuation of IT contracts	-		-	-	108
Fair-value adjustment to other assets on a ISZP merger in 2010 (know-how)	(221)		(274)	53	92
Valuation of tangible assets at fair value and difference between tax depreciation and accounting depreciation	(24)		(24)	-	(2)
Deferred income tax provision, gross	**(245)**	**-**	**(298)**		
Deferred income tax assets					
Accrued expenses, provisions and other liabilities	258		791	(533)	(63)
Balance sheet valuation of IT contracts	-		-	-	(45)
Receivables allowances	178		128	50	40
Other	73		81	(8)	58
Deferred income tax assets, gross	**509**	**-**	**1,000**		
Deferred income tax assets, net	**264**		**702**		
Change in deferred income tax in the period reported, of which				**(438)**	**188**
deferred income tax change recognized in profit or loss				(438)	188

6. Earnings per share

Basic earnings per share are computed by dividing the net profit for the period reported, attributable to shareholders of the Company, by the average weighted number of ordinary shares outstanding during that financial period.

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

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

	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Net profit attributable to Shareholders of the Parent Company	**12,463**	**11,687**
Average weighted number of ordinary shares outstanding, used for calculation of basic earnings per share	21,360,000	21,360,000
Dilution factors	-	-
Adjusted average weighted number of ordinary shares, used for calculation of diluted earnings per share	**21,360,000**	**21,360,000**

Both in the present reporting period and the corresponding period in the prior year, no events took place that would cause dilution of earnings per share.

7. Dividends

In 2012 the Parent Company paid out a dividend to its shareholders for 2011. The Ordinary General Meeting of Shareholders of Asseco Central Europe, a. s. (SK) decided on distribution of the profit and payment of dividend for the year 2011 in the amount of EUR 11,686,556.67 as follows:

11,686,556.67 was distributed between shareholders as dividends.

Part of the retained earnings of the Company for the year 2009 in the amount of EUR 2,411,043.33 was distributed between shareholders as dividends.

The total amount of the dividend was EUR 14,097,600, i.e. EUR 0.66 per share.

8. Property, plant and equipment

For 12 months ended 31 December 2012 (audited)	Computers and other office equipment	Transport vehicles	Other tangible assets	Tangible assets under construction	Total
As at 1 January 2012, less depreciation and impairment allowance	**321**	**267**	**17**	**7**	**612**
Additions, of which:	266	145	-	108	**519**
Purchases	*262*	*145*	-	*112*	***519***
Other changes	*4*	-	-	*(4)*	**-**
Reductions, of which:	(168)	(128)	(1)	-	**(297)**
Depreciation charge for the reporting period (-)	*(168)*	*(128)*	*(1)*	-	***(297)***
Disposal and liquidation (-)	*(33)*	*(151)*	-	-	***(184)***
Depreciation of Disposals and liquidations	*33*	*151*	-	-	***184***
Impairment write-downs (-)	-	-	-	-	**-**
As at 31 December 2012, less depreciation	**419**	**284**	**16**	**115**	**834**
As at 1 January 2012					
Gross value	1,366	1,365	20	7	**2,758**
Depreciation and impairment write-downs (-)	(1,045)	(1,098)	(3)	-	**(2,146)**
Net book value as at 1 January 2012	**321**	**267**	**17**	**7**	**612**
As at 31 December 2012					
Gross value	1,599	1,359	20	115	**3,093**
Depreciation and impairment allowance (-)	(1,180)	(1,075)	(4)	-	**(2,259)**
Net book value as at 31 December 2012	**419**	**284**	**16**	**115**	**834**

As at 31 December 2012, no tangible fixed assets served as security for bank credit.

For 12 months ended 31 December 2011 (audited)	Computers and other office equipment	Transport vehicles	Other tangible assets	Tangible assets under construction	Total
As at 1 January 2011, less depreciation and impairment allowance	**322**	**313**	**18**	**4**	**657**
Additions, of which:	148	136	-	3	**287**
Purchases	*144*	*136*	-	*7*	***287***
Other changes	*4*	-	-	*(4)*	**-**
Reductions, of which:	(149)	(182)	(1)	-	**(332)**
Depreciation charge for the reporting period (-)	*(149)*	*(153)*	*(1)*	-	***(303)***
Disposal and liquidation (-)	*(17)*	*(376)*	-	-	***(393)***
Depreciation of Disposals and liquidations	*17*	*372*	-	-	***389***
Impairment write-downs (-)	-	*(25)*	-	-	***(25)***
As at 31 December 2011, less depreciation	**321**	**267**	**17**	**7**	**612**
As at 1 January 2011					
Gross value	1,235	1,605	20	4	**2,864**
Depreciation and impairment write-downs (-)	(913)	(1,292)	(2)	-	**(2,207)**
Net book value as at 1 January 2011	**322**	**313**	**18**	**4**	**657**
As at 31 December 2011					
Gross value	1,366	1,365	20	7	**2,758**
Depreciation and impairment allowance (-)	(1,045)	(1,098)	(3)	-	**(2,146)**
Net book value as at 31 December 2011	**321**	**267**	**17**	**7**	**612**

As at 31 December 2011, no tangible fixed assets served as security for bank credit.

9. Intangible assets

For 12 months ended 31 December 2012 (audited)	Cost of development work	Computer software	Goodwill on merger	Intangible assets under construction	Other	Total
As at 1 January 2012, less amortization and impairment allowance	**51**	**5,560**	**1,083**	**5,160**	**1,445**	**13,299**
Additions, of which:	-	5,250	-	-	-	**5,250**
Purchases	-	*36*	-	-	-	***36***
Transfer from intangible assets under construction	-	*5,214*	-	-	-	***5,214***
Reductions, of which:	(17)	(1,518)	-	(5,160)	(481)	**(7,176)**
Amortization charge for the reporting period (-)	*(119)*	*(1,471)*	-	-	*(481)*	***(2,071)***
Impairment write-downs (-)	-	*(54)*	-	-	-	***(54)***
Transfer to computer software (-)	-	-	-	*(5,160)*	-	***(5,160)***
Release of allowance (+)	*102*	*7*	-	-	-	***109***
As at 31 December 2012, less amortization	**34**	**9,292**	**1,083**	**-**	**964**	**11,373**
As at 1 January 2012						
Gross value	530	6,729	1,083	5,214	2,407	**15,963**
Amortization and impairment allowance (-)	(479)	(1,169)	-	(54)	(962)	**(2,664)**
Net book value as at 1 January 2012	**51**	**5,560**	**1,083**	**5,160**	**1,445**	**13,299**
As at 31 December 2012						
Gross value	530	11,979	1,083	-	2,407	**15,999**
Amortization and impairment allowance (-)	(496)	(2,687)	-	-	(1,443)	**(4,626)**
Net book value as at 31 December 2012	**34**	**9,292**	**1,083**	**-**	**964**	**11,373**

As at 31 December 2012, no intangible assets served as security for bank credits.

Item Transfer to computer software from category Intangible assets under construction of EUR 5,160 thousand comprise the Software licences def 3000/CB purchased from Asseco Poland S.A.

For 12 months ended 31 December 2011 (audited)	Cost of development work	Computer software	Goodwill on merger	Intangible assets under construction	Other	Total
As at 1 January 2011, less amortization and impairment allowance	**425**	**58**	**1,083**	**12,300**	**1,926**	**15,792**
Additions, of which:	-	6,316	-	5,214	-	**11,530**
Purchases	-	*16*	-	*5,214*	-	***5,230***
Transfer from intangible assets under construction	-	*6,300*	-	-	-	***6,300***
Reductions, of which:	(374)	(814)	-	(12,354)	(481)	**(14,023)**
Amortization charge for the reporting period (-)	*(120)*	*(814)*	-	-	*(481)*	***(1,415)***
Impairment write-downs (-)	*(254)*	-	-	*(54)*	-	***(308)***
Disposal and liquidation (-)	-	-	-	*(6,000)*	-	***(6,000)***
Transfer to Computer software (-)	-	-	-	*(6,300)*	-	***(6,300)***
As at 31 December 2011, less amortization	**51**	**5,560**	**1,083**	**5,160**	**1,445**	**13,299**
As at 1 January 2011						
Gross value	530	414	1,083	12,300	2,407	**16,734**
Amortization and impairment allowance (-)	(105)	(355)	-	-	(481)	**(941)**
Net book value as at 1 January 2011	**425**	**58**	**1,083**	**12,300**	**1,926**	**15,792**
As at 31 December 2011						
Gross value	530	6,729	1,083	5,214	2,407	**15,963**
Amortization and impairment allowance (-)	(479)	(1,169)	-	(54)	(962)	**(2,664)**
Net book value as at 31 December 2011	**51**	**5,560**	**1,083**	**5,160**	**1,445**	**13,299**

As at 31 December 2011, no intangible assets served as security for bank credits.

The purchases of Intangible assets under construction of EUR 5,214 thousand comprise the Software licences def 3000/CB of EUR 5,200 thousand purchased from Asseco Poland S.A. The disposal of Intangible assets under construction of EUR 6,000 thousand represents the sale of Uniquare software (Teller, Loan) to Asseco Poland S.A.

10. Investment in subsidiaries

	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Slovanet a. s.	3,645	3,645
Asseco Solutions, a. s. (Datalock a. s.)	9,295	9,295
DanubePay, a. s.	25	-
Asseco Central Europe, a. s., Czech Republic	34,986	34,986
Statlogics Zrt.	10,818	8,279
Globenet Zrt.	5,990	6,143
Total	**64,759**	**62,348**

Minority shareholders of Statlogics exercised their put option to sell additional 14,98% share in Statlogics to Asseco Central Europe, a. s. for EUR 2,539 thousand resulting in increase of investment as of 31 December 2012. Asseco Central Europe, a. s. increased its ownership interest in Statlogics to 100%.

Asseco Central Europe, a. s. established a new company DanubePay, a. s. in July 2012, the ownership interest is 100%.

Asseco Central Europe, a. s. increased its ownership interest in Globenet to 70% by purchase of additional 10% share for EUR 1. The Company purchased the remaining 30% share in Globenet for EUR 1,230 thousand in August 2012 and capitalized legal fees connected with the process of acquisition in amount of EUR 67 thousand. On the other hand impairment of Globenet investment was posted of EUR 1,450 thousand as at 31 December 2012.

The Company regularly undergoes assessment of a presence of impairment indicators in relation to its financial investments in subsidiaries. Lower than budgeted financial performance of the subsidiary Globenet, Zrt. was considered as a triggering event for impairment-testing. The Company performed impairment test by comparing the carrying amount of the financial investment with its recoverable amount. The recoverable amount of the financial investment was estimated by means of the value in use methodology. The value in use of the financial investment was determined on the basis of the net present value of cash flows expected to be generated by the subsidiary. The cash flows were projected for a 5-year explicit. The projected cash flows were discounted at a pre-tax discount rate of 17,3%. The discount rate is the subsidiary's cost of capital.

As a result of the test as at 30 June 2012, the Company recognized an impairment loss to investment in Globenet of EUR 1,450 thousand in its profit and loss account (financial expenses line). According to the result of the test as at 31 December 2012 it was not necessary to change amount of impairment, there was no risk of further impairment. In 2011 was according impairment test recognized in loss account amount of EUR 1,573 thousand.

Sensitivity analysis	Value of the assumption		
Discount rate	Applied	+ 0.5%	+ 1.0%
Impairment charge	1,450	232	522
Operating profitability	Applied	- 0.5%	- 1.0%
Impairment charge	1,450	32	104
Growth rate	Applied	- 0.5%	- 1.0%
Impairment charge	1,450	271	543

11. Long-terms loans

Long-terms loans of EUR 1,052 thousand include principal EUR 1,047 thousand and interests EUR 5 thousand of loan due from Globenet Zrt. granted in August 2012, interest rate is 1M EURIBOR +1.1% p.a., maturity as at 31 December 2014.

12. Deferred expenses

Current	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Maintenance services	604	351
Pre-paid insurance	14	27
Pre-paid subscriptions	2	-
Pre-paid other services	75	34
Total	**695**	**412**

Increasing Maintenance services are caused by Maintenance services bought for client Postova banka EUR 112 thousand and Vseobecna zdravotna poistovna EUR 328 thousand in 2012 instead of EUR 245 thousand in 2011.

13. Implementation contracts

In 2012 and 2011, the Company executed a number of so-called IT implementation contracts. In line with IAS 11, sales generated from such contracts are recognized according to the percentage of completion of relevant contracts. In 2012 and 2011 the Company measured the percentage of completion of IT implementation contracts using the "cost" method (this is by determining the relation of costs incurred to the overall project costs) or according to the "work-effort" method.

The following table includes basic data about the ongoing IT implementation contracts.

	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Costs incurred due to execution of IT contracts (-)	(2,967)	(6,375)
Profit (loss) on execution of IT contracts	**2,776**	**4,682**
Total revenues related to IT contracts	5,743	11,057
of which:		
Progress billing	5,392	9,909
Receivables relating to valuation of IT contracts (Note 15)	421	1,562
Liabilities relating to valuation of IT contracts (-)	(70)	(414)

14. Trade and other receivables

Trade accounts receivable	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Trade accounts receivable including:	**8,957**	**13,203**
Receivables from related companies, of which:	1,780	1,391
from subsidiaries	*1,780*	*1,391*
Receivables from other companies	8,141	12,469
Revaluation write-down on doubtful accounts receivable (-)	(964)	(657)

Trade accounts receivable are not interest-bearing.

The Company has a policy of selling its products to reliable clients only. Owing to that, in the management's opinion, the credit sales risk would not exceed the level covered by the allowances for doubtful accounts as established by the Company.

As at 31 December 2012 and 31 December 2011, no receivables and future receivables served as security for bank credits.

The transactions with related companies are presented in Note 24 to these financial statements.

Ageing of trade accounts receivable	as at 31 Dec 2012 (audited)		as at 31 Dec 2011 (audited)	
	amount	structure	amount	structure
Receivables not yet due	8,664	97%	10,218	77%
Receivables past-due up to 3 months	180	2%	2,892	22%
Receivables past-due over 3 months	113	1%	93	1%
	8,957	**100%**	**13,203**	**100%**

Other receivables	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Receivables from book valuation of IT contracts	421	1,562
Receivables from disposal of intangible assets	-	5,685
Receivables from prepayments paid	8	6
Receivables from dividends	-	457
Receivable from sale of subsidiary	2,000	4,360
Other receivables	276	238
Total	**2,705**	**12,308**

Receivables from valuation of IT contracts (implementation contracts) result from the surplus of the percentage of completion of implementation contracts over invoices issued. The receivables from the disposal of intangible assets of EUR 5,685 thousand in 2011 relate to the sale of Uniquare software to Asseco Poland S.A. (refer to Note 9).

The outstanding receivable from sale of the subsidiary of EUR 2,000 thousand (EUR 4,360 thousand) relates to disposal of the Uniquare share in 2010 due in 2013.

15. Loans granted and loans collected

Loans granted of EUR 160 thousand presented as at 31 December 2012 include loan due from DanubePay, a.s. (principal EUR 160 thousand + interests EUR 0 thousand, interest rate 1M EURIBOR + 1.1% p.a., maturity in December 2013).

As at 31 December 2011 amount of EUR 591 thousand related to the loan due from UNIQUARE Software Development GmbH (principal EUR 480 thousand + interests EUR 111 thousand, interest rate 1M EURIBOR + 1.1% p.a., maturity in March 2012).

Amount of Loans granted in the Statement of cash-flows in value of EUR 1,955 thousand presented loan for DanubePay, a.s. (EUR 160 thousand), Globenet, Zrt. (EUR 795 thousand) and Slovanet, a.s., (EUR 1,000 thousand). Loans collected in the Statement of cash-flows of EUR 1,480 related to the collected loan from UNIQUARE Software Development GmbH (EUR 480 thousand) and Slovanet, a.s. (EUR 1.000 thousand).

16. Other financial assets

As at 31 December 2012 the Company owns bills of exchange of J&T Private Equity B.V in amount of EUR 4,129 thousand with maturity in February 2013 (EUR 746 thousand, interest rate 6.5%), March 2013 (EUR 2,718 thousand, interest rate 3.5%) and bills due 30 days after request (EUR 665 thousand, interest rate 2.5%).

17. Cash and short-term deposits

	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Cash in bank	7,703	3,595
Cash in hand	6	2
Short-term deposits	5,000	13,590
Cash equivalents	28	22
	12,737	**17,209**

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

Current deposits did not serve as security for any bank guarantees (of due performance of contracts and tender deposits) either at 31 December 2012 or at 31 December 2011.

18. Share capital and capital reserves

The Company has capital stock amounting to EUR 709,023.84 which consists of 21,360,000 shares.

Par value on shares

All issued shares have a par value of EUR 0,033194 per share and have been fully paid up.

In 2012 and 2011 there were no changes in the Company's share capital and share premium account.

19. Non-current and current financial liabilities

Non-current	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Finance lease commitments	-	7
Total	**-**	**7**

Current	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Finance lease commitments	6	22
Liabilities due to acquisition of shares in Globenet	-	1,450
Total	**6**	**1,472**

Current liabilities due to acquisition of shares in Globenet, Zrt. represent in 2011 liabilities from a contingent consideration established by share-purchase agreement with the seller.

20. Finance lease

Leasing of cars and equipment

The aggregate future minimum lease payments and liabilities under such finance lease of cars and equipment are as follows:

	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Minimum lease payments		
in period shorter than 1 year	7	22
in period from 1 to 5 years	-	7
in period longer than 5 years	-	-
Future minimum lease payments	**7**	**29**
Future interest expense		
Present value of finance lease commitment	**6**	**27**
in period shorter than 1 year	6	20
in period from 1 to 5 years	-	7
in period longer than 5 years	-	-

As at 31 December 2012, the effective rate of return on the above financial leasing equalled 7.0%.

21. Non-current and current provisions for liabilities

	Provision for warranty repairs	Other provisions	Total
As at 1 January 2012	**890**	**921**	**1,811**
Provisions established during financial year	930	-	**930**
Provisions reversed (-)	-	(635)	**(635)**
Provisions utilized (-)	(1,144)	-	**(1,144)**
As at 31 December 2012 (audited)	**676**	**286**	**962**
Short-term as at 31 December 2012	676	286	962
Long-term as at 31 December 2012	-	-	**-**
As at 31 December 2011 (audited)	**890**	**921**	**1,811**
Short-term as at 31 December 2011	890	921	**1,811**
Long-term as at 31 December 2011	-	-	**-**

Provision for warranty repairs

The provision established for the costs of warranty repairs corresponds to the provision of own software guarantee services as well as to handling the guarantee maintenance services being provided by the producers of hardware that was delivered to the Company's customers.

Other provisions

Other provisions includes provisions for penalties and compensations created for contractual penalties, mostly related to delayed projects.

22. Non-current and current trade accounts payable and other liabilities

Current trade accounts payable	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Accounts payable to related companies	677	713
Accounts payable to other companies	2,869	5,175
Total	**3,546**	**5,888**

Trade accounts payable are not interest-bearing. The transactions with related companies are presented in Note 23 to these financial statements.

Liabilities due to taxes, import tariffs, social security and other regulatory benefits payable	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Value added tax	401	336
Personal income tax (PIT)	343	103
Social Insurance Institution	426	287
Other	1	-
Total	**1,171**	**726**

The amount resulting from the difference between VAT payable and VAT recoverable is paid to the respective tax authorities on a monthly basis.

Other current liabilities	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Liabilities to employees relating to salaries and wages	1,505	501
Liabilities relating to valuation of IT contracts	70	414
Liabilities due to non-invoiced deliveries	147	1,478
Liabilities from prepayments from unrelated parties	105	-
Liabilities from prepayments received to parent company and subsidiaries	35	30
Liabilities from purchase of property, plant, equipment and intangible assets to parent company	-	5,200
Other liabilities	33	6
Total	**1,895**	**7,629**

Liabilities to employees relating to salaries and wages increase in 2012 because quarterly (for 4-th quarter) and yearly bonuses were allocated with December´s salaries already.

Liabilities from purchase of property, plant, equipment and intangible assets to parent company of EUR 5,200 thousand in 2011 relate to purchase of software licences def3000/CB from Asseco Poland S.A. (refer to Note 9).

Current accrued expenses	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Accrual for unutilized vacation	542	469
Accrual for employee bonuses	130	1,500
Other accruals	22	10
Total	**694**	**1,979**

Accrued expenses mainly consist of the accrual for unutilized vacation, accruals for salaries and wages of the current period to be paid out in future periods, which result from the bonus schemes applied by the Company as well as other employee-related accruals.

Current deferred income	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Maintenance services	866	596
Total	**866**	**596**

The balance of deferred income mainly relates to prepayments for the provision of services such as maintenance and IT support.

23. Transactions with related companies

	Asseco Central Europe Group sales to related companies in the period of		Asseco Central Europe Group purchases from related companies in the period of		Asseco Central Europe Group receivables as at		Asseco Central Europe Group liabilities as at	
	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)	31 Dec 2012 (audited)	31 Dec 2011 (audited)	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Transactions with parent company	**26**	**6,000**	**2**	**5,203**	**26**	**5,685**	**-**	**5,202**
Asseco Poland SA	26	6,000	2	5,203	26	5,685	-	5,202
Transactions with subsidiaries	**2,103**	**1,717**	**1,494**	**1,486**	**1,754**	**1,957**	**677**	**697**
Slovanet, a.s.	203	156	207	119	31	16	91	1
Asseco Solutions a.s. SR	104	31	116	30	2	372	4	1
DanubePay, a.s.	12	-	103	-	502	-	-	-
Asseco Czech Republic a.s.	1,728	1,518	1,055	1,275	1,181	1,347	582	676
Asseco Solutions a.s. ČR	1	-	-	-	-	-	-	-
Asseco SEE srl. (Net Consulting)	-	-	3	-	-	-	-	-
Globenet Zrt.	35	-	-	7	35	219	-	-
Asseco SEE SH.P.K (Pronet)	-	-	10	36	-	-	-	-
Asseco South Eastern Europe d.o.o.	20	12	-	19	3	3	-	19
Transactions with related companies	**-**	**-**	**3**	**14**	**-**	**-**	**-**	**14**
Matrix42 AG	-	-	3	14	-	-	-	14
TOTAL	**2,129**	**7,717**	**1,499**	**6,703**	**1,780**	**7,642**	**677**	**5,913**

24. Information on transactions with other related entities

According to information available to Asseco Central Europe, a. s., as at 31 December 2012 liabilities due to transactions conducted with companies related through the Key Management Personnel (boards of directors and supervisory boards of the Group companies) or with the Key Management Personnel themselves were in EUR 462 thousand.

As at 31 December 2011, according to information available to Asseco Central Europe, a.s., liabilities due to transactions conducted with companies related through the Key Management Personnel (boards of directors and supervisory boards of the Group companies) or with the Key Management Personnel were in EUR 471 thousand.

As at 31 December 2012, according to information available to Asseco Central Europe, a.s., there were no outstanding receivables due to transactions conducted with companies related through the Key Management Personnel (boards of directors and supervisory boards of the Group companies) or with the Key Management Personnel.

Whereas, as at 31 December 2011 there were no outstanding receivables under transactions conducted with companies related through the Key Management Personnel (boards of directors and supervisory boards of the Group companies) or with the Key Management Personnel.

In the 12 months period ended 31 December 2012, according to the accounting books of Asseco Central Europe, a. s. there were no transactions conducted with companies related through the Key Management Personnel or with the Key Management Personnel.

Whereas, during 12 months ended 31 December 2011, according to the accounting books of Asseco Central Europe, a. s., there were no transactions conducted with companies related through the Key Management Personnel or with the Key Management Personnel.

25. Changes in working capital

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

Changes in working capital	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Change in inventories	(2)	-
Change in receivables	4,893	(8,142)
Change in liabilities	(2,431)	7,195
Change in deferred and accrued expenses	(1,298)	(32)
Change in provisions	(849)	(299)
	313	**(1,278)**

26. Commitments and contingent liabilities concerning related companies

As at 31 December 2012, no guarantees and sureties were issued for Asseco Central Europe a. s.

As at 31 December 2012, guarantees and sureties issued by Asseco Central Europe a.s. were as follows:

- Slovanet a.s. (subsidiary) was granted a guarantee for EUR 4,000 thousand to back up its liabilities towards Všeobecná úverová banka under a framework crediting agreement.;

As at 31 December 2011, no guarantees and sureties were issued for Asseco Central Europe a. s.

As at 31 December 2011, guarantees and sureties issued by Asseco Central Europe a.s. were as follows:

- Slovanet a.s. (subsidiary) was granted a guarantee for EUR 3,923 thousand to back up its liabilities towards Tatra Banka under a framework crediting agreement.;
- guarantee for EUR 561 thousand extended for Slovanet a.s. (subsidiary) to back up a credit taken out from Tatra Banka. It is a current credit to be repaid by the end of 2012.;

27. Commitments and contingent liabilities in favour of other companies

Additionally, as at 31 December 2012 and 31 December 2011, the Company was a party to a number of leasing and tenancy contracts or other contracts of similar nature, resulting in the following future liabilities:

Liabilities under operating lease of property, plant and equipment	**31 Dec 2012 (audited)**	**31 Dec 2011 (audited)**
In the period up to 1 year	7	22
In the period from 1 to 5 years	0	7
In the period over 5 years	-	-
Total	**7**	**29**

Liabilities under lease of space	**31 Dec 2012 (audited)**	**31 Dec 2011 (audited)**
In the period up to 1 year	937	937
In the period from 1 to 5 years	3,749	3,749
In the period over 5 years	0	937
Total	**4,686**	**5,623**

28. Employment

Average Company workforce in the reporting period	12 months ended 31 Dec 2012 (audited)	12 months ended 31 Dec 2011 (audited)
Management Board of the Parent Company	5	4
Production departments	294	277
Maintenance departments	27	32
Sales departments	10	9
Administration departments	21	17
Other	0	5
Total	**357**	**344**

Company workforce as at	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Management Board of the Parent Company	5	5
Production departments	307	277
Maintenance departments	28	30
Sales departments	10	8
Administration departments	22	17
Other	0	5
Total	**372**	**342**

29. Objectives and principles of financial risk management

The Company is exposed to a number of risks arising either from the macroeconomic situation of the countries in which the Company operates. The main external factors that may have an adverse impact on the Company's financial performance are: (i) fluctuations in foreign currency exchange rates against the Euro, and (ii) changes in the market 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. In addition, the internal factors with potential negative bearing on the Company's performance include: (i) risk related to the increasing cost of work, (ii) risk arising from underestimation of the project costs when entering into contracts, and (iii) risk of concluding a contract with a dishonest customer.

Foreign currency exposure risk

The Company's presentation currency is the Euro; however, some contracts are denominated in foreign currencies. With regard to the above, the Company is exposed to potential losses resulting from fluctuations in foreign currency exchange rates versus the Euro in the period from concluding a contract to invoicing.

Identification: According to the Company's procedures pertaining to entering into commercial contracts, each agreement that is concluded or denominated in a foreign currency, different from the functional currency of the Company, is subject to detailed registration. Owing to this solution, any currency risk involved is detected automatically.

Measurement: The foreign currency risk exposure is measured by the amount of an embedded financial instrument on the one hand and, on the other, by the amount of currency derivative instruments concluded in the financial market. All the changes in the value of exposure are closely monitored on a fortnightly basis. The procedures applicable to the execution of IT projects require making systematic updates of the project implementation schedules as well as the cash flows generated under such projects.

Objective: The purpose of countering the risk of fluctuations in foreign currency exchange rates is to mitigate their negative impact on the contract margins.

Measures: In order to hedge the contracts settled in foreign currencies, the Company concludes simple currency derivatives such as forward contracts and, in the case of embedded instruments under foreign currency-denominated contracts, non-deliverable forward contracts. In addition, forward contracts with delivery of cash are applied for foreign currency contracts.

Matching the measures to hedge against the foreign currency risk means selecting suitable financial instruments to offset the impact of changes in the risk-causing factor on the Company's financial performance (the changes in embedded instruments and concluded instruments are balanced out). Nevertheless, because the project implementation schedules and cash flows generated thereby are characterized by a high degree of changeability, the Company is prone to changes in their exposure to foreign exchange risk. Therefore, the Company dynamically transfers their existing hedging instruments or concludes new ones with the objective to ensure the most effective matching. It has to be taken into account that the valuation of embedded instruments changes with reference to the parameters as at the contract signing date (spot rate and swap points), while transferring or conclusion of new instruments in the financial market may only be effected on the basis of the current rates available. Hence, it is possible that the value of financial instruments will not be matched and the Company's financial result will be potentially exposed to the foreign currency risk.

The overall impact of foreign currency risk, from a change in exchange rates on the financial statements, was insignificant as of 31 December 2012.

Interest rate risk

Changes in the market interest rates may have a negative influence on the financial results of the Company. The Company is exposed to the risk of interest rate changes primarily in two areas of its business activities: (i) change in the value of interest charged on credit facilities granted by external financial institutions, which are based on a variable interest rate, and (ii) change in valuation of the concluded and embedded derivative instruments, which are based on the forward interest rate curve. More information on factor (ii) may be found in the description of the currency risk management.

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

Measurement: The Company measures exposure to the interest rate risk by preparing statements of the total amounts resulting from all the financial instruments based on a variable interest rate.

Objective: The purpose of reducing such a risk is to eliminate occurrence of higher expenses due to the concluded financial instruments based on a variable interest rate.

Measures: In order to reduce its interest rate risk, the Company may: (i) try to avoid taking out credit facilities based on a variable interest rate or, if not possible, (ii) conclude forward rate agreements.

Matching: The Company gathers and analyzes the current market information concerning its present exposure to the interest rate risk. For the time being, the Company does not hedge against changes of interest rates due to the high degree of unpredictability of their credit repayment schedules.

The Company bears no loans and credits, hence is not exposed to this risk.

Credit risk

The Company is exposed to the risk of defaulting contractors. This risk is connected firstly with the financial credibility and goodwill of the contractors to whom the Company provides IT solutions, and secondly with the financial credibility of the contractors with whom supply agreements are concluded.

Identification: The risk is identified each time when concluding contracts with customers, and afterwards during the settlement of payments.

Measurement: Determination of this type of risk requires the knowledge of any complaints or pending judicial proceedings against a client already in existence at the time of signing an agreement. Every two weeks the Company is obliged to control the settlement of payments under the concluded contracts, inclusive of the profit and loss analysis for individual projects.

Objective: The Company strives to minimize this risk in order to avoid financial losses resulting from the commencement and partial implementation of IT solutions ,as well as to sustain the margins adopted for the executed projects.

Measures: As the Company operates primarily in the banking and financial sectors, its customers are concerned for their good reputation. Here the engagement risk control is usually limited solely to monitoring the timely execution of bank transfers and, if needed, to sending a reminder of outstanding payment. However, in the case of smaller clients, it is quite helpful to monitor their industry press as well as to analyze any earlier

experiences of the Company itself and of its competitors. The Company concludes financial transactions with reputable brokerage houses and banks.

Matching: It is difficult to discuss this element of risk management in such cases.

Financial liquidity risk

The Company monitors the risk of funds shortage using the tool for periodic planning of liquidity. This solution takes into account the maturity deadlines of investments and financial assets (e.g. accounts receivable, other financial assets) as well as the cash flows anticipated from operating activities.

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

The following table shows the Company's trade accounts payable and other liabilities as at 31 December 2012 and 31 December 2011, by maturity period based on the contractual undiscounted payments.

	as at 31 December 2012 (audited)		as at 31 December 2011 (audited)	
Ageing structure of trade accounts payable and other liabilities	**amount**	**structure**	**amount**	**Structure**
Liabilities already due	569	10%	650	4%
Liabilities due within 3 months	4,874	89%	10,845	73%
Liabilities due within 3 to 12 months	4	0%	3,494	23%
Liabilities due after 1 year	0	0%	7	0%
	5,447	**100%**	**14,996**	**100%**

The tables below present the ageing structure of other financial liabilities as at 31 December 2012 and 31 December 2011.

As at 31 December 2012 (audited)	**Liabilities falling due within 3 months**	**Liabilities falling due within 3 to 12 months**	**Liabilities falling due within 1 to 5 years**	**Liabilities falling due after 5 years**	**Total**
Finance lease commitments	3	4	0	0	7
Total	**3**	**4**	**0**	**-**	**7**

Financial guarantees provided are described in Note 27.

As at 31 December 2011 (audited)	Liabilities falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
Finance lease commitments	8	14	7		29
Total	**8**	**14**	**7**	**-**	**29**

Foreign currency risk

The Company tries to conclude contracts with their clients in the functional currency to avoid exposure to the risk arising from fluctuations in foreign currency exchange rates against their own functional currencies.

The analysis of sensitivity of trade accounts payable and receivable to fluctuations in the exchange rates of the CZK and other currencies against the functional currencies of the Company indicates that the exposure to foreign currency risk is not significant.

Trade accounts receivable and payable as at 31 December 2012 (audited)	Amount exposed to risk	Impact on financial results of the Group	
		-10%	10%
CZK :			
Trade accounts receivable	166	(17)	17
Trade accounts payable	782	(78)	78
Other			
Trade accounts receivable			
Trade accounts payable	2	-	-
Balance	**950**	**(95)**	**95**

Trade accounts receivable and payable as at 31 December 2011 (audited)	Amount exposed to risk	Impact on financial results of the Company	
		(10%)	10%
CZK :			
Trade accounts receivable	1,732	(173)	173
Trade accounts payable	651	(65)	65
Other			
Trade accounts receivable			
Trade accounts payable	1	-	-
Balance	**2,384**	**(238)**	**238**

as at 31 December 2012 (audited) CZK	Amount exposed to risk	Impact on financial results of the Company -10%	10%
Financial assets			
Short-term forward contracts for purchase of foreign currencies	200	(20)	20

as at 31 December 2011 (audited) CZK	Amount exposed to risk	Impact on financial results of the Company -10%	10%
Financial assets			
Short-term forward contracts for purchase of foreign currencies	206	(21)	21

as at 31 December 2011 (audited) HUF	Amount exposed to risk	Impact on financial results of the Company -10%	10%
Financial assets			
Forward contracts for sale of foreign currencies	228	(23)	23

Effects of reducing the interest rate risk

The analysis of sensitivity related to fluctuations in interest rates of loans granted indicates the following net impact on the financial results:

Loans granted based on variable interest rates as at 31 December 2012 (audited)	Amount exposed to risk	Impact on financial results -15%	15%
Loans granted based on EURIBOR variable interest rate	1,207	0	0

Other financial assets (bills of exchange of J&T Private Equity B.V) are based on fixed interests rates and are not included in sensitivity analysis.

Other types of risk

Other risks are not analysed for sensitivity due to their nature and impossibility of absolute classification.

Methods adopted for conducting the sensitivity analysis

The analysis of sensitivity to fluctuations in foreign exchange rates, with potential impact on our financial results, was conducted using the percentage deviations of +/-10% by which the reference exchange rates, effective as at the balance sheet date, were increased or decreased.

Fair value

As at 31 December 2012, the fair values of the Company's assets and liabilities are not significantly different from the values recognized on the statement of financial position.

30. Remuneration due to 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 Slovakia s. r. o., paid or payable for the years ended 31 December 2012 and 31 December 2011, with breakdown by type of service:

Type of service	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Obligatory audit of annual financial statements	34	39
Total	**34**	**39**

31. Equity management

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

The Company manages its equity structure which is altered in response to changing economic conditions. In order to maintain or adjust its equity structure, the Company may change its dividend payment policy, return some capital to its shareholders or issue new shares. In 2012, as well as in the year ended 31 December 2011, the Company did not introduce any changes to its objectives, principles and processes adopted in this area.

The Company consistently monitors the balance of its capital using the leverage ratio, which is calculated as a relation of net liabilities to total equity increased by net liabilities. It is the Company's principle to keep this ratio below 35%. Net liabilities include interest-bearing credits and loans, trade accounts payable and other liabilities, decreased by cash and cash equivalents. Equity comprises own equity attributable to shareholders of the Company, decreased by reserve capitals from unrealized net profits.

Equity management	31 Dec 2012 (audited)	31 Dec 2011 (audited)
Trade accounts payable and other liabilities	9,140	20,108
Minus cash and cash equivalents (-)	(12,737)	(17,209)
Net (assets) and liabilities	(3,597)	2,899
Shareholders' equity	99,609	101,244
Total equity	99,609	101,244
Equity plus net liabilities	**96,012**	**104,143**
Leverage ratio	**-3.75%**	**2.78%**

32. Seasonal and cyclical nature of business

The Company's activities are subject to seasonality in terms of uneven distribution of turnover in individual quarters of the year. Because the bulk of sales revenues are generated from the IT services contracts executed for large companies and public institutions, the fourth quarter turnovers tend to be higher than in the remaining periods. This phenomenon occurs for the reason that the above-mentioned entities close their annual budgets for implementation of IT projects and usually carry out investment purchases of hardware and licences in the last quarter.

33. Significant events after the balance sheet date

Up to the date of preparing these financial statements for the twelve-month period ended 31 December 2012, that is up to 1 March 2013, no significant events occurred as might have an impact on the financial statements.