Management's Report on Business Operations of the Asseco Group for 12 months ended 31 December 2010

MANAGEMENT'S REPORT ON BUSINESS OPERATIONS OF THE ASSECO GROUP

FOR 12 MONTHS ENDED 31 DECEMBER 2010

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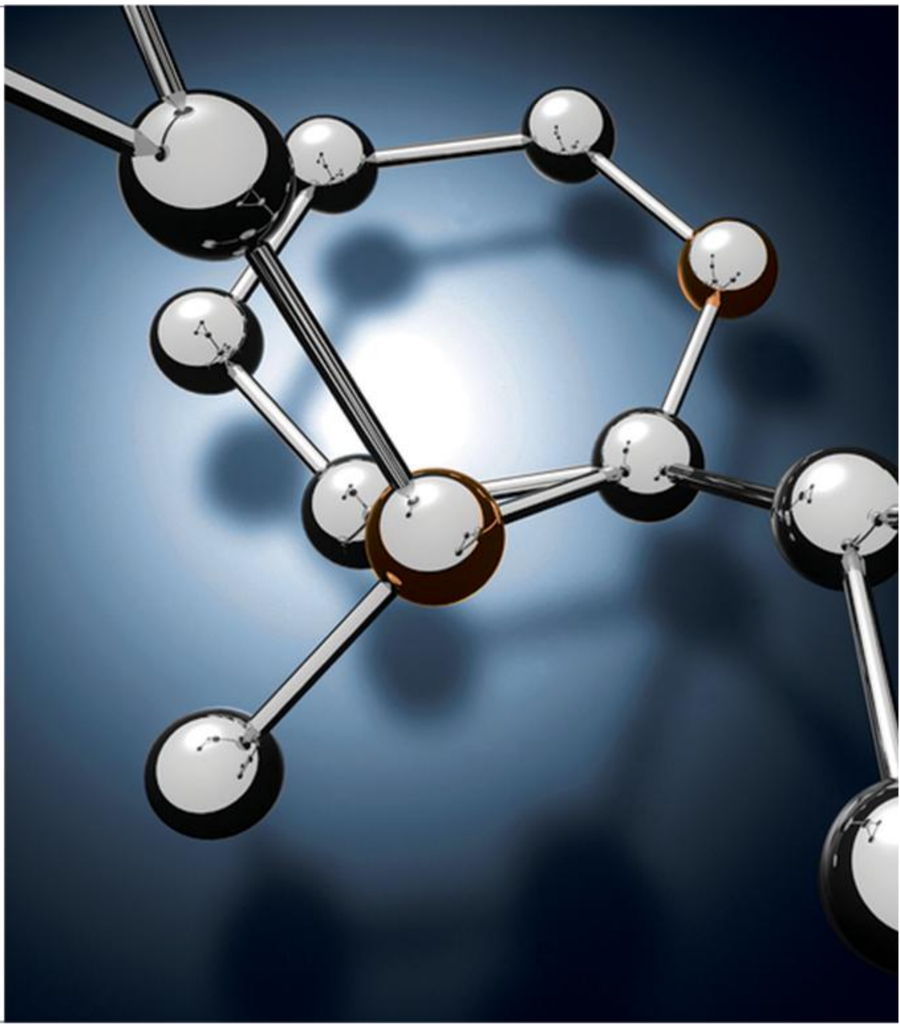

Dear Shareholders,

With great satisfaction I can inform you that the last year was quite successful for Asseco Poland SA. Both the Company and the Asseco Group achieved stronger financial results than in 2009 which proves they are well prepared to operate also during more challenging times. Sales revenues of the Asseco Group reached PLN 3,238 million and they increased over 6% as compared with 2009. Operating profit improved 8% year on year and amounted to PLN 569 million, while the EBIT margin of 18% was among the highest scores in the whole IT industry. The Group generated a net profit of PLN 415 million, beating the year-ago earnings of PLN 373 million by 11%. The Asseco Group consistently pursues its strategy to boost financial results by promoting sales of proprietary solutions. In 2010 this segment was our key revenue driver which generated almost PLN 2,068 million or 64% of the total turnover. If analyzed by sectors, over 36% or PLN 1,175 million of sales revenues were achieved from banks and financial institutions, while public administration and industrial enterprises each accounted for 32% of our sales.

Our organic growth and acquisitions help reinforce the Asseco's position among leaders of the European information technology market. We are proud that Asseco, being a Polish IT group, ranked in the TOP 10 of the largest producers of software in Europe.

The year of 2010 was extremely important also in terms of new acquisitions. The Company completed its biggest foreign acquisition ever. Near the year's end, we were joined by Formula Systems, the Israel's leading IT company listed on TASE and NASDAQ Global Markets. Owing to this investment the Asseco Group is present also outside Europe since the Formula subsidiaries operate in Israel, United States, Canada, and Japan, just to mention a few countries. The acquisition of Formula Systems is the first milestone in building a truly global IT major called Asseco.

Our plans for 2011 anticipate continued expansion of the Asseco Group. We are in the process of negotiations with numerous businesses in West Europe. Together with Formula Systems, we intend to boost the Asseco's market position also in the United States and Israel. Regardless of our investment plans, Asseco is going to focus on the business where it has strong competitive advantage – the production of its own state-of-the-art IT solutions for the largest institutions in Europe and worldwide.

On behalf of the Management Board I would like to sincerely thank all our Clients, Employees and Shareholders for their contribution to development of Asseco Poland SA. I am convinced that consistent implementation of our business strategy will bring measurable effects.

Adam Góral
President of the Management Board of Asseco Poland SA

ASSECO POLAND

ASSECO GROUP

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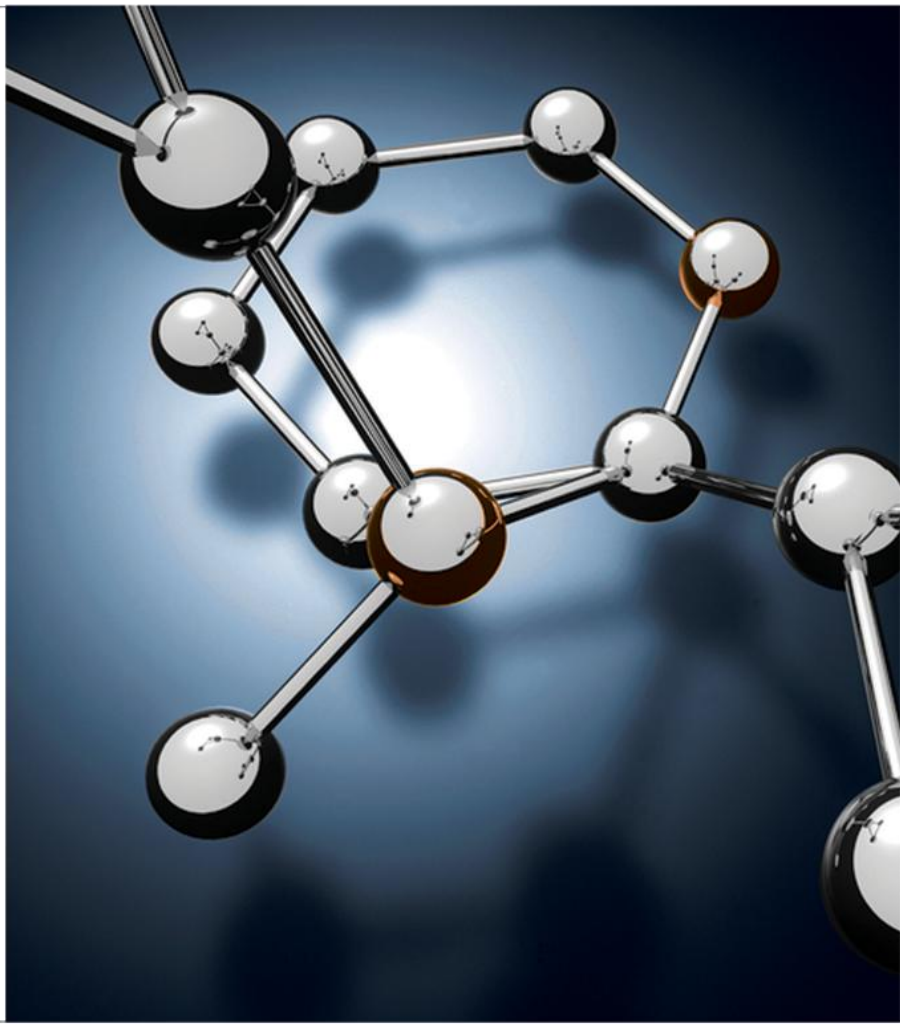
for 12 months ended 31 December 2010



I. ORGANIZATIONAL STRUCTURE AND NATURE OF BUSINESS OPERATIONS

The Parent Company of the Asseco Group ("Group", "Asseco Group") is Asseco Poland SA ("Asseco", "Company"). Asseco is the number one information technology company in Poland that has operated in the domestic IT market for over 20 years. Since 2004 the Asseco Group business has gone international.

Asseco Poland SA is the largest IT company listed on the Warsaw Stock Exchange, in terms of market capitalization. Asseco is also the 8th largest European software vendor in terms of revenues generated from production of software (according to the Truffle 100 ranking published by Truffle Capital on 28 September 2010).

Asseco Poland SA is a leader in creation of the international Asseco Group that gathers numerous, directly or indirectly, subsidiary entities whose operating activities are related to those conducted by the Company.

The Group companies are specialized in complex information technology undertakings, including the production of software, integration projects as well as consulting services.

The mission of the Asseco Group is to build an international federation of profitable companies engaged in production and supply of IT solutions. At present the Asseco Group runs business operations in over a dozen European countries, Israel, but also in the United States and Japan, while it incorporates regional subsidiary groups such as Asseco Central Europe (Slovakia, the Czech Republic, Hungary), Asseco South Eastern Europe (the Balkan Republics), Asseco South Western Europe (Spain, Portugal, Italy, France), Asseco DACH (Germany, Switzerland, Austria), Asseco Northern Europe (Scandinavia, the Baltic Republics). Owing to its subsidiary Formula Systems, the Asseco Group is represented also outside Europe, among others in Israel, United States, Canada, and Japan.

The key products, services and markets

The Asseco Group is a leading provider of proprietary IT solutions for the sectors of banking and finance, public administration, industry, trade, and services. With a wide-range product portfolio and unique competence, the Group has got plenty of experience in execution of comprehensive IT projects.

The Asseco Group offers its products and services to the following customer groups:

Financial sector

- Banks
- Brokerage houses
- Leasing companies
- Factoring companies
- Insurance companies
- Investment and pension funds

Public institutions

- Government administration
- Local administration
- Education
- Healthcare
- International organizations
- Uniformed services
- Social insurance

Industry, trade and services

- Power industry and gas industry
- FMCG (Fast Moving Consumer Goods)
- Municipal utility enterprises
- Production, trade and service enterprises
- Telecommunication

Our offering is complemented with multi-sector products, such as Business Intelligence, Document Management, and Lifecycle Management solutions, and with consulting and implementation services related to third-party software (SAP, Oracle, Microsoft).

Additionally, the Asseco Group offers IT infrastructure products and services (hardware, networks, security systems, etc.) Our outsourcing offer covers a broad range of IT solutions such as transaction systems, e-Banking systems, card payment systems as well as outsourcing of elements of IT infrastructure. Thanks to such alternative, cost-effective and secure solutions, enterprises are able to create more innovative and attractive offers.

Such projects are implemented by the Asseco Group subsidiaries, namely Asseco Systems SA (which was merged into Asseco Poland SA on 4 January 2011), Asseco Business Solutions SA, and Combidata Sp. z o.o.

Organizational structure of the Asseco Group as at 18 March 2011

Detailed list of companies subject to consolidation as at 31 December 2010 is presented in section IV of the consolidated financial statements of the Asseco Group for the period of 12 months ended 31 December 2010.

II. SHAREHOLDER STRUCTURE OF ASSECO POLAND SA

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

Name of shareholder	Number of share and votes at GM	Equity interest and voting interest at GMS
Adam Góral	8,083,000	10.42%
AVIVA BZ WBK Open-End Pension Fund	7,818,006	10.08%
ING Open-End Pension Fund	5,600,000	7.22%
PZU Złota Jesień Open-End Pension Fund	4,281,040	5.52%
Other shareholders	51,783,484	66.76%
	77,565,530	**100.00%**

All figures in thousands of PLN, unless stated otherwise 8

As at 31 December 2010, the share capital of Asseco Poland SA amounted to PLN 77,565,530 and it was divided into 77,565,530 ordinary shares with a par value of PLN 1 each, which entitled to 77,565,530 votes at the General Meeting of Shareholders of Asseco Poland SA.

To the best knowledge of the Company's Management Board, as at the publication date of this report, i.e. on 18 March 2011, 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:

Name of shareholder	Number of shares and votes at GMS	Equity interest and voting interest at GMS
Adam Góral	8,083,000	10.42%
AVIVA BZ WBK Open-End Pension Fund	7,818,006	10.08%
ING Open-End Pension Fund	5,600,000	7.22%
PZU Złota Jesień Open-End Pension Fund	4,281,040	5.52%
Other shareholders	51,783,484	66.76%
	77,565,530	**100.00%**

To the best knowledge of the Company's Management Board, as at the date of publication of the previous report, i.e. on 27 August 2010, the Shareholders who, either directly or through their subsidiaries, held at least a 5% voting interest at the General Meeting of Shareholders were as follows:

Name of shareholder	Number of shares and votes at GMS	Equity interest and voting interest at GMS
Adam Góral	8,083,000	10.42%
AVIVA BZ WBK Open-End Pension Fund	7,450,934	9.61%
ING Open-End Pension Fund	5,600,000	7.22%
PZU Złota Jesień Open-End Pension Fund	4,281,040	5.52%
Asseco Poland SA (treasury shares)	5,433,174	7.00%
Other shareholders	46,717,382	60.23%
	77,565,530	**100.00%**

In the period reported the shareholders structure changed as follows:

- on 15 April 2010 the Company was notified by Pioneer Pekao Investment Management SA about an increase in their shareholding in Asseco Poland SA to the level of 5.56% of the total votes at the Company's General Meeting of Shareholders. The shares are held in the portfolio of Pioneer Open-End Investment Fund (Pioneer FIO) which has been established by Pioneer Pekao Investment Funds Company.

  Before that change the portfolio of Pioneer FIO included in total 62,809 shares representing 0.08% of the share capital of Asseco Poland SA. Hence, these shares entitled to 62,809 votes or 0.08% voting interest at the Company's General Meeting of Shareholders.

  Following that change the portfolio of Pioneer FIO included in total 4,314,666 shares representing 5.56% of the share capital of Asseco Poland SA. Hence, these shares entitled to 4,314,666 votes or 5.56% voting interest at the Company's General Meeting of Shareholders.

All figures in thousands of PLN, unless stated otherwise

- on 13 May 2010 the Company was notified by Pioneer Pekao Investment Management SA (PPIM) about a reduction in the Pioneer Open-End Investment Fund shareholding in Asseco Poland SA to the level of 4.97% of the total number of votes at the Company's General Meeting of Shareholders. These shares are held in the investment portfolios managed by PPIM as part of their financial instruments portfolio management services.

  Before that change the portfolio of Pioneer FIO included in total 3,896,807 shares representing 5.02% of the share capital of Asseco Poland SA. Hence, these shares entitled to 3,896,807 votes or 5.02% voting interest at the Company's General Meeting of Shareholders.

  Following that change the portfolio of Pioneer FIO included in total 3,856,807 shares representing 4.97% of the share capital of Asseco Poland SA. Hence, these shares entitled to 3,856,807 votes or 4.97% voting interest at the Company's General Meeting of Shareholders.

- on 2 June 2010 the Company was notified by PZU General Pension Fund Society acting on behalf of PZU Złota Jesień Open-End Pension Fund ("Fund") that, as a result of an acquisition of shares in Asseco Poland SA made on 19 May 2010 and following the conversion of share allotment certificates into shares, the Fund will exceed a 5 percent voting interest at the Company's General Meeting of Shareholders.

  Before that transaction the Fund's portfolio included in total 4,030,602 shares and share allotment certificates representing 4.95% of the share capital of Asseco Poland SA. Hence, these shares and share allotment certificates entitled in total to 4,030,602 votes or 4.95% voting interest at the Company's General Meeting of Shareholders.

  Following that transaction the Fund's portfolio included in total 4,281,040 shares and share allotment certificates representing 5.52% of the share capital of Asseco Poland SA. Hence, these shares and share allotment certificates entitled in total to 4,281,040 votes or 5.52% voting interest at the Company's General Meeting of Shareholders.

- on 17 August 2010 the Company was notified by Pioneer Pekao Investment Management SA that, as a result of sale of shares in Asseco Poland SA on 10 August 2010, the Fund's voting interest at the Company's GMS will fall below the level of 5%.

  Before that transaction the Fund's portfolio included in total 3,934,336 shares and share allotment certificates representing 5.07% of the share capital of Asseco Poland SA. Hence, these shares and share allotment certificates entitled in total to 3,934,336 votes or 5.07% voting interest at the Company's General Meeting of Shareholders.

  Following that transaction the Fund's portfolio included in total 3,845,194 shares and share allotment certificates representing 4.96% of the share capital of Asseco Poland SA. Hence, these shares and share allotment certificates entitled in total to 3,845,194 votes or 4.96% voting interest at the Company's General Meeting of Shareholders.

- The disclosed number of votes at the General Meeting of Shareholders is held jointly by all the clients of Pioneer Pekao Investment Management SA (as part of their investment portfolios managed by PPIM).

  Concurrently, on 17 August 2010 the Company was notified by Pioneer Pekao Investment Management SA ("PPIM"), under execution of the agreement for investment fund portfolio management services that was concluded by PPIM and Pioneer Pekao TFI SA (Investment Funds Company), and on behalf of:

  1. Pioneer Open-End Investment Fund,
  2. Specialized Open-End Investment Fund of Telekomunikacja Polska,

3. Pioneer Specialized Variable Allocation Open-End Investment Fund,
4. Pioneer Specialized Variable Allocation Open-End Investment Fund 2, and
5. Pioneer Specialized Variable Allocation Open-End Investment Fund 3,

about a reduction in those investment funds shareholding in Asseco Poland SA to the level of 4.90% of the total number of votes at the General Meeting of Shareholders of Asseco Poland. These shares are held in the investment portfolios of those funds which are managed by PPIM as part of their fund investment portfolio management services.

Before that transaction the Fund's portfolio included in total 3,890,362 shares and share allotment certificates representing 5.02% of the share capital of Asseco Poland SA. Hence, these shares and share allotment certificates entitled in total to 3,890,362 votes or 5.02% voting interest at the Company's General Meeting of Shareholders.

Following that transaction the Fund's portfolio included in total 3,801,080 shares and share allotment certificates representing 4.90% of the share capital of Asseco Poland SA. Hence, these shares and share allotment certificates entitled in total to 3,801,080 votes or 4.90% voting interest at the Company's General Meeting of Shareholders.

The disclosed number of votes at the Company's General Meeting of Shareholders is held jointly by the above-mentioned investment funds. The investment fund portfolios constitute a subgroup of all the PPIM client portfolios.

- on 10 November 2010 the Company was notified by Aviva Open Pension Fund Aviva BZ WBK (hereinafter "Aviva OFE") that:
  - as a result of allocation and additional purchases of pre-emptive rights to shares in Asseco Poland SA, as at 2 November 2010 Aviva OFE held 9,636,492 such pre-emptive rights. Furthermore, Aviva OFE held 7,380,304 shares in Asseco Poland which represented 9.51% of the Company's actual share capital and entitled to 7,380,304 votes or 9.51 % voting interest at the Company's General Meeting of Shareholders.
  - following an increase of the Company's share capital accompanied by cancellation of its treasury shares, and provided all the above-mentioned pre-emptive rights are converted into share allotment certificates and subsequently into shares, Aviva OFE will, in aggregate with shares already owned, hold 8,055,504 shares in Asseco Poland SA representing 10.39 % of the Company's share capital and entitling to 8,055,504 votes or 10.39 % voting interest at the Company's General Meeting of Shareholders;
  - according to the public offering schedule contained in the prospectus for the issuance of series J shares with pre-emptive rights for existing shareholders – the first quotation of share allotment certificates at the Warsaw Stock Exchange is planned for 24 November 2010. According to the information obtained from the Company, the date of acquisition of the Company's shares by virtue of pre-emptive rights held is presently unknown.
- on 18 December 2010 the Company was notified by Aviva General Pension Fund Society of Aviva BZ WBK ("Fund") that, as a result of an acquisition of shares in Asseco Poland SA made on 9 December 2010 and following the conversion of share allotment certificates into shares, the Fund will exceed a 10% voting interest at the Company's General Meeting of Shareholders.

  Before that transaction the Fund's portfolio included in total 7,608,990 shares and share allotment certificates representing 9.81% of the share capital of Asseco Poland SA.

Hence, these shares and share allotment certificates entitled in total to 7,608,990 votes or 9.81% voting interest at the Company's General Meeting of Shareholders.

Following that transaction the Fund's portfolio included in total 7,818,006 shares and share allotment certificates representing 10.08% of the share capital of Asseco Poland SA. Hence, these shares and share allotment certificates entitled in total to 7,818,006 votes or 10.08% voting interest at the Company's General Meeting of Shareholders.

III. INFORMATION TECHNOLOGY MARKET IN 2010 AND ITS FUTURE OUTLOOK

1. Development prospects of the IT market

In 2010 the information technology industry, both in Poland and worldwide, generated better financial results than in the crisis year of 2009. As estimated by IDC Poland, in 2010 the Polish IT market was worth approx. USD 9.21 billion or almost PLN 28 billion (as compared with USD 8.53 billion in 2009, and USD 11.55 billion in 2008). Analysts of this research firm say revenues from sales of computer hardware reached USD 5.06 billion, while sales of software and IT services amounted to USD 1.2 billion and USD 2.95 billion, respectively. IDC expects the Polish IT market to grow about 5% in 2011. According to their analysts the turnover value shall increase 3% in hardware, 8% in software, and 7% in services. These estimates do not take into account any fluctuations of the dollar exchange rate. Whereas, the PMR analysts evaluated the Polish IT market slightly lower at PLN 26.5 billion. According to PMR, this market grew approx. 3.3% in 2010.

Worldwide estimates are similarly optimistic. Gartner's analyses show the global IT market was worth USD 3.4 trillion in 2010, which is expected to grow 5.1% to USD 3.6 trillion in 2011. According to analysts, in 2010 the global IT spending increased 5.4% in comparison with 2009 which faced the economic slowdown. In 2011, IT spending is supposed to improve further: in computer hardware – by 7.5% to reach the total value of approx. USD 391 billion, in software – also by 7.5% to USD 253.7 billion, and in IT services – by 4.6% to USD 817.9 billion. Telecommunication services are expected to grow by 3.4% to the total of USD 1.6 trillion, while the telecom equipment market should increase 9.1% and be worth USD 465 billion. Forrester Research is even more optimistic and anticipates that in 2011 the global IT spending will grow by 7.1% to USD 1.69 trillion (exclusive of the telecommunication market). The Forrester analysts published a similar forecast for 2010. They believe last year the market recovered from the crisis and reached similar (not that lower) levels than in 2008, which are going to be outperformed in 2011. According to Forrester Research, the IT industry is entering an 8-year cycle when it will grow faster than the entire economy (their analysts claim that during the past several decades the IT sector experienced such 8-year periods on a cyclical basis and then its pace of growth doubled the rates posted by the whole economy). The previous period of dynamic development was observed in the years 1992-2000, which was followed by an 8-year period of slower growth till 2008. The next 8-year period was supposed to begin in 2008 but it collided with the crisis.

Forecast of IT spending in 2011 (in USD billions) *based on Gartner's report*

Segment	**2011**	**change (%)**
Hardware	391	7.5
Software	253.7	7.5
IT services	817.9	4.6
Telecommunication services	1647.4	3.4
Telecom equipment	465.4	9.1
	3575.4	**32.1**

All figures in thousands of PLN, unless stated otherwise 12

Research firms believe the crisis time is over. Developing countries were supposed to be the essential engines of IT market growth in 2010. The IDG service, quoting Gartner, informed the Latin American countries were expected to increase their spending on modern technologies by 9.3%. The Middle East and Africa were set to increase their IT expenditures by 7.7%; while some 7% increase was awaited in the Asia Pacific region. Much slower pace of growth was predicted in Europe (5.2%) as well as in the USA (2.5%) and Japan (1.8%). The analysts expected a sustainable growth of IT spending over the next 12 to 18 months. This will be driven by "improving macroeconomic situation (the countries affected by the crisis in 2009 are forecast to report higher gross domestic product) as well as by the growing number of consumer credits and return of the consumers' positive approach towards purchases of IT solutions".

According to the OECD estimates, the IT market is supposed to recover much faster than the whole worldwide economy. The consequences of the last year's slowdown will be much less severe than after the IT market crash experienced in the years 2001 – 2002. Also OECD expects growth in spending for software and IT services.

1. IT market in Poland

It seems the Polish IT market achieved much improvement in 2010 (although we will have to wait a few months for the final figures) and further growth may be expected in 2011, which instils some optimism given the market's 10% decline in 2009. At the end of 2009, the forecasts assumed even 15% deterioration over the whole year. In 2010 *Computerworld* announced that in 2009 the value of the Polish IT market contracted by 10% to USD 10.3 billion (this decrease would be a little smaller if measured in PLN); whereas, IDC evaluated the market at USD 8.3 billion. Three-fourths of the surveyed companies deemed 2009 a bad or average year, while IT spending was curtailed by most sectors of economy. According to the TOP 200 report, the education sector reduced its expenditures for information technology as much as 80%, financial sector by 34%, public administration by 26%, construction sector by 29%, and industry by 23%. Healthcare and agriculture were the only sectors to increase their IT spending by 28% and 32%, respectively.

Expenditures of the public administration sector as well as utilization of the EU funds should be important enablers of growth in the Polish IT market. Higher IT spending is also anticipated from the sectors of enterprises, financial institutions and utilities.

Such growth is expected by majority of analysts and entrepreneurs. According to the survey conducted by PMR Research, 83% of IT companies expected the IT market to grow in 2010. Whereas, growth in 2011 is anticipated by as much as 96% respondents.

Public administration sector and state informatization

The Asseco Group companies serve virtually all sectors of economy. However, our strategy assumes concentration on the sectors of banking and finance and public administration, where most of the Group's sales revenues are generated. In 2011 the above-mentioned segments are supposed to continue to increase their spending on information technology and telecommunication. Intensification of activities is expected especially in the public sector that is going to have the last chance to commence IT implementations under large projects to be co-financed from the EU funds. This shall result in implementation of further elements of the State Informatization Plan. Additionally, the increasing pressure for the need to launch e-Services in the whole public administration will require modernization, upgrading or replacement of their systems on a large scale.

EU funds

The Ministry of Regional Development (MRD) estimates that the total aid provided to Poland by the European Union over the years 2007-2013 will reach EUR 87 billion. In this period our contribution to the European budget will aggregate at EUR 22 billion. Hence, Poland is going to be a net recipient of around EUR 65 billion. This is by far the largest amount among all the EU member states. According to MRD, in 2007 Poland received EUR 7.8 billion (i.e. 7.4% of whole EU spending). Having paid its contribution, Poland still earned almost EUR 5.1 billion. If compared with 2006, it was twice as much money. The funds available under the previous round of financing (2004-2006) were utilized by Poland since its EU accession till 2009 (the period of expenditure qualification was ultimately closed on 31 December 2009) which overlapped with the next financing program for the years 2007-2013. In the summary of the previous program MRD pointed out that Poland used 107% of the available structural funds which translated into PLN 35 billion (100% were exceeded as a result of the settlement of foreign exchange differences; we were eligible to receive the total of approx. EUR 8.6 billion). Such high level of the EU funds utilization provides good prospects for future financing. It is of utmost importance for entrepreneurs to be aware that the process of qualifying expenditures from the European Cohesion Fund will end on 31 December 2010. This has forced all market participants to accelerate the preparation of the projects to be co-financed by the European Union. As reported in the official website of the EU funds, till the end of 2009 Poland received EUR 3.7 billion or 66% percent of the allocation available under the Cohesion Fund. Whereas, till February 2011 – according to figures published by the European Commission – we received the total of EUR 16.5 billion in advance payments and reimbursements. This is by far the most of all European countries (we were followed by Spain and Germany that received over two times less support equalling EUR 7.8 billion and EUR 7.5 billion, respectively). Yet we have still almost 75% funds left to be utilized under the programs for the years 2007-2013.

Major EU programs

- Operational Program Innovative Economy
- Operational Program Human Capital
- Operational Program Infrastructure and Natural Environment
- Operational Program Development of Eastern Poland
- Operational Program Technical Assistance 2007-2013
- Operational Program Rural Development
- Operational Program Balanced Development of Fishery and Inshore Fishing Areas
- 16 Regional Operational Programs

From the IT industry perspective, the information technology market will benefit most from the operational programs: Innovative Economy, Development of Eastern Poland (construction of information and telecommunication infrastructure), and Technical Assistance. Moreover, some of the IT related trainings will be eligible for financing under the Human Capital program. Most funds under the largest program Infrastructure and Natural Environment will be allocated to the construction of roads and infrastructure; however, these investments will certainly include some IT spending (given the subsidies to university research centres, implementation of IT systems for the traffic police and at the maritime border). Furthermore, it may be expected that funds allocated for the development and modernization of the power industry, education infrastructure or healthcare centres will be also partially used for purchases of hardware and software and, for instance, for creation of billing systems or registration systems.

Size of the major EU Operational Programs	in billions of EUR
Human Capital	11.5
Infrastructure and Natural Environment	37.6
Innovative Economy	9.7
Development of Eastern Poland	2.7
Technical Assistance	0.6
	62.1

Additionally, the information technology providers will benefit from the regional operational programs which are worth almost EUR 16 billion. Under each of these programs some funds were allocated for investments in technology and innovation as well as for development of information society.

Size of 16 Regional Operational Programs	in thousands of EUR
West Pomeranian Province	835,437
Pomeranian Province	885,066
Warmian-Masurian Province	1,036,524
Podlasie Province	636,209
Lubusz Province	439,173
Wielkopolska Province	1,272,793
Kuyavian-Pomeranian Province	951,004
Masovia Province	1,831,497
Lublin Province	1,155,855
Lower Silesian Province	1,213,145
Łódź Province	1,006,381
Opole Province	427,145
Silesian Province	1,712,980
Świętokrzyskie Province	725,807
Małopolska Province	1,290,274
Podkarpacie Province	1,136,308
Total	**16,555,598**

Exemplary distribution of funds under a regional operational program:

Regional Operational Program of the West Pomeranian Province	in thousands of EUR
Economy – Innovation – Technology	232,754
Development of transportation and electric power infrastructure	215,789
Development of information society	42,000
Environmental protection infrastructure	61,280
Tourism, culture and community regeneration	74,936
Development of metropolitan functions	116,781
Development of social infrastructure and healthcare	58,480
Technical assistance	33,418
Total	**835,438**

IT industry pays most attention to the program of Innovative Economy. Apart from investments in technological parks, the list of key projects for co-financing includes over a dozen large IT systems which are very important for Poland, but there were never enough money to have them constructed.

Innovative Economy projects with most importance for IT industry

Size of the major EU Operational Programs	in millions of PLN
Electronic medical procedures platform	712.6
Countrywide digital communication system	500.0
pl.ID – new identity card	370.0
Emergency notification centres	350.0
National system of protection against force majeure events	300.0
e-Services infrastructure of the Ministry of Finance	210.0
Database of topographical objects	170.0
Consolidation of the customs and taxation systems	167.0
Teleinformation network for the number 112	165.0
Economic Information Centre of the Ministry of Justice	160.0
e-Taxes	150.7
e-PUAP2	141.4
e-Customs	119.1
Public statistical information system	110.6
e-Services of the Social Insurance Institution (ZUS)	101.5
e-Services of the Police	100.0
Support system for the social insurance e-Services	100.0
e-Deklaracje2	90.4
Geoportal2	89.8
Emp@tia platform of the Labour Department	61.6
Access to medical records	53.3
TERYT2 (register of boundaries)	45.0
e-Registration of the Ministry of Finance	40.2
Informatization of the land register	40.0
Business firm register	28.8
Platform for the results of controls by the Supreme Chamber of Control	25.0
e-Services of the Office of Electronic Communications	24.0
Localization platform of the Office of Electronic Communications	19.4
e-Services of the Ministry of Justice	16.2
System of information on broadband infrastructure	16.0
Electronic Single Point of Contact	14.0
	4,491.6

source: List of key projects of the Ministry of Interior and Administration

The above list includes all the key projects of the Priority Axis VII (Information Society - Development of e-Administration), which have been already approved for implementation and entered into the main list. Among the key projects there are also several interesting proposals for development of IT systems for other institutions that are still stuck in the reserve list. However, they can advance into the main list following the next verification of projects. This is exactly what happened with the Electronic Single Point of Contact proposed by the Ministry of Economy, or even a larger project concerning the construction of the Economic Information Centre for the Ministry of Justice worth PLN 160 million. Furthermore, implementation of some of those projects is planned or even inevitable regardless of obtaining the EU funds to support them or not. Among the projects waiting for the "green light" are IT systems for the Agricultural Social Insurance Fund (KRUS), Central Statistical Office (GUS) as well as for the Ministry of Economy. Huge projects, with the estimated value of PLN 470 million, are being launched by the National Board of Water

Management, and the Institute of Meteorology and Water Management. These will include the state water cadastre and the system to support flood risk management. The preparation of these projects was started in 2010.

Apart from large-scale projects implemented on the central level under the state informatization plan, digitalization of Poland or launching of e-Services, in 2011 we may also see higher demand for IT solutions for the local administration as well as for regional projects. The most urgent investments will include implementation of the document management systems, services portals, and rearrangement of databases.

The overall IT market growth will be also supported by investments resulting from the preparations to Euro 2012 Poland-Ukraine European Football Championships. Apart from the necessary investments in infrastructure and stadiums, we may also expect large orders for security and monitoring systems, inclusive of the admission control and visual supervision systems, analytical and emergency management systems. Furthermore, the projects to be implemented at the central level include the digital TETRA-standard communication system for the uniformed services as well as the command support system for the police and rescue services. The tendering procedures under these projects were initiated in 2010.

The IT market will also thrive on infrastructural investments, inclusive of those executed under the Operational Program Infrastructure and Natural Environment and regional programs, related to the construction of motorways and backbone networks (among others in the eastern provinces). The Office of Electronic Communications estimated that investments associated with the internet networking of the public administration and individual provinces may go beyond EUR 1 billion. Spending for the internet networks is going to top PLN 1.2 billion under the regional operational programs alone.

The National Maritime Security System is also implemented under the Operational Program Infrastructure and Natural Environment. The first stage of this project is worth PLN 85 million, while the second stage (still in the reserve list) – PLN 305 million. Under the same operational program, there was also qualified the Automatic Traffic Supervision System with the value of PLN 163.3 million. Furthermore, the market growth is stimulated by investments in technological parks as well as in new technology centres (e.g. Ochota New Technology Centre at Warsaw University for PLN 287 million, Information Technology Centre at Łódź University of Technology for PLN 39.5 million, or Technopolis in Wrocław worth PLN 79 million).

According to the estimates published by *Rzeczpospolita* daily, development of the internet and new technologies is among the provincial investment priorities for 2011. The total investment expenditures budgeted by the country's provinces reached PLN 8.7 billion, this is 10% more than in 2010, which is a good signal for this year.

Hence, the public administration market seems to be the largest opportunity for the IT sector development in 2011; it also played an important role in preventing the IT industry recession in 2010.

Major events in the public sector in 2010

The year of 2010 brought many developments related to the informatization of the public sector. Special attention is deserved by the progress of informatization work at the Ministry of Interior and Administration that launched orders related to the Central Register of Vehicles and Drivers System (contracts for PLN 56 million), the long-awaited project of IT network for administration (contracts for PLN 500 million), the contract for implementation of end-user services under the pl.ID project, the contract for support services to the Polish presidency in the EU as well as the tender for the Countrywide Digital Radio Communication System (the so called TETRA) which is estimated to be worth PLN 500 million in the first stage alone. At the end of 2010 there was launched a tendering procedure for support in the issuance of new personal identity documents (pl.ID cards).

Furthermore, the preparation of the key healthcare projects, including the "Electronic platform of gathering, analyzing and providing access to digital data on medical procedures" entered its final phase in 2010.

The Social Insurance Institution continues to be an important client in the public sector. Apart from the contracts for modification of IT systems and provision of technical support, the Institution initiated several large tendering procedures (among others for implementation of the Electronic Services Platform and the Customer Traffic Management system as well as for supply of infokiosks).

Several large tenders were announced and conducted by the Central Statistical Office in connection with the planned national censuses. Not only does the Office place orders for national censuses, but it also intends to replace its IT infrastructure.

In the first months of 2010, equally significant projects were commenced by the Polish General Police Headquarters, Ministry of Labour and Social Policy, Institute of Meteorology and Water Management (emergency protection projects), Head Office of Geodesy and Cartography (Geoportal projects), General Fire Brigade Headquarters, Healthcare Information Systems Center, Frontex Agency (border protection system), Chancellery of the Sejm (support services for the public offices of parliament members), Agency for Restructuring and Modernisation of Agriculture, and the Ministry of National Defence.

High activity of the ordering parties, both at the central and local administration level, provides good earning prospects for IT companies operating in the public sector.

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2. Major tenders in 2010 (project, estimated value*)

Ministry of Interior and Administration

- Maintenance and support of the Central Register of Vehicles and Drivers System (CEPIK) over 18 months and development of the CEPiK system – PLN 56 million
- Development and implementation of the Integrated End-User Services Module – PLN 32 million
- Construction of the national information and communication network for the emergency number 112 – PLN 490 million
- Supply of edge devices for project purposes, inclusive of the Integrated End-User Services Module – PLN 28 million
- Supply of additional equipment for the Integrated Electronic Documents Management System under implementation of the e-Services project – PLN 38.6 million
- Strategic advisor to the entities implementing projects under the Operational Program Innovative Economy – PLN 16 million
- Implementation of the integrated information system for the Regional Emergency Notification Centers – PLN 450 million (entire project)
- Access points and operator consoles for the system to register notifications to the emergency number – over PLN 16 million
- Countrywide Digital Radio Communication System – PLN 500 million
- Supply of electronic identity documents (pl.ID cards) – PLN 200-400 million

Central Statistical Office

- Purchase of software and systems – PLN 24.7 million
- Supply of hardware for national censuses – PLN 13 million
- Supply of mobile terminals with data and voice transmission – PLN 46.5 million
- Supply of more than 3 thousand computers – PLN 10 million
- Construction of the Analytical Microdata Base – PLN 33 million

Social Insurance Institution (ZUS)

- Modifications and maintenance of the Emir-Seks/Adabas pension and annuity system – PLN 30 million
- Modifications and maintenance of the Rentier-Manager/Adabas pension and annuity system – PLN 30 million
- Customer Traffic Management System for local branches – over PLN 16.7 million
- Implementation of the new information portal for the Electronic Services Platform – over PLN 23 million
- Supply and implementation of 340 information devices – over PLN 13 million
- Modernization of the equipment and application platform for the Electronic Documents

Exchange System – PLN 35 million

- Licenses for Microsoft software – PLN 30 million
- SAS licenses – PLN 37.6 million
- Support and modification of the Comprehensive Information System – PLN 650 million

Agency for Restructuring and Modernisation of Agriculture

- Supply and technical assistance for Oracle software – PLN 20 million
- Maintenance and modifications of core IT systems – PLN 150 million
- Central mass memory system – over PLN 13 million

Ministry of Labour and Social Policy

- Implementation of the Syriusz application software – PLN 36.8 million
- Upgrading of services related to the Syriusz software implementation – PLN 18.4 million
- Agreements for maintenance of utility software – PLN 14 million

Ministry of Justice

- Implementation of digital recording of court cases – PLN 29.5 million
- Development of the accounting system and management system – PLN 20.3 million

Ministry of Foreign Affairs

- Construction of a global teleinformation network – over 70 million
- Document management system – PLN 15 million
- Implementation of an ERP-class Integrated Information System – over PLN 13 million
- Computer environment management system – PLN 7.9 million

Agricultural Social Insurance Fund

- Support services for the pension and annuity system – PLN 68 million

**in some cases, the entire project value is specified instead of individual tender values.*

2. Banking and financial sector

Nowadays, in Poland operate 69 headquarters of banks according to the data of the National Bank of Poland. There are also over 500 cooperative banks (the number of such banks registered at the end of 2007 was 581) which are associated in three cooperative banking groups. The financial sector includes also insurance companies, investment and pension funds, brokerage houses, and financial intermediaries.

It is one of the most networked sectors but still open to new technologies as the financial managers are perfectly aware of the competitive advantages derivable from effective use of ICT systems.

As estimated by various research companies, the Polish banking IT market is worth between PLN 2 and 3 billion annually. According to *Computerworld*, in 2008 sales revenues generated by IT companies in this market reached PLN 2.1 billion. This magazine informed that till 2009 banks had already spent a total of PLN 4.5 billion in order to adapt their operations to 75 applicable regulatory acts. Whereas, the analytical agency DiS forecasted IT spending would reach PLN 3 billion in the years from 2007 till 2010. Out of that aggregate amount PLN 1-1.2 billion was supposed to be spent for purchases of software, of which PLN 300 million for purchases of banking software. Practically all the large banks operating in Poland have already implemented centralized information systems and use the most popular IT tools, both for management of their bank structures and customer relations.

However, numerous financial institutions suspended or curtailed their IT investments in 2009. This tendency was not deepening in 2010. According to the research conducted by KPMG advisory company, banks did not reduce their information technology budgets any more. "In 2010 the IT budgets will not be changed much from the 2009 level", analysts said. Nonetheless, KPMG anticipated that most commercial banks would incur higher operating expenses for IT in 2010.

"As far as investments are concerned, a majority of survey respondents plan to reduce or freeze their budgets. We have observed a tendency among cooperative banks to freeze their operating expenses and to some extent also capital expenditures. Over 60% of cooperative banks do not plan for any changes in their operating expenses; whereas, almost 40% want to have the same investment outlays. The cooperative banks which signalled changes in their IT budgets for 2010, more often spoke of increases than reduction of their IT spending", KPMG analysts summed up.

Various analysts noticed that in 2009 commercial banks invested less in IT and telecommunication hardware (42% of total IT capex) and more in software (58%) which is a reversal of the last year's proportions, when hardware purchases prevailed.

Brokerage houses are expected to maintain or increase their IT spending as they need to adjust their IT systems to the requirements set forth by the National Depository for Securities and the Warsaw Stock Exchange as well as to regulatory changes. Such investments are also necessitated by new functionalities offered to their clients the need of replacing some of their computer hardware.

3. ERP (Enterprise Resource Planning) market

In Poland there are registered over 3.5 million firms most of which are small and medium-sized businesses. For many years the Polish market of business management software increased very dynamically. IDC estimated that spending for business applications in Poland will grow by 16% annually until the year of 2009. The IDC analysis shows this market rose as much as 21.9% in 2008. Each year dynamic growth was also reported by the DiS agency. Analysts predicted that purchases of such applications will grow much faster in small and medium-sized enterprises. They used to emphasize that ERP solutions were already used by almost all large companies in 2009. Still the competitive advantages achievable from using such tools were underestimated by several hundred to 1.5 thousand medium-sized companies. Whereas, small firms usually used single modules of ERP solutions, such as accounting, HR management or logistics applications), or other simpler solutions.

The economic downturn affected also this sector of the market. The DiS estimates published in May 2009 informed that sales of ERP software licenses declined almost 4.8% in Poland. Despite that, the total gross value of ERP systems sold increased by ca. 6.6% as large companies made higher expenditures for such applications. Furthermore, DiS reported that the number of partner IT firms, engaged in implementation of ERP systems, dropped from 800 in 2007 to approx. 630 in 2008. On the other hand, the number specialists employed in the prevailing firms continually increased. According to DiS, most of the large IT companies offer three ERP solutions. Analysts say the ERP market is served by 40 producers, together offering 50 products. At the end of 2008, implementations of large ERP systems accounted only for 18.2% of the total deployments (in almost 14 thousand enterprises), which means such applications must have gained in importance among medium-sized companies.

Estimates of the ERP market size are substantially different. According to IDC, in 2006 this market was worth over PLN 500 million, which with a two-digit annual dynamics would turn into almost PLN 600 million in 2008 and, given some crisis tendencies, a similar result in 2009. Before the crisis, IDC assumed in 2009 the ERP market value would have reached USD 300 million. Subsequently, in 2010 this market was supposed to exceed PLN 900 million. Whereas, DiS evaluated the ERP market to be worth much more. According to estimates produced by this agency, in 2008 total sales of information technologies related to the ERP contracts exceeded PLN 2 billion, and showed a 6.6% rate of growth. However, the value of ERP software licenses was estimated at PLN 300 million only.

In the opinion of DiS analysts, the market of ERP systems for large enterprises remains under strong influence of corporate standardization under which, in order to facilitate the management processes, the regional subsidiaries are required to implement the same solutions as applied by their parent. As a result only the largest suppliers will be able survive in this market.

According to DiS, SAP reinforced its position in the ERP market by the total number of licenses sold. Nowadays, it is much harder to spot the erstwhile stars of the large ERP market such as InforGS, Lawson (former Intentia), American QAD, or Swedish IBS., DiS noted. According to this agency, Comarch and Asseco Business Solutions managed to increase their market share of ERP licenses sold in Poland.

According to DiS analysis presented in February 2011, in 2010 the ERP market contracted for the first time (yet it shall be pointed out that DiS recorded a 14.2% growth of that market in 2009 despite the overall slowdown). Hence, it is claimed the ERP market declined by 2.4% while it was still worth PLN 800 million. Now DiS analysts estimate the ERP market to grow 7.4% in 2011.

Whereas, according to IDC Research, in 2009 the ERP market contracted as much as 23.2% to the level of USD 197.29 million. The market decline was stopped in the 4th quarter of 2010 and the forecasts for 2011 are much better. Some ERP system producers say the market may increase even 10%. However, more conservative forecasters see a 5-8% rate of growth.

4. Outlook summary

According to a survey conducted by the Central Statistical Office, over 95% of Polish companies use computers and have Internet access. In spite of that the actual usage of information and communication technologies in Poland is not very advanced, and ICT spending is still among the lowest in Europe. In the most networked economies ranking published by the World Economic Forum (WEF) in March 2009, Poland was listed as the last of the European countries. What's worse, the position of Poland deteriorated also in worldwide terms; we took the 69th place down from the 58th and 62nd place achieved in the previous years. The ranking is led by Denmark, Sweden and the United States. The market analysts complained mostly about poor use of technologies available in Poland. While the government was criticized for failure to promote ICT technologies and the lack of their effective usage by the institutions of public administration.

In the report entitled *"United Nations E-Government Survey 2010. Leveraging e-government at a time of financial and economic crisis"* published by the UN in 2010, Poland slipped down 12 places to the 45th place (compared to the prior 2008 ranking), being the last but one position among the European Union countries.

Such conclusions are in contradiction with the government's approach, which for the last two years has declared its continuing commitment to the implementation of new technologies in public offices, promotion of information technology, construction of broadband Internet infrastructure, and deployment of large ICT projects. The preparation and first enquiries concerning some of the projects announced in 2009 and the tendering procedures launched in 2010 provide good prospects for the whole IT industry in 2011. Analysts anticipate it will be necessary to upgrade IT systems in numerous Polish enterprises, to invest in the billing and registration systems in the power industry, to modernize IT systems and make investments in the gas and utilities sectors, to develop systems for the EURO 2012 Championships, as well as to accelerate utilization of the EU funds. Owing to all the above-mentioned activities, 2011, in contrast to the last year, should be a period of much better prosperity in the Polish IT industry.

IV. REGULATORY ENVIRONMENT AND ITS IMPACT ON DEVELOPMENT OF THE IT MARKET IN POLAND

Description of regulatory environment

Polish legal regulations are subject to frequent changes. This situation has become even more complex due to obligatory adjustments of the Polish law to the EU regulations which are often very detailed in regulating certain areas of social relations. Major risks are involved in the tax regulations; not only are they ambiguous but the practices of the internal revenue administration are not uniform in this domain. Legislative acts with the highest bearing on the Company's business operations are as follows:

Banking Law

The use of outsourcing services by banks has been regulated by the provisions of art. 6c of the Banking Law which stipulates that when entering into an outsourcing contract a bank shall be obliged to:

- notify the Polish Financial Supervision Authority (PFSA) of its intent to enter into such contract at least 14 days in advance;
- ensure effective supervision of the PFSA over the activities subject to outsourcing services;
- have operating plans ensuring continued and uninterrupted operations by the bank itself and its outsourcer party;
- ensure that the outsourced work has no adverse impact on performance of its banking operations.
- In addition the PFSA may require a bank to provide further documents and information, such as:
- a copy of the concluded agreement;
- explanations concerning execution of the contract;
- operating plans ensuring continued and uninterrupted performance of its banking operations;
- documents determining the outsourcer's status;
- a description of technical and organizational measures taken in order to ensure secure and appropriate execution of the outsourced work, in particular with regard to safeguarding of legally protected secrets.

Furthermore, an outsourcing contract cannot provide for an exclusion or limitation of the outsourcer's liability towards the bank for any damages suffered by the bank clients as a result of non-performance or misconduct under the agreement.

The PFSA has the right to maintain effective supervision over the outsourced work, and in particular to inspect execution of such activities at every stage of their progress. The PFSA may also issue a decision ordering the bank to take actions aiming at amendment or termination of the agreement under which certain activities have been outsourced.

Copyright Law

In Poland computer software is protected by the Copyright Law Act. The nature of protection granted to software is different from other works protected under this law. For the Company's operations especially important are the provisions on obtaining intellectual property rights in software developed by the Company's employees, and on licensing software to the Company's clients, as well as other regulations pertaining to personal copyrights owned by software developers.

In accordance with art. 74 sect. 3 of the Copyright Law, property rights in a computer program created by an employee in fulfilment of their obligations under employment relationship shall be vested in the employer, unless the relevant work contract provides otherwise. Under the said article of the Copyright Law, the Company shall acquire all the intellectual property rights in software created by its employees, with no obligation to pay any further consideration in excess of the employee salary under their work contract.

Employees who create software which constitutes the Company's product retain their authorship rights and shall be entitled either to designate such product with their surname or nickname, or to make it available anonymously. Pursuant to art. 77 of the Copyright Law, which excludes relevance of art. 16 items 3) – 5) contained therein, developers of software are not entitled to: (i) inviolability of the contents, form, and diligent use of their work, (ii) decide about the first publication of their work; and (iii) maintain supervision over the use of their work.

According to articles 66 and 67 of the Copyright Law, a software license agreement may authorize to use the licensed work over a period of five years in the territory of the country, where the licensee has its registered office (hence, in our case it is the territory of the Republic of Poland), unless otherwise stated in such agreement. A license agreement shall determine the fields of use where the licensee is permitted to use the software, and indicate the scope, place and period of such use. Unless a license agreement provides otherwise, the licensee is not allowed to authorize use of software by other persons, under the obtained license. A non-exclusive license may be granted in any form; whereas, an exclusive license may be granted in writing only.

Personal Data Protection Act

The processing of personal data can be carried out in the public interest, interest of the data subject, or interest of any third party, within the scope and subject to the procedure determined by the Personal Data Protection Act, and it shall be permitted only if: (i) the data subject has given his/her consent, unless the processing consists in erasure of personal data; (ii) processing of personal data is required by law; (iii) processing is necessary for the performance of a contract to which the data subject is a party or in order to take steps at the request of the data subject prior to entering into a contract; (iv) processing is necessary for the performance of a task provided for by law and carried out in the public interest; (v) processing is necessary for the purposes of the legitimate interests pursued by the controller or receiver of data, provided that such processing of data does not violate the rights and the freedoms of the data subject (where such legitimate interests are considered to be direct marketing of own products or services provided by the controller, or vindication of claims by virtue of some economic activity).

The controller performing the processing of data should protect the interests of data subjects with due care. The controller shall be obliged to implement appropriate technical and organizational measures to protect the processed personal data, in particular against their unauthorized disclosure, takeover by unauthorized persons, processing with violation of the Act, as well as against any change, removal, damage or destruction. Personal data may be processed solely by persons authorised by the controller. The controller shall appoint a data security administrator in order to supervise adhering to the data protection procedures.

Furthermore, the controller is obliged to register a data filing system with the General Inspector for Personal Data Protection. The obligation to register filing systems shall not apply to the controllers of such data which: (i) constitute a state secret due to the reasons of national security or defence of the state, human life and health, property, security, or public order, (ii) refer to the persons employed by controllers, their members, trainees, or contractors providing services under the civil law ; (iii) are processed for the purpose of issuing an invoice or for accounting purposes; (iv) publicly available.

Public Procurement Law

This Act specifies the rules and procedures for awarding public contracts, law enforcement measures, checking of the award of public contracts and the competent authorities with respect to matters addressed in the Act. The Public Procurement Law shall apply to public contracts for provision of services, supplies or construction work, which are awarded by: (i) the public finance sector entities; (ii) other state organizational entities with no legal personality; (iii) other legal persons, established for the specific purpose of meeting needs in the general interest, not having industrial or commercial character (if the public finance sector entities or other state organizational entities with no legal personality, separately or jointly, directly or indirectly, finance them in more than 50%, hold more than half of their shares, supervise their management board, or are entitled to appoint more than half of the members of their supervisory or management board); (iv) associations of the entities mentioned in items (i)-(ii) above, or entities mentioned in item (iii) above; (v) other entities if all of the following circumstances occur: (a) more than 50% of the value of a contract awarded by them is financed from public funds or by the entities referred to in items (i)-(iv) above, (b) the value of a contract is equal to or exceeds the amounts specified in a regulation of the Prime Minister on the value thresholds of contracts and design contests which require the dispatch of a notice to the Office for Official Publications of the European Communities, (c) the contract subject is construction work comprising the activities in the field of land and maritime engineering, construction of hospitals, sport, recreation and leisure centres, school buildings, university buildings or facilities used by the public administration, or services connected with such work.

The public finance sector entities are: (i) public administration bodies, including the government administration, institutions of state inspection and law enforcement, courts and tribunals; (ii) municipality, county and province self-governments and associations thereof; (iii) state entities, state enterprises and their auxiliary facilities; (iv) state or self-government special purpose funds; (v) public education institutions; (vi) research and development entities; (vii) independent public healthcare centres; (viii) state or self-government cultural institutions; (ix) the Social Insurance Institution, the Agricultural Social Insurance Fund with its subsidiary funds; (x) the National Healthcare Fund; (xi) the Polish Academy of Sciences along with its established organizational units; (xii) other state or self-government legal personalities established under separate laws with the objective to perform tasks of public interest, except for commercial enterprises, banks or companies.

Informatization Act

The Act determines the rules for informatization of the public administration performing public tasks. Such entities include, among others, government administration bodies, courts, prosecutor offices, regional self-governments and their organizational units, the Social Insurance Institution, the Agricultural Social Insurance Fund, ant the National Healthcare Fund. Concurrently, in accordance with relevant provisions, the Act on Informatization is not applicable to state enterprises, commercial companies, public higher education schools, the Sejm Office, the Senate Office, the Constitutional Tribunal, the Supreme Court, the Supreme Chamber of Control, and the National Bank of Poland, as indicated therein.

Following the Act on Informatization, the Council of Ministers adopted a resolution on establishing the State Informatization Plan in order to plan and coordinate various informatization projects of the public administration as well as to modernize and link together their information and communications systems. The State Informatization Plan may only be adopted for a period not longer than five years and it shall determine the information technology projects aiming at achievement of priority objectives in the development of IT systems. In order to implement the State Informatization Plan, there should be established sectoral and intersectoral IT projects stipulating the objectives of a given project and the entity accountable for execution thereof. Pursuant to the Act, on 28 March 2007 the Council of Ministers adopted the State Informatization Plan for the years 2007-2010. The adopted plan: (i) determines priorities and objectives of the State informatization process; (ii) provides a list of sectoral and intersectoral IT projects aiming at execution of specific priorities and services; (iii) includes the program of activities aiming at development of information society; (iv) names public tasks that should executed using electronic means.

Furthermore, the Act on Informatization sets forth the rules for establishing of minimum IT standards, electronic exchange of information among the public administration, as well as the procedures for inspection of IT projects intended for the public use.

V. POSITION OF ASSECO POLAND SA AND THE ASSECO GROUP IN THE INFORMATION TECHNOLOGY SECTOR

The Polish IT market is shared among several thousand firms engaged in provision of services and software as well as sale and production of hardware.

The Asseco Group tops the rankings as a leading provider of information technology products and services, both in horizontal and vertical division. Below are presented the ranking positions of Asseco Poland SA and other companies operating in the Polish market in 2010, based on the research conducted by Computerworld magazine.

Asseco Poland SA has taken leading positions in the rankings that compared basic economic numbers such as total sales revenues, sales of proprietary software solutions, earnings, or workforce. The Company's stable position in the European markets is also confirmed every year by European research institutes.

Company name	Country	TOP 100 producers and integrators of IT solutions in Europe Ranking 2010*
1. SAP	DE	10,672.0
2. Sage	UK	1,614.1
3. Dassault Systemes	FR	1,251.3
4. Software AG	DE	847.4
5. Autonomy	UK	820.0
6. Misys	UK	523.6
7. SWIFT	BE	471.6
8. Asseco	**PL**	**455.1**
9. Micro Focus	UK	453.0

**The Truffle 100 ranking (Truffle Capital Corp.), European software vendors ranking 2010 (in millions of EUR)*

Company name	Computer software producers, by sales revenues in 2010*
1. Asseco Poland SA	**643**
2. Oracle Poland	350
3. ComArch SA	168
4. Teta SA	85.4
5. BPSC SA	63.7
6. Young Digital Planet SA	63.1

**Warsaw Business Journal, The Book of Lists 2011 – Computer Software Producers (in millions of PLN)*

Company name	IT companies operating in Poland, by sales revenues in 2009*
1. HP Poland	2,500,000
2. ABC Data	2,387,732
3. Action	1,900,620
4. AB	1,521,889
5. Tech Data Poland	1,476,700
6. IBM Poland	1,250,000
7. Asseco Poland (together with ABG)	**1,241,572**
8. Microsoft	1,100,000
9. Incom Group	879,234
10. Komputronik	798,969

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	IT groups operating in Poland, by sales revenues in 2009*
1. Action Group	3,079,437
2. Asseco Poland Group	**3,050,252**
3. AB Group	2,796,706
4. Komputronik Group	810,942
5. Comarch Group	730,586

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	IT companies with largest workforce in 2009*
1. Capgemini Poland	3,785
2. Asseco Poland (together with ABG)	**3,260**
3. Comarch	2,533
4. Siemens	1,100
5. Sygnity	977

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	IT companies by pre-tax earnings in 2009*
1. Asseco Poland (together with ABG)	**442,815**
2. Siemens	98,103
3. Samsung Electronics Poland	78,918
4. Action	61,806
5. Comarch	55,740

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	IT companies by R&D spending in Poland in 2009*
1. Comarch	51,341
2. Asseco Poland (together with ABG)	**6,833**
3. Asseco Business Solutions	**3,775**
4. Macrologic	3,500
5. Rodan Systems	3,160

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Asseco Poland SA and some of its subsidiaries are undisputed leaders in the Polish IT market, in the area of information technology services and production of software.

Company name	Providers of IT services, by revenues in 2009*
1. Asseco Poland (together with ABG)	**1,023,270**
2. HP Poland	650,000
3. IBM Poland	587,500
4. Blue Media	421,949
5. Accenture	374,093

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	Providers of network design and construction services, by revenues in 2009*
1. Asseco Systems	**34,602**
2. Comarch	25,387
3. Solidex	24,485
4. Qumak-Sekom	14,097
5. Andra	8,738

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

All figures in thousands of PLN, unless stated otherwise

Company name	Providers of IT maintenance services, by revenues in 2009*
1. Asseco Poland (together with ABG)	**638,520**
2. HP Poland	274,000
3. IBM Poland	152,750
4. Wincor Nixdorf	55,095
5. Xerox Poland	46,833

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	Providers of IT trainings, by revenues in 2009*
1. Combidata Poland	**44,527**
2. Oracle Poland	15,663
3. Asseco Poland (together with ABG)	**11,256**
4. Avnet	7,920
5. Compendium Education Centre	6,403

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	Providers of IT integration services, by revenues in 2009*
1. Comarch	266,234
2. Qumak-Sekom	163,383
3. HP Poland	161,000
4. Sygnity	109,883
5. Asseco Systems	**73,817**

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	Providers of software implementation services, by revenues in 2009*
1. Asseco Poland (together with ABG)	**228,189**
2. Sygnity	97,106
3. BCC (Business Consulting Center)	67,144
4. Oracle Poland	41,769
5. Polsoft Banking Projects	25,256

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	Producers of customer-tailored software, by revenues in 2009*
1. Erricpol Telecom	127,167
2. Asseco Poland (together with ABG)	**117,676**
3. Tieto Poland	92,531
4. Infovide-Matrix	69,859
5. Oracle Poland	31,327

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

All figures in thousands of PLN, unless stated otherwise

Company name	Producers of proprietary software, by revenues in 2009*
1. Microsoft	1,100,000
2. Oracle Poland	349,591
3. IBM Poland	287,500
4. SAP Poland	264,000
5. Asseco Poland (together with ABG)	**105,612**

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	Providers of BI systems licenses, by revenues in 2009*
1. SAS Institute	52,577
2. SAP Poland	46,200
3. Oracle Poland	34,000
4. Asseco Poland (together with ABG)	**9,697**
5. Transition Technologies	4,270

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	Providers of ERP systems, by revenues in 2009*
1. SAP Poland	165,000
2. Oracle Poland	64,000
3. Comarch	49,497
4. Asseco Poland (together with ABG)	**37,155**
5. TETA	26,685

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

In line with its strategy anticipating sectoral diversification of business, Asseco Poland SA managed to reinforce its market position in individual sectors of economy.

Company name	IT companies by revenues from the public administration sector in 2009*
1. Asseco Poland (together with ABG)	**187,850**
2. IBM Poland	180,000
3. Sygnity	123,082
4. Qumak-Sekom	95,371
5. Asseco Systems	**89,663**

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	IT companies by revenues from the agriculture sector in 2009*
1. Asseco Poland (together with ABG)	**96,036**
2. Macrologic	1,357
3. Pentacomp Information Systems	703
4. Epicor Software Poland	177
5. HEUTHES	95

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

All figures in thousands of PLN, unless stated otherwise

Company name	IT companies by revenues from the education sector in 2009*
1. Qumak-Sekom	10,271
2. OPTeam	9,002
3. Combidata Poland	**8,015**
4. Siemens	7,036
5. Asseco Poland (together with ABG)	**5,277**

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	IT companies by revenues from the healthcare sector in 2009*
1. Asseco Poland (together with ABG)	**54,877**
2. Oracle Poland	18,161
3. NetLine Group	7,320
4. Qumak-Sekom	4,989
5. Siemens	4,691

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	IT companies by revenues from the banking sector in 2009*
1. Asseco Poland (together with ABG)	**431,633**
2. Blue Media	381,550
3. IBM Poland	210,000
4. Sygnity	126,812
5. Wincor Nixdorf	67,315

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	IT companies by revenues from the financial services sector in 2009*
1. Asseco Poland (together with ABG)	**86,538**
2. ATENA	74,365
3. Blue Media	67,332
4. Oracle Poland	45,401
5. ZETO Katowice	33,519

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Company name	IT companies by revenues from the utilities sector in 2009*
1. Oracle Poland	54,482
2. Winuel	53,568
3. Asseco Poland (together with ABG)	**51,711**
4. Sygnity	44,757
5. Comarch	31,951

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

All figures in thousands of PLN, unless stated otherwise 31

Company name	IT companies by revenues from the wholesale sector in 2009*
1. Wincor Nixdorf	100,973
2. Comarch	74,090
3. TETA	11,792
4. Asseco Systems	**11,124**
5. Sagra Technology	8,794

** COMPUTERWORLD TOP200, Ranking of IT and telecom companies, June 2010*

Asseco is the largest IT company in Poland in terms of stock market capitalization. As at 16 February 2011, the biggest Polish IT companies had the following market caps:

Name	Market capitalization as at 16 February 2011, in millions of PLN
Asseco Poland SA	**3,929**
Comarch SA	742
Asseco Central Europe, a.s.	470
ATM	462
Asseco South Eastern Europe SA	443
Asseco Business Solutions SA	414

The aggregate market capitalization of all the IT companies listed on the Warsaw Stock Exchange, as at 16 February 2011, amounted to PLN 8.6 billion.

VI. PRODUCT PORTFOLIO OF ASSECO POLAND SA AND THE ASSECO GROUP COMPANIES

Selected areas of IT services offered within the Asseco Group solutions

The Asseco Group is specialized in the production of proprietary software for most sectors of the economy. The portfolio of our solutions includes IT systems for banking and finance, public and local administration as well as for industry, trade and services.

1. Banking and finance sector

Banking market

From the very beginning of its operations Asseco Poland SA has cooperated with banks, providing them with comprehensive information systems. Nowadays, the Company's solutions are utilized by over half of domestic banks. Major clients of Asseco include PKO BP Bank, BGŻ SA (Rabobank), Deutsche Bank PBC SA, Allianz Bank SA, Euro Bank SA (Societe Generale), Bank Pocztowy SA, Bank Gospodarstwa Krajowego, and Volkswagen Bank SA. The Company also works with the cooperative banking sector, where it serves all the association leader banks as well as over 70% of stand-alone cooperative banks.

Products dedicated to the banking sector include:

- Transaction systems
- Back-office systems
- Sales support systems
- Post-sale services systems
- Sales intelligence
- Analytical systems
- Payment card operations

- e-Banking systems
- Support software applications

The Asseco Poland's flagship product for the banking sector is the comprehensive IT system called def3000.

Other companies of the Asseco Group are also well positioned as providers of proprietary solutions for the banking sector. Asseco Central Europe has cooperated with financial institutions right from its inception. This company developed the family of StarBANK products which provide comprehensive support of banking activities. Among the clients of Asseco Central Europe are: Consumer Finance Holding a.s., Eximbanka SR, Poštová banka a.s., Slovenská sporiteľňa a.s., Wűstenrot stavebná sporiteľňa a.s., and Česká spořitelna a.s. Furthermore, the Asseco Central Europe offering was extended with the UBM Suite of comprehensive front-end solutions based on the platforms of ORACLE and DB2. Such software is used by Bank DBNord, UniCredit, Deutsche Bank, Hypo Group, and Bank RCB, just to mention a few.

Asseco South Eastern Europe, a listed subsidiary of the Asseco Group, is also specialized in provision of solutions for the banking sector. The company's portfolio of proprietary software includes core banking systems, transaction systems, business intelligence solutions, and customer relationship management (CRM) solutions, yet the company is also engaged in installation and maintenance of ATMs and POS terminals. The central banking systems offered by Asseco South Eastern Europe may be operated both on the ORACLE platform (systems: BI Universal Integrated Banking System, INT Bank) as well as the Microsoft platform (Pub2000, Revolution). The company's clients include: ABN AMRO Bank in Romania, Allianz Zagreb in Croatia, Banca Italo-Romena in Romania, Bank of Moscow in Serbia, Citibank in Romania, Erste Banka AD Novi Sad in Serbia, ING Bank in Romania, National Bank in Macedonia, National Bank of Romania, National Bank of Serbia, Porsche Bank in Romania, and dozens of other banks. Furthermore, the company is a provider of unique voice and payment automation solutions and the system for settlement of internet payments made by credit cards (independent payment gateway).

Financial institutions

Asseco Poland has a strong position among providers of software for the financial sector. Here the main solution offered by the Company is the suite of PROMAK products which are dedicated to brokerage houses and investment companies. The Company's solutions are utilized by Brokerage Office of Alior Bank SA, Brokerage House of Bank Handlowy SA, Beskidzki Dom Maklerski SA, and Brokerage House of Millennium SA, just to mention a few.

ADH Soft, a subsidiary of the Asseco Group, is specialized in development of professional software for the financial sector, especially for leasing and car fleet management (CFM) companies. The company's solutions are used by over 70% of leasing operators in the local market. Until nowadays ADH Soft has implemented its products for over 60 firms of the leasing sector. The flagship product of ADH Soft is the LEO Leasing System, which features two main parts - operations and finance/accounting – and a number of additional modules extending the program functionality. Among the users of LEO Leasing are BNP Paribas Lease Group, Fortis Lease, Caterpillar Financial Services, Daimler Fleet Management, Mercedes Benz Leasing, and many others.

The Group's portfolio also includes a solution called Asseco Factoring which is dedicated to all financial institutions engaged in factoring services. The system ensures conducting of fast and secure transactions over the Internet.

As a result of the Asseco Group expansion to new European markets, its product portfolio for banking and finance was expanded with the solutions of the Danish IT Practice. This company is specialized in development of turn-key applications and software solutions as well as in provision of services within the optimization of IT architecture and infrastructure. Customers of IT Practice include primarily banks, financial institutions and biotech companies such as Nykredit, PBS, Nordea, NovoZymes, Experian, JP Morgan Chase & Co, ING Bank.

Comprehensive solutions for the capital market and financial institutions are also offered by Asseco Central Europe. SofiSTAR is a proprietary solution dedicated for open-end pension funds. These solutions are utilized in ČSOB dôchodková správcovská spoločnosť a.s., STABILITA d.d.s. a.s., and in VÚB Generali dôchodková správcovská spoločnosť.

Owing to its investment in Necomplus, a group of Spanish and Portuguese companies, the Asseco Group broadened its offering with software and services for Point-of-Sale (POS) terminals. These products are dedicated not only to banks, but also to a widely understood financial sector.

Insurance companies

Cooperation of Asseco Poland with the insurance sector has been initiated with development and implementation of the Integrated Information System for the PZU Group, the largest insurer in Poland. At present the Company's portfolio features comprehensive systems that support property and life insurance operations. Among our clients of this sector are PZU Group, Warta Group, HDI Asekuracja, and the Insurance Guarantee Fund.

Asseco Central Europe is also engaged in provision of IT solutions dedicated to the insurance sector. Here the company's flagship product is StarINS, a comprehensive information system for insurers including the modules for management of insurance operations within the customer service, as well as for running a network of insurance branches. The solutions of Asseco Central Europe are used, among others, by Pojišťovna VZP a.s.

The Asseco Group product portfolio is complemented with the solution offered by the company Sintagma UAB of Lithuania. The LIB-MS solution is a comprehensive IT system that supports operations of life insurance companies and it has been implemented, among others, for the SEB Insurance Group.

2. Public Administration Sector

Central administration

Asseco Poland executes large and complex IT projects for the public administration, which include implementation of the Comprehensive Information System for the Social Insurance Institution (ZUS), Central Register of Vehicles and Drivers (CEPiK) for the Ministry of Interior and Administration (MSWiA), Comprehensive Information System for the National Border Guard Headquarters, as well as the IACS system for the Agency for Restructuring and Modernisation of Agriculture (ARiMR).

Other Asseco companies are also among leading providers of IT solutions for public administration in the countries where they operate. Asseco South Eastern Europe has implemented its software products for such noble public institutions as the Ministry of Agriculture of Romania, Ministries of Finance of Croatia and Serbia, Ministry of the Interior of Macedonia, and the Ministry of Foreign Affairs of Serbia.

Experience gathered from our cooperation with organizations of the European Union, during development of the systems for direct EU payments to farmers, made the Asseco Group one of the most credible partners in this part of Europe.

Asseco Central Europe is also engaged in the implementation of complex projects for the public administration sector. The company offers proprietary solutions beginning with a detailed client analysis, through consultation of available solutions, design of the optimum technological architecture, and finishing with the solution testing, documentation, implementation and user training. The public administration bodies using the services of Asseco Central Europe include: Slovak Agency for Tourism, Slovak Tax Administration, Slovak Statistical Office, Vysočina Region, Czech Ministry of Transportation, Czech Ministry of Finance, and Czech Ministry of the Interior.

Self-government (local) administration

Asseco Poland SA provides IT solutions for the self-government administration at all levels. The offered software enables integration of other IT systems operating under miscellaneous technologies that are utilized by the administration offices. The Company's solutions are flexible, configurable and developed to match the current needs of local administration. The Asseco solutions dedicated to local administration include: workflow systems, customer service systems as well as CRM and ERP solutions. Our major clients in this sector are the Szczecin City Hall, Częstochowa City Hall, Wrocław City Hall, and the Association of Municipalities of the Parsęta River Basin.

Solutions supporting the local administration operations are implemented by OTAGO, our Gdańsk-based subsidiary. The company's proprietary project, called OTAGO Comprehensive Town Management System, has been well tried and proven to meet all the requirements for proper functioning of self-government institutions.

Healthcare

Asseco Poland SA has become the leader in supply of information systems for the healthcare sector. The Company offers two proprietary solutions: InfoMedica and mMedica. The Company's clients include 450 largest hospitals in Poland as well as most of the Polish Blood Donation and Hemotherapy Centres to whom Asseco delivers the patient service solutions, contract settlement systems as well as centre management solutions. The Company cooperates with the National Healthcare Fund units both on the plane of IT infrastructure and software. All the spa centres working with the National Healthcare Fund for settlement of their services use an Internet application developed and implemented by Asseco Poland SA. The Company's healthcare solutions comply with the European Union directives as well as with the documents laying out the assumptions for the Polish State Informatization Strategy.

Asseco Central Europe, which provides the Mediform comprehensive information system, has also gained a strong position in the healthcare sector. The system has been already implemented in Fakultná nemocnica s poliklinikou F.D.Roosevelta v Banskej Bystrici, Fakultná nemocnica Trnava, Union zdravotná poisťovňa a.s., Všeobecná zdravotná poisťovňa a.s., and Národné centrum zdravotníckych informácií- NCZI. The healthcare offering is complemented by the solutions of the Hungarian subsidiary GLOBENET, the main supplier of MedWorkS medical information system.

Uniformed services, international organizations

As the only IT company of Central and Eastern Europe, Asseco Poland SA executed more than 30 projects directly for the EU institutions and agencies as well as for NATO. In this market we are able to compete effectively with the world's largest information technology companies. We have successfully implemented technologically advanced projects, among others, for the NATO's Joint Force Training Center in Bydgoszcz as well as the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (FRONTEX).

3. Industry, trade and services

Telecommunication

Asseco Poland SA has got almost a 40% share of the market of billing systems for telecom operators. The Company is the main provider of the SERAT 2 billing system for the Polish telecom TP SA. Solutions developed and implemented by Asseco Poland SA are used by the leading GSM and land telephony operators in Poland as well as by modern media companies. The Asseco's proprietary solution is used, among other, by the ITI Group.

Thanks to the comprehensive offer of Asseco South Eastern Europe dedicated to the telecommunication sector, the Asseco solutions are present also in the Balkan Republics. In this region the Company's clients include: Mobilna Telefonija Republike Srpske, Orange Romania, and T-Com Croatia Zagreb.

Power industry

As a key player in the IT market, Asseco Poland SA executes the largest projects for the leading power industry groups. Almost 65% of the Polish electric power firms are served by our Company. Whereas, 60% of all electricity bills in Poland are generated from the proprietary billing systems (Energos Handel) implemented by Asseco Poland SA. Our solutions are successfully used by the power industry holdings such as ENEA, ENERGA or PGE.

Utilities

Asseco Poland SA is a pioneer of state-of-the-art IT solutions for the public utilities sector. Our software solutions support operations of more than 60% of water supply and sewerage companies and over 55% of heating stations in Poland, in the cities of more than 100 thousand inhabitants. Asseco Poland offers two suites of solutions, namely Asseco Utility Management Solutions (Asseco UMS) and Asseco Facility & Asset Management Solutions (Asseco FAMS) which satisfy the needs of the utilities sector and guarantee comprehensive support of the entire public infrastructure. The Company's largest clients in the sector include the municipal utility enterprises of Warsaw, Łódź, Wrocław, Szczecin, Bydgoszcz, Gdańsk, and Opole.

Integration of IT systems

The Group's IT integration offer covers a very broad range of services and products, starting off with solutions that look after security of IT systems and networks, through building of network structures (local or wide area, landline or wireless), services of optimizing the efficiency of data access and band utilization, and ending up with portal systems, IT infrastructure management services, and data processing centres. This offer also includes comprehensive services of design and execution of the so-called intelligent building systems, as well as carrying out ICT system security audits. In Poland all the above-mentioned services belong to the competence of Asseco Systems; whereas, abroad such services are provided by dedicated subsidiaries of the Asseco Group regional pillars.

ERP solutions

We offer ERP solutions for almost all sectors of economy. The Asseco Group has developed a broad range products to satisfy the requirements of both large and smaller enterprises. The flagship product of the Asseco Group is offered by our subsidiary Asseco Business Solutions (ABS) operating as the Competence Centre responsible for ERP systems, software for SMEs, and outsourcing of information technology. Its product portfolio includes also mobile solutions, factoring systems as well as data exchange platforms. Asseco Business Solutions SA offers primarily two modern integrated ERP systems which are capable of supporting the management of medium and large-sized enterprises: Asseco SAFO based on the Oracle technology, and Asseco SOFTLAB ERP based on the Microsoft technology. The company's clients include McDonald's Poland, Ministry of Finance, Ministry of Health, Mobile Phone Telecom, Skoda Auto Poland, Deni Cler, Atlas, Black Read White, and many, many others.

Also Asseco Central Europe has got proprietary ERP solutions which have been developed by its subsidiary Asseco Solutions. These systems are offered in the Slovak and Czech markets. Further ERP competence is demonstrated by our subsidiaries, namely Asseco Germany and the Lithuanian Sintagma.

Management of IT infrastructure

Asseco DACH is engaged in the provision of tools and software enabling efficient management of software and hardware environment. The Empirum Pro solution offered by matrix42 supports fully automated management of the computer environment (servers, desktops, laptops and mobile devices) and enables management of software licenses, deployment and migration of operating systems, distribution and upgrading of software, and data recovery. Major clients include BMW Group Switzerland, Avis, and Nexus Management, mentioning just a few.

Trainings

The Asseco Group offers a broad portfolio of training services which are provided mainly by our subsidiary Combidata Poland. These trainings include: authorized technical trainings on the products of Microsoft, Oracle, BEA, Novell, and CISCO, trainings on the use of office applications and company management systems, dedicated trainings tailored to the customer's needs, trainings on the use of specific applications and application systems.

VII. FINANCIAL STATEMENTS OF ASSECO POLAND SA

1. Financial highlights of the Asseco Group

Financial highlights of the Asseco Group are presented in the following table.

	12 months ended 31 December 2010	12 months ended 31 December 2009	12 months ended 31 December 2010	12 months ended 31 December 2009
	PLN ’000	**PLN ’000**	**EUR ’000**	**EUR ’000**
Sales revenues	3,237,733	3,050,252	808,544	702,719
Operating profit	568,963	525,510	142,084	121,067
Pre-tax profit	496,962	512,788	124,104	118,136
Net profit	498,894	437,866	124,586	100,876
Net profit attributable to Shareholders of the Parent Company	**415,099**	**373,365**	**103,661**	**86,016**
Net cash provided by (used in) operating activities	676,046	438,758	168,826	101,081
Net cash provided by (used in) investing activities	(476,861)	(403,724)	(119,084)	(93,010)
Net cash provided by (used in) financing activities	313,820	(145,042)	78,369	(33,415)
Cash and cash equivalents at the end of period	842,176	342,788	212,655	83,440
Basic earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	5.88	5.47	1.47	1.26
Diluted earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	5.88	5.47	1.47	1.26

All figures in thousands of PLN, unless stated otherwise 37

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

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

2. The Group sales revenues structure in 2010

i Structure of sales revenues by sectors

Breakdown of the Asseco Group sales, by sectors:

Sales revenues by sectors	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009
	PLN ’000	**PLN ’000**	**%**	**%**
Banking and finance	1,174,657	1,108,220	36.3%	37.3%
Enterprises	1,036,244	1,143,885	32.0%	37.1%
Public administration	1,026,832	798,147	31.7%	25.6%
Total	**3,237,733**	**3,050,252**	**100.0%**	**100.0%**

Banking and finance sector

In 2010 the Group revenues from the banking and finance sector reached PLN 1,174,657 thousand. This sector accounted for 36.3% of the Group’s total turnover. Almost 40% of sales to the banking sector were achieved owing to the Parent Company's execution of over a dozen significant contracts for large and medium-sized commercial banks as well as for a considerable number cooperative banks. In the period reported, revenues generated in this sector by Asseco Poland amounted to PLN 455,379 thousand. The most important and the largest executed contract provides for construction of the Integrated Information System (ZSI) for PKO BP Bank, which was entered into in August 2003.

The subsidiary groups and companies of Asseco Poland SA were also active in the banking and financial sector. Here, the most considerable results were achieved by the groups of Asseco Central Europe and Asseco South Eastern Europe. In 2010, sales to the banking sector reported by the Asseco Central Europe Group amounted to PLN 149,579 thousand; whereas, the Asseco SEE Group revenues reached as much as PLN 188,105 thousand.

In 2010 the Asseco Group business with **the enterprises sector** was worth PLN 1,036,244 thousand. This sector accounted for 32.0% of the Group’s total turnover. Such revenues were largely generated by Asseco Poland SA (PLN 177,957 thousand), Asseco Central Europe Group (PLN 206,879 thousand), and Asseco Business Solutions (PLN 135,186 thousand).

All figures in thousands of PLN, unless stated otherwise 38

Public administration sector

During 2010 the Asseco Group sales to the public administration sector reached PLN 1,026,832 thousand. This sector accounted for 31.7% of the Group's total turnover. The key revenue driver in the public administration domain was Asseco Poland SA with the revenues of PLN 535,074 thousand. Furthermore, 44% of sales in this segment were generated from continuation of five major contracts for implementation of the Central Register of Vehicles and Drivers (CEPiK) for the Ministry of Interior and Administration, for development and implementation of the Integrated Information System for the Social Insurance Institution (ZUS), for maintenance and development of IT systems for the Agency for Restructuring and Modernisation of Agriculture, as well as for implementation of IT systems for the National Healthcare Fund and the Agricultural Social Insurance Fund. The Group's subsidiaries also played an important role in generating sales to the public administration. The second largest sales revenues to this sector were posted by the Asseco Central Europe Group and they amounted to PLN 162,574 thousand.

ii Structure of sales revenues by type of business

In 2010 the Group consistently pursued its strategy based on the promotion of sales of proprietary software and services. Such sales accounted for as much as 63.9% of the total turnover. The Group's second largest revenue driver was hardware and infrastructure with a 18.3% share in consolidated sales.

Breakdown of the Asseco Group sales, by type of business

Sales revenues by type of business	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009
Proprietary software and services	2,067,673	1,975,237	63.9%	64.8%
Third-party software and services	557,938	516,094	17.2%	16.9%
Hardware and infrastructure	592,118	541,201	18.3%	17.7%
Other sales	20,004	17,720	0.6%	0.6%
Total	**3,237,733**	**3,050,252**	**100.0%**	**100.0%**

3. Financial performance of the Asseco Group in 2010

Consolidated financial results of the Asseco Group

	12 months ended 31 Dec. 2010	12 months ended 31 Dec. 2009	change
Sales revenues	3,237,733	3,050,252	6.1%
Gross profit on sales	1,076,749	1,043,085	3.2%
Net profit on sales	562,091	520,002	8.1%
Operating profit	568,963	525,510	8.3%
Net profit	498,894	437,866	13.9%
Net profit attributable to Shareholders of the Parent Company	**415,099**	**373,365**	**11.2%**

In 2010 sales revenues of the Asseco Group amounted to PLN 3,237,733 thousand and they increased by 6.1% as compared with the prior year. Higher sales resulted chiefly from incorporation of new undertakings into the Group, inclusive of Formula Systems which has been consolidated since December 2010.

In 2010 the Asseco Group recorded a gross profit on sales of PLN 1,076,749 thousand, which improved by 3.2% year on year.

All figures in thousands of PLN, unless stated otherwise 39

Gross margin equalled 33.3% and it is almost unchanged from the level of 34.2% achieved in the corresponding period last year.

Net profit for the year 2010 attributable to shareholders of the Parent Company amounted to PLN 415,099 thousand and it increased 11.2% form PLN 373,365 thousand earned in 2009. Operating profit (EBIT) margin remained at the stable level of approximately 17.45%.

4. Analysis of the Group's balance sheet and financial ratios

i Structure of assets

As at 31 December 2010, fixed assets and current assets constituted respectively 68.9% and 31.1% of the Group's balance sheet total.

The share of fixed assets dropped by 8.7 percentage points as compared with that of 31 December 2009, despite recognition of goodwill arising on the acquisition of the Formula Systems Group, and it was a consequence of a substantial increase in current assets.

Hence, if compared with the 2009 year-end level, current assets increased by 8.7 percentage points as a portion of the balance sheet total. Such an increase was caused basically by higher cash and short-term deposits at bank accounts of the Parent Company owing to the completed issuances of series I and series J shares, generation of PLN 676,046 thousand of inflows from the Group's operating activities, and consolidation of current assets of the Formula Systems Group.

	31 Dec. 2010 PLN '000	31 Dec. 2009 PLN '000	31 Dec. 2010 %	31 Dec. 2009 %
Non-current assets	**5,440,996**	**4,458,344**	**68.9%**	**77.6%**
Property, plant and equipment	516,884	366,893	6.5%	6.4%
Investment property	830	909	0.0%	0.0%
Intangible assets	2,813,215	2,639,854	35.6%	45.9%
of which goodwill from mergers	2,173,718	2,178,972	27.5%	37.9%
Goodwill arising from consolidation	1,865,805	1,313,839	23.6%	22.9%
Investments in associated undertakings valued under the equity method	22,685	14,433	0.3%	0.3%
Financial assets available for sale	21,199	18,097	0.3%	0.3%
Financial assets carried at fair value through profit or loss	11,088	15,927	0.1%	0.3%
Long-term loans	40,797	18,048	0.5%	0.3%
Long-term receivables	36,789	34,612	0.5%	0.6%
Restricted cash	1,593	1,179	0.0%	0.0%
Deferred income tax assets	72,188	20,453	0.9%	0.4%
Long-term deferred expenses	37,923	14,100	0.5%	0.3%
Current assets	**2,455,810**	**1,287,417**	**31.1%**	**22.4%**
Inventories	66,696	45,656	0.8%	0.8%
Deferred expenses	85,725	58,139	1.1%	1.0%
Trade accounts receivable	1,016,284	569,402	12.9%	9.9%
Corporate income tax recoverable	20,279	7,885	0.3%	0.1%
Receivables from the State budget	16,385	18,704	0.2%	0.3%
Other receivables	279,009	223,833	3.5%	3.9%
Financial assets available for sale	20,512	7,311	0.3%	0.1%
Loans granted	3,939	10,025	0.1%	0.2%
Financial assets carried at fair value through profit or loss	104,805	3,674	1.3%	0.1%
Cash and short-term deposits	842,176	342,788	10.7%	6.0%
	-	-		
Non-current assets classified as held for sale	4,442	2,695	0.1%	0.1%
TOTAL ASSETS	**7,901,248**	**5,748,456**	**100.0%**	**100.0%**

ii Structure of equity and liabilities

	31 Dec. 2010 PLN '000	31 Dec. 2009 PLN '000	31 Dec. 2010 %	31 Dec. 2009 %
Shareholders' equity	**5,839,443**	**4,351,316**	**73.9%**	**75.7%**
Non-current liabilities	**628,342**	**468,947**	**8.0%**	**8.2%**
Current liabilities	**1,433,463**	**928,193**	**18.1%**	**16.1%**
Interest-bearing bank loans and debt securities – current portion	108,140	102,082	1.4%	1.8%
Trade accounts payable	457,008	282,226	5.8%	4.9%
Other current liabilities	868,315	543,885	11.0%	9.5%
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**7,901,248**	**5,748,456**	**100.0%**	**100.0%**

The structure of equity and liabilities was subject to minor changes in 2010. Shareholders' equity decreased slightly as a portion of the balance sheet total chiefly as a result of higher current liabilities.

All figures in thousands of PLN, unless stated otherwise 41

Analysis of the consolidated statement of cash flows

In the year 2010, the Group generated positive net operating cash flows of PLN 676,046 thousand, while in the previous financial year operating inflows amounted to PLN 438,758 thousand.

In 2010 net cash used in investing activities aggregated at PLN 476,861 thousand, while a year ago investing outflows reached PLN 403,724 thousand. In both the years negative cash flows in investing activities resulted from the Group's capital expenditures for fixed tangible and intangible assets as well as for acquisitions of subsidiary undertakings, and Formula Systems in particular.

Whereas, in 2010 the Group reported positive net cash flows from financing activities as it obtained proceeds from the issuance of series I and series J shares conducted by the Parent Company.

Statement of cash flows

	12 months ended 31 Dec. 2010 PLN '000	12 months ended 31 Dec. 2009 PLN '000
Net cash provided by (used in) operating activities	676,046	438,758
Net cash provided by (used in) investing activities	(476,861)	(403,724)
Net cash provided by (used in) financing activities	313,820	(145,042)
Net increase (decrease) in cash and cash equivalents	513,005	(110,008)

Altogether, in 2010 the Asseco Group balance of cash and cash equivalents increased by PLN 513,005 thousand.

Analysis of financial ratios

Profitability ratios

In 2010 profitability ratios achieved by the Group remained close to the levels observed last year. Gross profit margin decreased slightly from 34.2% to 33.3%. EBITDA margin remained almost unchanged at the level of 21.5%, an inch higher from 21.2% generated in 2009. Similarly, operating profit (EBIT) margin was a little over 17% both in 2010 and 2009. In 2010 the Group managed to achieve a net profit margin of 12.8%.

	12 months ended 31 Dec. 2010 %	12 months ended 31 Dec. 2009 %
Gross profit margin	33.3%	34.2%
EBITDA margin	21.5%	21.2%
Operating profit margin	17.6%	17.2%
Net profit margin	12.8%	12.2%
Return on equity (ROE)	10.1%	10.5%
Return on assets (ROA)	7.3%	6.5%

Gross profit margin = gross profit on sales / sales
EBITDA margin = (operating profit + depreciation and amortization) / sales
Operating profit margin = operating profit / sales
Net profit margin = net profit / sales
Return on equity (ROE) = net profit / average annual equity
Return on assets (ROA) = net profit / average annual assets

All figures in thousands of PLN, unless stated otherwise 42

As at 31 December 2010, ROE metric (informing about the profitability of capital invested by shareholders) remained almost unchanged from its level as at 31 December 2009, while it decreased by 0.4 percentage points. The return on capital invested by our shareholders was 10.1%.

ROA ratio (reflecting how much profit is generated on assets) increased to settle at 7.3%.

Liquidity ratios

Working capital (defined as the difference between current assets and current liabilities) represents the amounts of fixed capital (equity plus long-term debt) which are used to finance current assets. Being the most liquid part of capitals, it ensures settlement of liabilities that result from the current turnover of cash in our enterprise. The Group maintains working capital at a comfortably high level; as at the end of December 2010 it amounted to PLN 1,022,347 thousand. This is a considerable improvement from the level observed at the end of 2009.

	31 Dec. 2010	31 Dec. 2009
Working capital (in PLN thousands)	1,022,347	361,204
Current liquidity ratio	1.70	1.39
Quick liquidity ratio	1.61	1.28
Absolute liquidity ratio	0.59	0.37

Working capital = current assets - current liabilities
Current liquidity ratio = current assets / current liabilities
Quick liquidity ratio = (current assets - inventories – deferred expenses) / current liabilities
Absolute liquidity ratio = (bonds and securities held to maturity + cash and short-term bank deposits) / current liabilities

As at 31 December 2010 the liquidity ratios were at a fairly high and safe level. The current liquidity ratio of above 1.0 indicates that the Group would be able to pay off all of its short-term liabilities with funds available from the collection of short-term receivables and cashing of current marketable securities. Whereas, owing to a substantial increase in cash and cash deposits, the absolute liquidity ratio fluctuates around a very high level of 0.6 which means that the Group might pay off about 60% of its short-term liabilities immediately. The optimum value of this measure falls between 10 and 20%.

Debt ratios

As at the end of 2010 the Group's general debt ratio equalled 26.1% and it increased by 1.7 percentage points since the end of 2009. The ratio of interest-bearing debt (loans and debt securities) to shareholders' equity is observed at the level of 5.7%. It increased from 3.1% reported at the end of 2009 due to taking out a bank loan for construction of the new office.

	31 Dec. 2010 %	31 Dec. 2009 %
Debt ratio	26.1%	24.4%
Debt / equity ratio	5.7%	3.1%
Debt / (debt + equity) ratio	5.4%	3.0%

Debt ratio = (long-term liabilities + short-term liabilities) / assets
Debt / equity ratio = interest-bearing bank loans and debt securities / shareholders' equity
Debt / (debt + equity) ratio = interest-bearing bank loans and debt securities / (interest-bearing bank loans and debt securities + shareholders' equity)

All figures in thousands of PLN, unless stated otherwise 43

VIII. FACTORS AFFECTING THE ACHIEVED FINANCIAL RESULTS

- performance of IT contracts concluded in the prior periods – in 2010 the largest revenues were achieved from the following clients: Bank PKO BP, Social Insurance Institution (ZUS), Agency for Restructuring and Modernisation of Agriculture (ARiMR), PZU Insurance Group, Sopot Municipality, TP SA (Polish Telecom), Ministry of Interior and Administration, Ministry of Finance, and the National Healthcare Fund. The above-mentioned clients accounted for 26.6% of total sales revenues generated by the Group in 2010;
- incorporation of new companies into the Group, with the highest impact exerted (especially on the balance sheet items) by the consolidation of financial results of the Formula Systems Group;
- cost synergy effects achieved from the merger between Asseco Poland and ABG, which enabled savings on general administrative expenses (in comparison to such aggregate expenses of Asseco and ABG) that on a year-to-year basis were reduced by 22%;
- signature of the agreement on subsidized employment in January 2010 (IT Competence Centre project), owing to which operating costs were reduced by PLN 16.5 million;
- average exchange rates of the functional currencies of the Group subsidiaries applied in translation to the Group's presentation currency, i.e. Polish zloty;
- interest expenses, including finance lease commitments;
- financial results recognized on single-time events, which are described below.

IX. SINGLE-TIME EVENTS AFFECTING THE ACHIEVED FINANCIAL RESULTS

The Group's financial results for the period of 12 months ended 31 December 2010 include the effects of the following single-time events:

- *Reversal of a revaluation write-down on debt securities issued by Prokom Investments in the amount of PLN 21,000 thousand*

  As a result of the merger with Prokom Software, Asseco Poland took over by universal succession commercial papers with the face value of PLN 84,000 thousand. During the process of determining the fair values of assets and liabilities taken over from Prokom Software, the Management Board of Asseco deemed there is a probability the issuer of commercial papers will not fulfil its contractual obligations in the near future. Hence, the Management Board decided to establish a revaluation write-down on these commercial papers in the amount of PLN 40,000 thousand reflecting the difference between their balance sheet value and net present value of expected future cash flows. As at 31 December 2009, face value of the outstanding notes payable issued by Prokom Investments was PLN 40,000 thousand and it came close to the amount of revaluation write-down recognized as at 1 April 2008. During the 1st quarter of 2010, Prokom Investments repaid PLN 21,000 thousand as the next portion of its debt towards Asseco Poland, which made it possible for the Management Board of the Parent Company to reduce the related revaluation write-down by the amount of received repayment. As at 31 December 2010, face value of the outstanding notes payable of Prokom Investments was PLN 19,000 thousand and the whole amount was subject to a revaluation write-down.

- *Establishing a revaluation write-down on goodwill of PLN 65,909 thousand*

As described in note 10 to the annual consolidated financial statements of the Asseco Group for the year ended 31 December 2010, as a result of the goodwill impairment tests that were carried out throughout 2010, the Group recognized impairment charges on goodwill in the total amount of PLN 65,909 thousand that was allocated to the following companies: Asseco Spain (PLN 41,553 thousand), Asseco Central Europe (PLN 14,935 thousand), and Gladstone (PLN 9,421 thousand).

Result on disposal of shares in UNiQUARE Software Development GmbH

As described in note 10 to the consolidated financial statements of the Asseco Group for the year ended 31 December 2010, Asseco Central Europe (a subsidiary of Asseco Poland) on 25 May 2010 concluded an agreement to sell 60% of shares in UNiQUARE Software Development GmbH. The total selling price amounted to EUR 17.8 million and the transaction produced a loss of PLN 8,028 thousand (EUR 2,005 thousand). As a result of the disposal of shares in UNiQUARE, the amount of net profit available to shareholders of the Parent Company decreased by PLN 3,217 thousand.

- *Write-down of capital expenditures made in the abandoned location*

In an effort to optimize the costs of rented office space and following the Company's merger with ABG, in June 2010 Asseco Poland left one of the rented office locations in Warsaw. Because Asseco Poland made some capital expenditures in order to adapt the above-mentioned rented office space to the Company's needs, which expenditures have not been fully depreciated at the time of leaving the location, the Parent Company recognized a one-time depreciation charge of PLN 2,030 thousand corresponding to the remaining portion of such expenditures.

- *Reversal of a deferred income tax provision due to retirement of treasury shares*

In connection with a decrease in the share capital of Asseco Poland by the amount of PLN 9,311,450 through the cancellation of 9,311,450 treasury shares, the Company reversed the deferred income tax provision of PLN 99,605 thousand that had been originally established in 2008. This contributed to a substantial reduction of the effective rate of income tax paid by the Group in 2010.

- *Costs attributable to the acquisition of Formula Systems*

Total expenses related to the acquisition of shares in Formula Systems amounted to PLN 10,271 thousand and were recognized as financial expenses.

X. SECURITIES ISSUED DURING THE YEAR 2010

The issuances of securities made in 2010 have been described in note 23 to the consolidated financial statements of the Asseco Group for the year ended 31 December 2010.

XI. MAJOR OPERATING ACCOMPLISHMENTS OF ASSECO POLAND SA IN 2010 AND DESCRIPTION OF BUSINESS ACTIVITIES OF THE MAIN PILLARS OF THE ASSECO GROUP

Asseco Poland signed the following agreements within activities of its individual business divisions:

Public Administration and Capital Market Division

- Investment House of BRE Bank SA – supply of ePMI 2.0 system (SOA platform for brokerage services provided by mBank and MultiBank), implementation of mPROMAK system (mobile platform for stock exchange investors).
- Brokerage House of Bank PKO BP SA – delivery of PROMAK and ePROMAK systems, and SOBOS system with respect to adaptation to the EU MIFID Directive.
- Deutsche Bank PBC SA – supply of PROMAK Portfolio system along with software maintenance services.
- Agreement with HP Sp. z o.o. (consortium leader) and SAS Institute Sp. z o.o. (consortium member) for construction of the analytical microdata base for the Central Statistical Office.

Agriculture Division

- Agricultural Property Agency – provision of technical assistance and maintenance services for operation of the Integrated Information System in the period from 5 January 2010 till 31 December 2010.
- State Treasury Ministry – maintenance of software for the application system SIR over a period of 14 months from 29 December 2010.
- Agency for Restructuring and Modernization of Agriculture – agreement amendments to increase the remuneration for services provided and to extend the period of rendering maintenance and modification services for the year 2011.

Social Insurance and Healthcare Division

- Social Insurance Institution (ZUS) – maintenance of the Comprehensive IT System over a period of 3 years from October 2010 till October 2013.
- Social Insurance Institution (ZUS) – development and modification of the Comprehensive IT System over a period of 3 years from October 2010 till October 2013.
- National Healthcare Fund, Warsaw Department – provision of subscription services for the IT system supporting the NHF activities.
- National Healthcare Fund, Warsaw Department – provision of maintenance services for the IT system supporting the NHF activities.
- SPZOZ Tomaszów Lubelski – supply, installation and implementation of an IT system at the hospital (configuration, data migration, training of the system users and administrators).

Power and Gas Industry and Municipal Utilities Division

- Vattenfall Business Services Poland Sp. z o.o. – implementation of proprietary systems (EnergOs, SatOs), maintenance services for the EnergOs system, and sale of the EnergOs software licenses.
- PGNiG SA (gas and oil company) – centralization of billing systems.
- PGNiG SA, Pomeranian Gas Distribution Division, Gdańsk Gas Works – maintenance of the JUPITER billing system.

- Enion SA (energy holding) – maintenance of the HandelMax billing system.
- PSE Operator SA (electricity supply operator) – development of an automatic LAN network passporting system.
- SPEC Warsaw (heating energy company) – sale of the billing system licenses.
- ZWIK Szczecin (waterworks and sewage utility) – sale of software.
- Enea Operator Sp. z o.o. (energy company) – implementation of the comprehensive customer service system.
- Gigawat Sp. z o.o. (energy company) – implementation of the AMUS system.

Commercial and Cooperative Banks Division

- Bank Ochrony Środowiska SA – provision of maintenance services on the new def3000/REB electronic banking system.
- Getin Noble Bank SA – supply and implementation of the data archiving modules def3000/CB-ARC and def3000/GL-ARC.
- Kredyt Bank – extension of the Financial Operations Control System with the functionality to record taxes (REPO).
- Deutsche Bank PBC – implementation of the def3000/IAS system for calculation of write-downs and reserves (according to IAS 39 and IAS 37) inclusive of the analytical records.
- Banco Espirito Santo de Investmento, S.A. (BESI) – sale of licenses, implementation and maintenance of systems: def3000/CMR (mandatory reporting to the financial supervision authority), and def3000/AML (anti-money laundering).
- Bank Pekao SA – maintenance services for the Cash Circulation Monitoring System, and upgrading and optimization of the bank's Sara reporting system.
- PKO Bank Polski SA – implementation and 3-year maintenance of the Transaction Monitoring and Fraud Detection Application.
- IDEA Bank – supply and implementation of the def3000 systems.
- ING Bank Śląski SA – maintenance services on the def3000/REB electronic banking system.
- 41 Cooperative Banks – implementation of the def3000/AML system.

Key Enterprises Division

- Impel SA – maintenance services for the SAP Integrated Information System used by the Impel Group, including in particular SAP ERP, HCM, CRM and BW modules.
- Południowy Koncern Węglowy (coal mining company of the Tauron Group) – implementation and maintenance of the information system to support the coal distribution processes (SAP ERP and BW).
- Eiffage Budownictwo Mitex SA (construction company) – upgrade of Microsoft Dynamics AX software to version 2009.
- Lotos Group (oil company) – annex to the framework agreement for development of the integrated information system for the Lotos Group.
- PKN ORLEN SA (oil company) – implementation of business management tools.

- PERN Przyjaźń (oil pipelines operator) – upgrade of SAP software.
- Tele-Fonika Kable SA (cable producer) – implementation of modifications to the production and sales planning software.

Telecommunication Solutions Division

- PTK Centertel Sp. z o.o. (mobile telephony operator) – 3-year contract for management services for their Billing and Reporting applications.
- Telekomunikacja Polska SA (landline telephony operator) – 3-year contract for management services for their Billing and Reporting applications.
- Telekomunikacja Polska SA – licensing of the SERAT 2.4 documentation and software for a period of 29 months.

Resolutions passed by the General Meetings of Shareholders held in 2010

Ordinary General Meeting of Shareholders of Asseco Poland

The Ordinary General Meeting of Shareholders of Asseco Poland SA held on 26 April 2010 passed the following resolutions:

- Resolutions on approval of the Asseco Poland Management's report on the Company's business operations as well as on approval of the Company's separate financial statements for the financial year 2009.
- Resolutions on approval of the Asseco Poland Group consolidated financial statements as well as on approval of the Management's report on the Group's business operations for the financial year 2009.
- Resolutions on acknowledging the fulfilment of duties by Members of the Management Board of Asseco Poland SA during the financial year 2009.
- Resolutions on acknowledging the fulfilment of duties by Members of the Supervisory Board of Asseco Poland SA during the financial year 2009.
- Resolution on distribution of the net profit generated by Asseco Poland SA for the financial year 2009 and payment of a dividend.
- Resolutions on approval of the Asseco Poland Management's report on business operations of Systemy Informacyjne KAPITAŁ SA as well as on approval of the financial statements of Systemy Informacyjne KAPITAŁ SA for the financial year 2009.
- Resolutions on acknowledging the fulfilment of duties by Members of the Management Board of Systemy Informacyjne KAPITAŁ SA during the financial year 2009.
- Resolutions on acknowledging the fulfilment of duties by Members of the Supervisory Board of Systemy Informacyjne KAPITAŁ SA during the financial year 2009.
- Resolutions on approval of the Management's report on business operations as well as on approval of the financial statements of Studio Komputerowe GALKOM Sp. z o.o. for the period from 1 January 2009 to 30 November 2009.
- Resolutions on acknowledging the fulfilment of duties by Members of the Management Board of Studio Komputerowe GALKOM Sp. z o.o. during the financial year 2009.

- Resolutions on acknowledging the fulfilment of duties by Members of the Supervisory Board of Studio Komputerowe GALKOM Sp. z o.o. during the financial year 2009.
- Resolutions on approval of the Management's report on business operations of ABG SA and the ABG Group as well as on approval of the financial statements of ABG SA and the ABG Group for the financial year 2009.
- Resolutions on acknowledging the fulfilment of duties by Members of the Management Board of ABG SA during the financial year 2009.
- Resolutions on acknowledging the fulfilment of duties by Members of the Supervisory Board of ABG SA during the financial year 2009.
- Resolution on giving consent to the disposal of real estate.
- Resolution on giving consent to the purchase of real estate.

The Ordinary General Meeting of Shareholders decided that a portion of the net profit for 2009 shall be distributed to shareholders in the form of a dividend amounting to PLN 1.47 per share, with reservation that 9,311,451 treasury shares held by the Company, as at the date of adopting the resolution on distribution of the net profit, shall be excluded from dividend payment.

Concurrently, the number of shares eligible for dividend payment shall increase following the resolution of the Management Board of 6 January 2010 on increasing the Company's share capital within authorized capital by the amount not higher than PLN 3,878,277 through the issuance of up to 3,878,277 ordinary bearer shares of series I with a par value of PLN 1 each, accompanied by simultaneous retirement/cancellation of the same number of treasury shares, and due to the Management Board's decision that series I shares shall carry dividend rights as of 1 January 2009 provided series I shares are recorded in shareholders' securities accounts before the date of establishing the list of shareholders eligible to receive dividend for the financial year 2009 (this is before the dividend day). Hence, the amount of net profit to be distributed among shareholders will depend on the number of shares eligible for dividend, and it will be computed by multiplying the amount of PLN 1.47 by the number of shares eligible for dividend. Ultimately, the dividend payment totalled PLN 106,034,563.30. The remaining portion of the net profit for 2009 was appropriated for increasing the Company's reserve capital.

Extraordinary General Meetings of Shareholders

The Extraordinary General Meeting of Shareholders of Asseco Poland SA held 31 August 2010 passed the following resolutions:

- Resolution on changing the composition of the Supervisory Board.
- Resolution on amending Resolution no. 57 adopted by the Ordinary General Meeting of Shareholders of Asseco Poland SA on 26 April 2010.
- Resolution on amending the provisions of § 19 of the Company's Articles of Association.

The Extraordinary General Meeting of Shareholders of Asseco Poland SA held 26 November 2010 passed the following resolutions:

- Resolution on the merger of Asseco Poland SA with the company Alatus Sp. z o.o.
- Resolution on the merger of Asseco Poland SA with the company Asseco Systems SA.
- Resolution on amending the provisions of § 1 of the Company's Articles of Association.
- Resolution on giving consent to the disposal of real estate.

Business profiles of major companies of the Asseco Group

Formula Systems

Formula Systems was established in 1985. It is a holding company which owns shares in three information technology companies (Matrix IT Ltd., Magic Software Enterprises Ltd., Sapiens International Corporation NV) that are specialized in the production and sale of information technology solutions. Companies of the Formula Systems group operate in the territories of Israel, USA, Canada, United Kingdom, Japan, Germany, Netherlands, France, Hungary, India as well as in 50 other countries.

The total workforce of the Formula Systems group is approx. 5,200 persons. In 2009 the group generated USD 469.4 million in sales revenues, while its operating profit and net profit amounted to USD 37.3 million and USD 19.1 million, respectively. The Formula Systems shares are listed on the Tel Aviv Stock Exchange (TASE) as well as on NASDAQ Global Markets.

Formula Systems holds shares in the following three subsidiaries:

- **Matrix IT Ltd.** seated in Herzlyia, Israel. This company is listed on TASE and operates primarily on the Israeli market. Matrix IT is engaged in the provision of professional IT services for miscellaneous sectors of economy (finance and banking, telecommunication, public administration, healthcare, production/sales).
- **Magic Software Enterprises Ltd.** seated in Or Yehuda, Israel. This company is listed on TASE and NASDAQ Global Markets. Magic Software is a producer of modern programming tools which are used by the largest global institutions. The company has its divisions in the USA, Netherlands, United Kingdom, Germany, France, Israel, Hungary, Japan, and in India.
- **Sapiens International Corporation NV** registered in the Netherlands Antilles. This company is listed on TASE and NASDAQ Global Markets. Sapiens is specialized in the production and implementation of software dedicated mainly to the insurance sector. Among its clients are the world's major insurance companies such as ING, AXA, Allianz, and Prudential. Sapiens has its divisions in the USA, Canada, Japan, and Israel.

Asseco Business Solutions SA

The company is listed on the Warsaw Stock Exchange. The company delivers state-of-the-art IT solutions for enterprises irrespective of their industry, size or business profile. Within the Asseco Group, it operates as the competence centre responsible for ERP systems, software for SMEs, and outsourcing of information technology. The product portfolio of Asseco Business Solutions includes also mobile solutions, factoring systems as well as electronic data exchange platforms. The company's products and services are offered to all the market segments, from small and medium-sized enterprises to huge corporations.

Asseco Central Europe, a.s.

The company is listed on the Warsaw Stock Exchange. The company provides comprehensive IT solutions and services for international financial institutions (Erste, Allianz, UniCredit, etc.), for institutions of the central and local public administration as well as for the private sector enterprises. The company’s product portfolio contains information systems for banking, insurance, construction companies, card transaction systems, healthcare information systems, data-warehouses, Business Intelligence and e-Commerce solutions, reporting systems, and turn-key projects. The capital group of Asseco Central Europe incorporates Asseco Solutions, Slovanet, Globenet, and Statlogics, which offer and implement their products in the markets of Slovakia, the Czech Republic, and Hungary.

Asseco DACH SA

Asseco DACH is engaged in making capital investments in IT companies as well as in provision of information technology services in German-speaking countries (Germany, Austria, and Switzerland). Nowadays, the holding comprises two German firms, namely Asseco Germany AG – a supplier of ERP solutions, and matrix42 – a provider of applications for product lifecycle management as well as producer of software for management of IT resources.

Asseco Northern Europe SA

The scope of Asseco Northern Europe business are capital investments in IT companies as well as provision of IT services in Scandinavia and the Baltic Republics (Sweden, Norway, Denmark, Lithuania, Latvia, and Estonia). At present the holding comprises of the Danish IT Practice A/S – a provider of high class consulting services and proprietary information solutions for financial institutions and biotech companies, as well as Sintagma UAB – a leading producer of software and integrator of IT systems in Lithuania. The products and services of SINTAGMA are dedicated primarily for the public administration and the financial sector.

Asseco South Eastern Europe SA

The company is listed on the Warsaw Stock Exchange. This company was created by integrating the competence, experience, know-how, solutions and customer base of many companies operating in the region of South Eastern Europe, each being a leader in its market segment. From the beginning of its operations, the company focused its efforts on development of proprietary IT solutions. The business offer of Asseco South Eastern Europe includes solutions and services for the banking sector, authentication solutions, supply, installation and maintenance of ATMs and POS terminals, software and services for the telecom sector as well as integration services, supply and implementation of IT systems and hardware. Nowadays Asseco South Eastern Europe has seven subsidiary companies operating in the territories of Serbia, Croatia, Montenegro, Bosnia and Herzegovina, Kosovo, Moldova, Albania, Bulgaria, Romania, and Turkey.

Asseco South Western Europe SA

Asseco South Western Europe is engaged in making capital investments in information technology companies as well as in provision of IT services in the countries of South Western Europe (Spain, Portugal, France, and Italy). The holding consists of three Spanish companies: Asseco Spain SA (former RAXON Informatica) which is one of the key players in the Spanish IT market offering consulting on IT infrastructure, security solutions, HR management solutions, outsourcing services as well as fully comprehensive IT support; Terminal Systems SA (which merged into Asseco Spain in 2010) specialized in design and implementation of IT solutions for transportation companies; and the Necomplus Group providing services in the area of electronic payments (POS) as well as technologies for professional Call Centers.

Asseco Systems SA

Asseco Systems is one of the leaders in provision of maintenance services and IT outsourcing in Poland. This company is specialized in highly advanced services relating to integration of systems (data security, archiving and administration of IT resources). The firm is also competent in provision of teletechnical services and the building automation systems.

Furthermore, the Asseco Group brings together a number of smaller subsidiaries and associates offering specialist solutions for their target market niches.

ADH Soft Sp. z o.o.

ADH Soft is specialized in development of professional software for the financial sector, especially for leasing companies and car fleet management (CFM). The company is a leading producer of programs and applications used by over 70% of leasing operators in the local market.

Alatus Sp. z o.o.

Alatus is a provider of a broad range of IT services including software development, ERP/CRM management systems, Enterprise Content Management systems, Business Intelligence systems. The company's portfolio also includes industry-specific solutions, among others, for publishing houses, financial institutions, power industry, and the public sector. Alatus has implemented its solutions in the key sectors of economy such as the power industry, trade, mass media, finance, and miscellaneous industries.

Combidata Poland Sp. z o.o.

Combidata Poland focuses its operations on widely understood education. The offered trainings are designed and conducted in compliance with the ISO 9001 standard. The company's headquarters is based in Sopot, whereas its branches and training centres are located in 30 cities all over Poland.

ZUI OTAGO Sp. z o.o.

OTAGO is engaged in the development and implementation of software to support operations of the local government bodies. It is the author and the owner of the OTAGO Integrated Municipal Management System. The OTAGO's methodology of production, implementation and maintenance of information systems has been well tried in practice and it satisfies the requirements of ISO 9001:2000, as confirmed by ISO certificate obtained in 2003.

ZUI Novum Sp. z o.o.

NOVUM is specialized in creation of information technology systems designed for cooperative banks. The company operates as a developer of banking applications, integrator and provider of comprehensive IT systems.

XII. CORPORATE OFFICERS OF ASSECO POLAND SA

During the year 2010 the compositions of the Management Board and Supervisory Board were as follows:

Supervisory Board	Period of service	Management Board	Period of service
Jacek Duch	01.01.2010 – 31.12.2010	Adam Góral	01.01.2010 – 31.12.2010
Jarosław Adamski[2]	01.01.2010 – 31.08.2010	Renata Bojdo	01.01.2010 – 31.12.2010
Dariusz Brzeski	01.01.2010 – 31.12.2010	Przemysław Borzestowski	01.01.2010 – 31.12.2010
Artur Kucharski[1]	31.08.2010 – 31.12.2010	Tadeusz Dyrga	01.01.2010 – 31.12.2010
Adam Noga	01.01.2010 – 31.12.2010	Marek Panek	01.01.2010 – 31.12.2010
Andrzej Szukalski	01.01.2010 – 31.12.2010	Paweł Piwowar	01.01.2010 – 31.12.2010
		Zbigniew Pomianek	01.01.2010 – 31.12.2010
		Włodzimierz Serwiński	01.01.2010 – 31.12.2010
		Przemysław Sęczkowski	01.01.2010 – 31.12.2010
		Robert Smułkowski	01.01.2010 – 31.12.2010

All figures in thousands of PLN, unless stated otherwise 52

[1] On 26 July 2010, the Company received a letter of resignation from Mr. Jarosław Adamski resigning as Member of the Supervisory Board. This resignation became effective as of 31 August 2010.

[2] The Extraordinary General Meeting of Shareholders of Asseco Poland SA that was held on 31 August 2010 appointed Mr. Artur Kucharski to the position of Member of the Supervisory Board of Asseco Poland SA. The above-mentioned Member of the Supervisory Board was appointed to serve during the five-year joint term of office which began on 4 January 2007.

As at publication of this report, i.e. on 18 March 2011, the Company's Supervisory Board was composed of the following persons:

First name and surname	Position
Jacek Duch	Chairman of the Supervisory Board
Adam Noga	Vice Chairman of the Supervisory Board
Dariusz Brzeski	Member of the Supervisory Board
Artur Kucharski	Member of the Supervisory Board
Andrzej Szukalski	Member of the Supervisory Board

As at publication of this report, i.e. on 18 March 2011, the Company's Management Board was composed of the following persons:

First name and surname	Position
Adam Góral	President of the Management Board
Renata Bojdo	Vice President of the Management Board
Przemysław Borzestowski	Vice President of the Management Board
Tadeusz Dyrga	Vice President of the Management Board
Marek Panek	Vice President of the Management Board
Paweł Piwowar	Vice President of the Management Board
Zbigniew Pomianek	Vice President of the Management Board
Włodzimierz Serwiński	Vice President of the Management Board
Przemysław Sęczkowski	Vice President of the Management Board
Robert Smułkowski	Vice President of the Management Board
Wojciech Woźniak[1]	Vice President of the Management Board

[1] On 13 October 2010, the Supervisory Board of Asseco Poland SA appointed Mr. Wojciech Woźniak to serve as Vice President of the Management Board during the five-year joint term of office spanning from 2007 to 2011. This appointment came into effect on 1 February 2011.

Acting in the Management Board of Asseco Poland SA, Wojciech Woźniak is be responsible for the Building Automation and Data Center Department as well as for the Infrastructure Department both of which will be established within the Company as a result of the planned merger of Asseco Poland SA with Asseco Systems SA.

All figures in thousands of PLN, unless stated otherwise 53

XIII. ASSECO POLAND SHARES HELD ITS MANAGEMENT AND SUPERVISORY STAFF

Numbers of shares in Asseco Poland SA held by its management and supervisory staff are presented below.

Supervisory Board Members	Number of shares held as at 18 March 2011	31 Dec. 2010	19 March 2010	31 Dec. 2009
Jacek Duch	19,667	19,667	17,505	17,505
Dariusz Brzeski	-	-	525,000	n/a
Jarosław Adamski	n/a	n/a	-	-
Artur Kucharski	-	-	-	-
Adam Noga	-	-	-	-
Andrzej Szukalski	-	-	-	-

Management Board Members	Number of shares held as at 18 March 2011	31 Dec. 2010	19 March 2010	31 Dec. 2009
Adam Góral	8,083,000	8,083,000	8,083,000	8,083,000
Renata Bojdo	-	-	n/a	n/a
Przemysław Borzestowski	-	-	-	-
Tadeusz Dyrga	21,742	21,742	19,352	19,352
Krzysztof Kardaś	n/a	-	-	-
Marek Panek	-	-	-	-
Paweł Piwowar	-	n/a	n/a	n/a
Zbigniew Pomianek	-	-	-	-
Włodzimierz Serwiński	-	-	-	-
Przemysław Sęczkowski	-	-	-	-
Robert Smułkowski	2,212	2,212	2,212	2,212
Wojciech Woźniak	25	-	-	-

XIV. MONITORING OF THE EMPLOYEE STOCK OPTION PLANS

As at the date of preparation of this report, the Company did not run any share-based employee incentive scheme.

XV. STRATEGY AND DEVELOPMENT OUTLOOK OF THE ASSECO GROUP

The Company's mission is to build an international group of profitable companies producing and providing information technology solutions.

The Company's objective is to maximize the value for Shareholders by implementing a development strategy that aims at maintaining a leading position among European software producers. Asseco spares no effort to boost its market position in Central and Eastern Europe as well as in South Eastern Europe. Whereas, entering into West European markets will reinforce our potential in the European software market. Our Management Board believes it is extremely important for Asseco to be present in the whole of Europe in order obtain access to the implementation of the largest information technology projects which are often entrusted to the companies running pan-European operations.

All figures in thousands of PLN, unless stated otherwise 54

Concurrently, the IT industry experience shows the only effective way of expansion into new markets, and in particular in the countries of West Europe, is to take over the companies that already operate in the target market. This enables gaining fast insight into the local markets and clients and also provides access to new and unique IT solutions to enrich the product portfolio of the entire Asseco Group. Thanks to cooperation and sharing of experience among the Group companies, the flagship solutions of Asseco will be marketed across all the countries we operate in.

Asseco intends to implement its business strategy by taking the following initiatives:

- Further international expansion primarily through company acquisitions.
- Taking part in consolidation of the Polish IT market.
- Achievement and maintenance of a leading position in the markets where the Asseco Group operates.
- Streamlining of the Asseco Group structure.
- Stepping up cooperation with the existing clients.
- Improvement of operational efficiency.

Further international expansion primarily through company acquisitions

The Asseco companies operate in over a dozen European countries. The key element of our strategy is further expansion of the Asseco Group through take-overs of profitable providers of IT solutions.

Asseco has already managed to build a strong position in the markets of Central Eastern Europe and South Eastern Europe which are served by Asseco Poland, Asseco Central Europe and Asseco South Eastern Europe). In the nearest future foreign expansion of the Asseco Group will focus on the West European markets where Asseco DACH, Asseco South Western Europe and Asseco Northern Europe conduct their operations.

Below are presented our development plans in each individual region:

- **Asseco Central Europe**

  The Asseco Group strategy anticipates continuation of the consolidation processes carried out by Asseco Central Europe in the IT markets of Slovakia, Czech Republic, and Hungary. Our objective is to create a strong group of companies to operate in the above-mentioned markets.

  The company of Asseco Central Europe was created by the integration of Asseco Slovakia and Asseco Czech Republic. It is listed on the Warsaw Stock Exchange. The new name of *Asseco Central Europe* was registered both in the Czech Republic and Slovakia in the spring of 2010. Hence, the two combined companies stared to operate under one commercial name thereby strengthening their position as a provider of comprehensive IT solutions in the Central European region.

  Asseco CE provides comprehensive IT solutions and services for international financial institutions (Erste, Allianz, UniCredit, etc.), for the private sector enterprises as well as for the public institutions of central and local administration. The company’s product portfolio contains information systems for banking, insurance, construction companies, card transaction systems, healthcare information systems, data warehouses, Business Intelligence and e-Commerce solutions, reporting systems, and turn-key projects. The products of Asseco Central Europe are offered and implemented in the markets of Slovakia, Czech Republic, Hungary, Austria, Germany, and Switzerland.

  In 2010 Asseco CE took over two Hungarian companies, namely Statlogics and GlobeNet. Statlogics is a provided of comprehensive IT solutions for distribution and management of consumer loans, which are used by financial institutions in 8 European countries. These institutions are members of global financial groups such as UniCredit, OTP Bank, Société Générale, Raiffeisen Bank, or Fiat Capital. GlobeNet, the second largest IT company in Hungary, is specialized in information solutions for the healthcare sector. Its comprehensive integrated IT system and services are used by over 60 medical institutions. In 2010 Asseco CE disposed its shareholding in Uniquare of Austria. Nonetheless, it retained the Uniquare's products dedicated to the financial sector, including the loan management system as well as the CRM solution for management of distribution networks.

Furthermore, the Asseco CE Group holds two other companies: Asseco Solutions (a producer and supplier of ERP class solutions) and Slovanet (one of the largest alternative providers of broadband internet in Slovakia).

- **Asseco South Eastern Europe**

  Asseco South Eastern Europe is a holding company which owns equity interests in IT companies operating in the countries of Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia, Kosovo, Albania, Romania, Moldova, and Turkey. The Group's strategy provides for continued expansion of Asseco SEE by making further company acquisitions in order to create the largest software house operating in this region of Europe.

  The Asseco SEE Group is the largest software house in South Eastern Europe in terms of revenues from sales of software and IT services. Shares of its parent company are listed on the Warsaw Stock Exchange. This group was created by integrating the competence, experience, know-how, solutions and customer base of many companies operating in the region of South Eastern Europe, each being a leader in its market segment. In 2010 the group completed the process of rebranding of its subsidiaries. In effect there are over a dozen companies which operate under the common name of Asseco SEE in the territories of Serbia, Croatia, Montenegro, Bosnia and Herzegovina, Kosovo, Moldova, Albania, Bulgaria, Turkey, Macedonia, Slovenia, and Romania.

  In 2010 Asseco SEE took over Biro Data Servis (BDS) of Croatia and purchased the remaining shares in Cardinfo BDS of Bosnia and Herzegovina. Both the acquired companies are specialized in the provision of services of ATM network management and maintenance. Furthermore, Asseco SEE expanded its business into the Turkish market by taking over two Istanbul-based companies: ITD Iletisim Teknoloji Danismanlik Ticaret A.S. and ESK Elektronik Sanal Ticaret ve Bilisim Hizmetleri A.S. Services of ITD include call centers and the automation of payment systems and client operations and are provided to 57% of all banks operating in Turkey as well as to insurance and telecommunication companies. EST is the Turkey's main supplier of services and systems for the settlement of internet payments made by credit cards (payment gateway).

  Asseco SEE is focused on the development of proprietary IT solutions for the banking sector. It also offers authentication solutions to ensure security of mobile transactions. Other key business operations of Asseco SEE include the supply and maintenance of POS terminals, solutions and services for the telecom sector as well as integration services, supply and implementation of IT systems and hardware. Following the take-over of the said Turkish companies, call center services and internet payment clearing solutions became an important item in the Asseco SEE portfolio.

  The Group's strategy assumes further development, both through expansion into new markets and organic growth in the existing ones, to be achieved by taking advantage of the broad portfolio of products, resources and competences harnessed in the so-called recurring revenue business model.

- **Asseco DACH**

  The Asseco DACH holding companies provide software and information technology services in the markets of Germany, Austria, and Switzerland. One of them is Matrix42 AG that provides applications for product lifecycle management and software for management of IT resources. This company is also a leader in the market for Workplace Management solutions and has ranked in the top ten companies in Gartner's ranking of PC Lifecycle Management, being the only company in that category to be included in the Magic Quadrant 2009. The second pillar of Asseco DACH comprises Asseco Germany and Asseco Austria that market their proprietary ERP software customized, among others, for the needs of medium-sized production firms.

  The companies of Automation & Productivity AG and Automation & Productivity GmbH were renamed as Asseco Germany and Asseco Austria, respectively. This sparked off intensive actions aiming at the introduction of Asseco brand in Germany and Austria. The Group's strategy anticipates continued development of Asseco DACH through company acquisitions in order to expand its product portfolio and enable the launch of the Asseco's finance and insurance solutions into the German market. Furthermore, the holding intends to establish Asseco Switzerland firm.

- **Asseco South Western Europe**

  Asseco SWE is engaged in capital investments in IT companies as well as in the provision of information technology services in Spain, Portugal, France, and Italy.

  The holding's leader, Asseco Spain (former RAXON Informatica), is one of the key players in the Spanish IT market. Its business offer includes consulting on IT infrastructure, security solutions, HR management solutions, outsourcing services as well as fully comprehensive IT support. Asseco Spain cooperates with telecom operators Telefonica and Vodafone, industrials Iberdrola and Inditex, while its proprietary application Home Computer Internet is utilized by Banesto and Hewlett Packard. Distribution of IT equipment accounts for a large portion the company's revenues. It is the largest European distributor of Dell computers, partner to Fujitsu and Eaton company (UPS devices).

  In 2010 Asseco Spain merged with Terminal Systems of Spain, thereby expanding its portfolio with IT solutions for transportation companies, including airport ground service management systems, software for and maintenance of passenger self check-in kiosks. Moreover, in 2010 Asseco Spain took over the Necomplus Group, one of the three leaders in the market of electronic payment terminals (POS) in Spain. Apart from installation, maintenance and implementation of POS terminal software, Necomplus provides software and IT support for professional call centers. This group operates across Spain and Portugal.

  Asseco SWE intends to boost its market position in Spain and grow its business into other markets of the region by mergers and acquisitions of local firms.

- **Asseco Northern Europe**

  The scope of Asseco NE business includes capital investments in IT companies as well as the provision of IT services.

  At present the holding is comprised of Asseco Denmark (former IT Practice A/S) and Sintagma UAB. Asseco Denmark is specialized in development of turn-key applications and software solutions. It also provides high class consulting services and optimization of IT architecture and infrastructure. Furthermore, the company produces proprietary information solutions for the sectors of finance and biotechnology. Sintagma UAB is a leading producer of software and integrator of IT systems in Lithuania. Its products and services are dedicated primarily to the financial sector and public administration.

  Asseco NE will continue its development strategy through company acquisitions and introduction of the Asseco solutions in the local markets.

- **Formula Systems**

  Formula Systems is a holding company established in 1985. Shares of Formula Systems are listed on the Tel Aviv Stock Exchange (TASE) as well as on NASDAQ Global Markets. The holding owns shares in three information technology companies: Matrix IT, Magic Software Enterprises, and Sapiens International Corporation, which run business in the markets of Israel, USA, Canada, Japan, UK, Germany, France, Hungary, and India.

  - Matrix IT Ltd is one of Israel's leading integration and information technology services companies. The company is listed on TASE. Matrix IT is active in four principal areas: software solutions and services, software distribution, infrastructure solutions and hardware products, and training and assimilation. The company provides IT services to more than 500 customers in the Israeli market, while its solutions are operated in the sectors of banking and finance, telecommunication, public administration, healthcare, and industrial enterprises.
  - Magic Software Enterprises is engaged in the development, marketing and sale of application platforms as well as business and process integration solutions. This company is listed on TASE and NASDAQ Global Markets. In addition to technological solutions, Magic Software provides its customers with maintenance and technical support as well as with professional services and training. Magic Software is known for its code-free approach, allowing users to focus on business logic rather than technological requirements. This approach forms the driving principle of both the uniPaaS application platform (the next generation of eDeveloper) and the iBOLT business and process integration suite.
  - Sapiens International Corporation NV is a global provider of innovation-driven software solutions for the insurance industry. This company is listed on TASE and NASDAQ. Sapiens provides strategic business solutions matching the insurance industry standards, based on open architecture which guarantees their flexibility. These solutions are widely used by global insurance companies and help them launch new products quickly, develop new distribution channels, and manage their business cost-effectively in order to stay one step ahead of the competitors at all times. Sapiens International operates through its subsidiaries in North America, the United Kingdom, EMEA region, Japan and Asia, whose clients include, among others, Philadelphia Insurance Companies, AXA Corporate Solutions, ING, Liverpool Victoria Friendly Society, Menora, Mivtachim, Aegon, JEVCO, OneBeacon, Principal Financial Group, and Texas Farm Bureau.

  The acquisition of Formula Systems suits well the Asseco Group's business strategy to become a global market player. Owing to that transaction the Group gained access to unique know-how and the world's leading innovations. Furthermore, we are able to enter very promising markets and have much more opportunities for cooperation with global clients.

Taking part in consolidation of the Polish IT market

In the recent years the Asseco Group has played an important role in consolidation of the Polish IT market. Owing to numerous acquisitions, the Asseco Group was able to considerably expand the products and services portfolio as well as its customer base in the domestic market. It is the Group's strategy to continue to participate in consolidation of the Polish IT market by making further acquisitions of companies, the products and services of which might complement our existing portfolio.

Achievement and maintenance of a leading position in the markets where the Asseco Group operates

It is a strategic objective of the Asseco Group to achieve a leading position (in the top three) in each market where the Group is active, in terms of sales revenues while keeping the present margins of profit. Thanks to cooperation and sharing of experience among the Group companies, the flagship solutions of Asseco will be marketed across all the countries we operate in.

Streamlining of the Asseco Group structure

The Asseco Group strategy includes establishing of strong competence centres within our organization. This will give an opportunity to eliminate the areas of potential mutual competition among the Group companies which will focus on their very specializations. Transferring of resources among the Group companies as well as rearrangement of their organizational structures and areas of competence are all aimed at achievement of considerable cost synergies, expanding the product portfolio and boosting competitiveness of the Asseco Group.

Stepping up cooperation with the existing clients

Having operated in the IT market for many years, the Asseco Group has established long-lasting cooperation with numerous large banks, financial institutions and bodies of public administration. The Group's strategy assumes furthering of business relations with our key accounts by developing a product portfolio that would satisfy it their needs.

Improvement of operational efficiency

The Asseco Group strategy assumes continual improvement of operational efficiency in order to reduce costs and thereby increase the profitability of our business. The Group intends to achieve reduction of operating costs, among others, by optimization of the production processes and better management of human resources.

XVI. CHARACTERISTICS OF FACTORS SIGNIFICANT FOR THE GROUP'S DEVELOPMENT

1. External factors essential to the enterprise development

The most important external factor determining growth of the Asseco Poland Group are conditions in the market for information technology solutions, which has already been described in section 3 herein. Further external factors affecting the Group's development include:

2. Factors related to IT industry and regulatory environment

- The Asseco Group faces stronger and stronger competition in the IT market. This may hinder our capability to gain new orders, and eventually reduce our profits and market share.
- Unfavourable market trends might affect the Group's operating revenues and net income.
- Frequent amendments, inconsistency and lack of common interpretations of legislative acts might have a negative impact on the Group's operations, future outlook, operating results and financial position.

- Execution of long-term agreements and settlement of contracts in foreign currencies, both with suppliers and customers, brings about the risk of fluctuations in revenues and costs resulting from changes in the foreign currency exchange rates, which may obviously affect the Company‘s financial performance.
- Any changes which the Parent Company may be potentially forced to introduce in order to comply with the public company requirements, might prejudice the course of the Group's operations.
- As Polish banks are more and more owned by foreign investors, there is some risk that the banks which are taken over by foreign organizations will start to use the global IT solutions applied by their shareholders.

3. Factors related to business activities of the Asseco Poland Group

- Nowadays the Asseco Poland Group conducts business operations in over a dozen European countries and therefore it is exposed to diversified pace of development in individual states, which may affect its future revenues and profits.
- The Group's operating strategy involves expansion to other geographical regions, which if not followed might have negative effects of development and future operations of Asseco Poland SA.
- The key suppliers may want to limit their cooperation with the Group which might have adverse effects on the Group's operations, future prospects, operating results and financial position.
- Loss of financial liquidity by the Group's subcontractors may undermine the Group's credibility among clients and negatively impact its operations, future prospects, operating results and financial position.
- The Group may incur contractual penalties in case it fails to meet the deadlines or defaults in performance under its contracts, which might have adverse effects on the operations, future outlook, operating results and financial position of the Group.
- The Group's operations, future prospects, operating results and financial position might suffer due to any loss of good reputation.
- It is characteristic of the IT business that most of contracts are awarded under tendering procedures.
- Delays in finalization of the tendering procedures for delivery of IT infrastructure for the public administration may result in unstable revenues from this sector.
- Failure to develop and market new products and services would be unfavourable to the Group's business.
- The Group depends upon its key personnel, and loosing them might have adverse effects on the results of our operations.
- Dynamic growth and development may result in difficulty to recruit suitable managerial and operating human resources which might negatively influence the operations, future outlook, operating results and financial position of the Group.
- The Group may possibly be unable to keep its corporate culture up with the business growth, which might negatively influence its operations, prospects, operating results and financial position.
- The Group might incur considerable expenses for adjusting it products to any amendments of legal regulations, which could negatively impact its operations, future prospects, operating results and financial position.

- The Group's operations in certain segments of the market may be deemed as abuse of dominant position by the Group; hence, some negative consequences of such appraisal cannot be precluded which might hinder the Group's operations and future prospects, and deteriorate its operating results and financial position.
- The insurance contracts maintained by the Group may not include all types of risk occurring in the future. Hence, any episodes of force majeure may adversely impact the Group's operations, operating results and financial position.

Economic condition of the clients and the markets of their operations

Financial performance of companies operating in the IT solutions market depends to a large extent on the economic condition of their existing and potential clients, as it is taken into account when the client management teams set their priorities. The clients' prosperity is influenced by the overall economic growth, and also by decreasing interest rates and squeezed margins understood as the difference between the interest on credits and deposits.

Rapid development of technology

IT sector is characterized by rapid development of new solutions and technologies, hence the product lifecycle in this market is relatively short. Therefore, the future success of our Group will largely depend upon its capability to incorporate the latest technological solutions into the provided products and services. In order to maintain the competitive advantage in this market, it is necessary to conduct research work and to invest in new products. But it must be emphasized that not only our Group keeps up with the pace and scale of technological innovation, but it is one of the major developers of IT solutions for financial institutions, public administration and enterprises in the Polish market. This has been confirmed by the leading position in the ranking of software developers.

Strong competition in the IT market

The industry in which the Group chose to operate is highly fragmented and therefore very competitive. The competition of foreign companies is getting systematically stronger. They have got faster access to innovative technological solutions, but also to cheaper sources of funds, which makes it possible to finance large contracts more efficiently. Nonetheless, most of the software marketed by Asseco is proprietary and therefore we are able to realize higher margins than our competitors who sell just third-party software. Although it cannot be precluded that the operating margins achieved by Group will some time decline as a result of severe competition.

Fluctuations in foreign currency rates

Fluctuations in foreign currency rates have a considerable impact on the Group's international operations and further expansion in foreign markets. Unfavourable changes in the exchange rates of foreign currencies may exert a negative impact on the financial performance of the Group companies, and the financial position of the whole Group. Apart from that, a substantial portion of supplies are purchased from foreign contractors and paid in foreign currencies, whereas most revenues of the Group companies are still recognized in local currencies.

Technological saturation

Technological saturation that begins to emerge in the Polish banks and private enterprises may prompt them to focus their strategies on smaller or mid-size IT projects that would address their current needs only.

4. Internal factors affecting the Group's development

Execution of the largest contracts

The main internal factor with impact on sustainability of the Parent Company's strong position is the performance of its long-term contracts in the sectors of banking and finance and public administration, which were concluded in prior reporting periods. Execution of such projects requires considerable financial outlays to be made at the initial stages of a project implementation. On the other hand most revenues from such projects are achieved in the final stages of a project implementation.

Premium quality and comprehensive offer of the Group

The Group is able to win new contracts owing to its commitment to high quality as well as due to the comprehensive nature of its IT offering. The Asseco Group is perceived by the market as a supplier of information technology solutions incorporating the highest quality products and services. This has been many times acknowledged by the industry awards and leading positions taken in the IT rankings. In spite of that, the Group continues to expand and develop its business by conducting own R&D work, and also by taking over ready-made products by way of acquisitions of domestic and foreign undertakings.

Ability to maintain the existing competitive advantages

Further expansion opportunities will be conditioned by the Group's ability to maintain its competitive advantages over other IT market players. According to the Management Board, the Group's most significant competitive advantages are:

- Comprehensive and well diversified portfolio of products and services.
- International nature of the Asseco Group operations.
- Full range of solutions for the banking sector.
- Flexibility of the solutions marketed by the Asseco Group.
- Long-term experience in the IT market.
- Professional human resources engaged in our IT projects.
- Popular and widely recognisable brand name of Asseco.
- Stable financial position.

Effective reinforcement of position in the market of IT solutions for banks, financial institutions and the public administration

Improvement of the existing solutions and development of new competitive products are both intended to reinforce the Company's position in the markets it has already captured, as well as to gain new markets and Clients. Doing so is essential for the Group's further development and increasing in value. The Parent Company will concentrate its efforts on production of proprietary software, inclusive of the dedef3000ystem dedicated especially to banks. Furthermore, the Group will benefit from offering the ready-to-implement system for the insurance sector that was designed in cooperation Asseco Central Europe.

XVII. SIGNIFICANT RISK FACTORS AND THREATS

1. Risk factors involved in the business environment where the Company and the Asseco Group operate

Risk related to the macroeconomic situation of Poland

Development of the IT services sector is closely correlated to the overall economic prosperity. The main factors affecting financial results of the Asseco Group are the pace of GDP growth, value of the public orders for IT solutions, level of capital expenditures made by enterprises, the inflation rate, and foreign currency exchange rates versus the Polish zloty. The backlog of orders contracted by Asseco Poland for 2010 has already, till 18 March 2010, reached 106% of the Company's sales revenues in 2009. Nevertheless, there is still a risk that the economic slow down observed in Poland as well as recession forecasts for most of the countries the Group operates in, lower capital expenditures in enterprises, decline in public spending or higher inflation might cause our clients to resign from the orders already placed, or to reduce the number or suspend any new orders for IT solutions offered the Asseco Group, which in turn may have a negative impact on the Group's operations, financial position and results as well as on its development outlook.

Foreign currency exposure risk

Some of the long-term agreements concluded and financial liabilities carried by the Group are denominated in foreign currencies (EUR and USD). With regard to the above the Asseco companies are exposed to potential losses resulting from fluctuations in foreign currency exchange rates versus their local functional currencies in the period from concluding a contract until it is invoiced. Therefore, changes in foreign currency exchange rates may obviously have some adverse effects on the operations, financial position, financial performance, and development outlook of Asseco Poland.

Risk related to intensified competition

The Group's operations are under the pressure of continually stronger competition both from the local players and international IT corporations, which has to be faced especially when it comes to execution of large and prestigious contracts. As many large IT companies take part in consolidation processes and more and more institutions begin to hire their own specialists, the Group's competitive advantage over other firms may be diminished, which in consequence might influence its business operations and financial performance. The competition of foreign companies is getting systematically stronger. They have got faster access to innovative technological solutions, but also to cheaper sources of funds, which makes it possible to finance large contracts more efficiently. It is not certain that the increasing competition will have no significant adverse impact on the Group's operations, financial position, financial results and future development outlook.

Risk related to consolidation of the banking sector

The banking sector is the place of ongoing consolidation processes. There is a risk that consolidators of the banking sector will force the acquired banking institutions to use their global IT solutions, which may cause more difficulty in gaining new contracts or even result in termination of already concluded contracts for supply of bank information systems. Such circumstances might have a negative impact on the Group's operations, financial position and results as well as on its future outlook.

Risk related to regulations of the Banking Law pertaining to outsourcing

According to the Banking Law, the transfer (from a bank to an external entity) of a business function related to banking activities is subject to special legal regime. The Banking Law provisions impose a number of obligations, especially in connection with entering into an agreement between the client bank and the outsourcer. These obligations have been described in chapter "Regulatory environment and its impact on development of IT market in Poland". Furthermore, the Banking Law excludes the possibility of a waiver or limitation of liability towards the bank by virtue of losses incurred by its clients as a result of non-performance or improper performance of contractual obligations by the service provider who was entrusted with execution of specific actions. Additionally, conclusion and execution of outsourcing agreements is subject to strict scrutiny by the Polish Financial Supervision Authority which, in certain cases determined by the Banking Law, may order the bank to take action aiming to amend or terminate such agreement.

The Banking Law regulations apply also to the agreements for outsourcing of business functions in the scope of information technology, which are directly related to banking activities. In this regard there is a risk that a considerable number of agreements to be concluded in the future, as well as those concluded in the past, between banks and the Group companies will be deemed to come under the said Banking Law regulations.

Hence, when entering into an agreement with a bank, the Asseco companies are forced to assume unlimited liability for losses caused to the bank's clients. Until the publication date of this report, the Parent Company incurred no such liability for losses caused to bank clients. Nevertheless, in cases when the regulatory risk will outweigh the potential benefits of a contract, the Group may resign from concluding that contract. Such circumstances may have an adverse impact on the operations, financial position and financial performance of the Group, as well as on its prospective development.

Risk of changes in regulations and their interpretation

Frequent amendments, lack of cohesion and uniform interpretation of the provisions of law, concerning in particular the tax regulations, banking law, insurance law (inclusive of social insurance), the Act on public procurement, the Act on personal data protection, the Act on trading in financial instruments, the Act on public offering as well as the Polish Commercial Companies Code, give rise to the regulatory risk occurring in the environment in which the Asseco Group operates. The tax regulations and their interpretations are more than others prone to often changes. Practices of the internal revenue administration and the court judicature are not uniform in this domain. In the event the taxation authorities take a position that is different from the Parent Company's interpretation of tax regulations, the Group’s operations, economic situation and financial results may be exposed to negative consequences thereof. Such risk may be materializing especially due to potential doubts expressed by the taxation authorities over the transactions the Parent Company conducts with its related entities. This might have a negative impact on the Group's operations, financial position and results as well as on its future outlook.

Risk of potential legal disputes concerning copyrights

Development of the Asseco Group operations in the market of IT products depends to a large degree on ownership of intellectual property rights, especially copyrights to computer programs. Because of a variety of legal regulations pertaining to the protection of intellectual property that are applicable in the countries where the Asseco Group operates, in some circumstances there may be doubts as to the effectiveness of transferring of copyrights in the software codes compiled by employees in favour of their employers

(Asseco companies). In order to prevent such situations, any work contracts or other contracts under which employees provide their services to the Group companies must include adequate provisions to effectively assign such employee's copyrights in software to the Asseco companies. As at the registration document date, the Group companies were not party to any significant disputes arising from copyrights in computer programs. Nevertheless, it cannot be entirely precluded that potential (even illegitimate) claims of copyrights, that may be raised by third parties, will have a negative bearing on the Group's operations, financial position and results, and on its development prospects.

2. Description of risk factors related to operations of the Company and the Asseco Group

Risk of becoming dependent on the key customers

Implementation of the key account contracts – in particular those for execution of the Central IT System for PKO BP Bank, the Central Register of Vehicles and Drivers (CEPiK) for the Ministry of Interior and Administration (MSWiA), as well as for execution and maintenance of the Comprehensive IT System for the Social Insurance Institution (ZUS) – will heavily impact the level of sales revenues realized by the Parent Company in the coming years. Likewise, the Company's financial results would be substantially influenced by any potential claims for compensation (including those under contractual penalties) resulting from improper performance of obligations under the above-mentioned major contracts. Until the publication date of this report, there occurred no circumstances which would justify early termination or deterioration of the contractual terms and conditions under any of the key contracts concluded by the Parent Company or which might justify making any claims for compensation arising out of or in relation to those contracts. Yet it cannot be precluded that a potential loss of any of the above-mentioned major clients, deterioration in the financial terms for provision of services, or potential compensatory claims would have an adverse impact on the operations, financial position and financial performance of the Group, as well as on its future development.

Risk of inability to effectively integrate the taken-over companies or to achieve the intended rates of return on acquisitions or investments

The Asseco Group implements the strategy of development through acquisitions of or capital investments in IT companies. Valuation of the future acquisitions or investments will depend on the market conditions as well as on other factors beyond the Group's control. It cannot be entirely precluded that the Parent Company may be unable to accurately estimate the values of undertaken acquisitions or investments. There is also a risk that earnings generated by the acquired or investee companies fall short of the initial estimates which might prevent the Group from achieving the rates of return that were originally expected from such transactions. Furthermore, following any acquisitions or investments, the Group may need to take measures to rearrange the organizational structures of the target companies as well as to integrate some of their business areas. Such processes may turn out time-consuming and expensive, hence it is not certain that they will be performed within the intended schedule or scope of work, or whether they will be completed at all. The integration processes carried out within individual companies may also bring about permanent changes to the Asseco Group operating procedures, or even result in losing some of the existing clients or business partners. The impossibility of effective integration of the taken-over companies due to any of the above-mentioned circumstances, or by any other cause, may have an adverse impact on the Group's operations, financial position, financial results and future development outlook.

Risk involved in integration of the Asseco Group

In the period from 2007 to 2010 the Parent Company carried out three significant mergers, successively with the companies of Asseco Poland (former COMP Rzeszów), Prokom Software, and ABG. Apart from the above-mentioned merger processes, the Asseco Group conducted numerous transactions of transferring of assets among its subsidiaries in order to rearrange the Group's organizational structure. Efficient and effective integration of the operating resources of the companies, undergoing business combinations or restructuring, is a long lasting process which has not been completed yet. It cannot be taken for granted that such business combinations or restructuring processes will bring the originally expected synergy effects or savings due to economies of scale, while failure to do so might have an adverse impact on the operations, financial position, financial performance and prospective development of the Group.

Risk involved in execution of IT projects

Most of the Asseco Group's income is achieved on the execution of complex information technology projects carried out under long-term agreements. Execution of such projects requires considerable financial outlays to be made at the initial stages of a project implementation. On the other hand most revenues from such projects are achieved in the final stages of a project implementation.

A characteristic feature of complex IT projects is that the scope of work and the applied solutions are subject to relatively frequent modifications in relation to the initial arrangements. Consequently, the schedules for execution of individual project stages are often changed from the original timing. Such situations may result in postponing the sales revenues that are usually recognized proportionally as the project-related costs are incurred, which may eventually change the contract profitability. In extreme cases, even without a default on the part of Asseco, the clients may attempt to terminate the concluded agreements or to seek payment of contractual penalties applicable in the event of delayed implementation of a project. Under certain contracts such penalties may be as high as 100% of the contract value. Furthermore, revenues expected to be achieved from some contracts may change as a result of early termination, changes to the scope of work, or necessity to pay contractual penalties as provided for in such contracts. Such circumstances might have an adverse impact on the operations, financial position and financial performance of the Group, as well as on its prospective development.

Given the specificity of complex IT projects, they often require making estimations of the project implementation process and the related costs. The assumptions are made based on experience of managers responsible for implementation of such projects, and are subject to periodic verification. Nonetheless, it cannot be precluded that during the contract execution it will appear that the actual costs exceed the initial estimates, resulting in deterioration of the Group's financial results. This might have a negative impact on the Group's operations, financial position and results as well as on its future development outlook.

Risk involved in insufficient insurance coverage

Business activities of the Asseco Group, including production and supply of software as well as implementation of integration projects, give rise to a risk of damages that may be incurred by the Group clients or their end customers as a result of defective operation or failure of the products delivered by the Group, whether attributable to its negligence or not. The agreements concluded by the Group provide for contractual penalties in the event of non-performance or improper performance of obligations, and sometimes admit a possibility of seeking further remedies in excess of such contractual penalties. Furthermore, the Banking Law forbids any waiver or limitation of liability towards a bank by virtue of losses incurred by its clients and caused by the bank contractor who was commissioned to perform certain business functions (inclusive of IT activities). The risk related to payment of potential damages in favour of the end customers, who receive services provided by the Group clients, will increase considerably in the event the regulations allowing to bring class action lawsuits into the Polish courts are enforced. The Parent Company as well as the Group companies maintain standard insurance coverage, including the civil liability insurance for business operations and property, with the guarantee amount of PLN 10,000,000. Therefore, any claims for compensation in excess of the guarantee amounts under the carried insurance policies might have a significant negative impact on the operations, financial position, financial performance and prospective development of the Group.

Risk of losing the clients' trust

Operations of the Asseco Group are to a large extent based on the customers' trust. Implementation of an IT system, which has critical importance for the customer's business, usually results in signing a long-term agreement with the system user. The quality of solutions and services provided to such clients determines their confidence in the Asseco Group. In the event the quality of delivered products and services was poor, our customers might lose their trust in Asseco which would hurt our reputation in the market and make it impossible to continue successful business operations. The customers' trust is what really counts when trying to gain new contracts as the client references play a crucial role in the selling process. Losing the clients' trust would have a substantial negative impact on the Group's operations, financial position and results as well as on its future development outlook.

Risk related to software licenses

The Asseco Group utilizes IT software licenses granted under legal agreements concluded with the world's leading providers of tools software and thematic applications, such as Bea Systems, Business Objects, HP, IBM, Microsoft, Oracle, and SAS Institute. On the basis of solutions and technologies of those companies the Asseco Group develops its most important products. Termination of the licensing agreements or limitation of the Asseco's rights to use such software, especially of IBM and Oracle, might have a negative impact on the operations, financial position, financial performance, and prospective development of the Group.

Risk related to loosing the key personnel

The Group's operations and development outlook depend to a large extent on the knowledge, experience and professional qualifications of its employees, who implement the IT projects. A substantial demand for IT specialists and the competitors' activities may induce the key personnel to leave our organization, and also make it quite difficult to recruit new employees with suitable knowledge, experience and professional qualifications. The risk of losing qualified employees is even higher as it becomes easier and easier for Polish citizens to take up job in the EU countries which results in the phenomenon of emigration for economic reasons. In 2010 the Parent Company's personnel rotation (computed as the number of leaving employees divided by the average headcount in the period) equalled 0.5%. The Parent Company keeps on monitoring the local labour market and makes efforts to accommodate itself to the market tendencies, inclusive of the salaries offered to its employees. Still there is a risk that resignation by the key personnel would have a negative impact on the execution of the IT contracts conducted by the Company as well as on ensuring the required quality and range of services provided. This in turn might bring unfavourable effects for the operations, financial position and financial performance of the Group, as well as for its future outlook.

Risk related to Offshoring

Development of information technology services provided offshore to the customers based in the countries where the Asseco Group conducts business operations may eventually trigger off stronger competition in those markets. On the other hand, offshoring investments located in the countries where the Group operates may bring about higher competition in the local labour markets. Such circumstances might have a negative impact on the Group's operations, financial position and results as well as on its future outlook.

Risk of dependence of the Asseco Poland success on Mr. Adam Góral's engagement in operations of the Asseco Group

The Asseco Group achieved a strong market position largely owing to the personal efforts of Mr. Adam Góral, a major shareholder of Asseco Poland, who is engaged in management of the Parent Company as well as in creation of long-term business strategy of the Asseco Group. As at the publication of this report, there are no indications that Mr. Adam Góral might resign from participation in management of the Parent Company or development of the Asseco Group strategy, or withdraw from his capital engagement in Asseco Poland. Nonetheless, it cannot be precluded that such circumstances take place in the future which would be unfavourable for the operations, financial position, financial performance, and prospective development of the Group.

Risk involved in gaining new contracts

It is characteristic of the IT business that most of contracts of the Asseco Group are awarded under tendering procedures. Therefore, it is not certain that the Group will be able to gain such new contracts that would ensure sufficiently high and satisfactory revenues in the future.

Furthermore, the Asseco Group strategy is to a large extent based on the assumption that the State Informatization Plan is implemented as per the schedule, which shall create opportunities to gain new contracts in the sector of public finance. Nonetheless, it cannot be precluded that the underlying assumptions of the State Informatization Plan are changed or that its implementation will be delayed or limited.

Such circumstances might have a negative impact on the Group's operations, financial position and results as well as on its future development outlook.

Risk related to carrying out of public tenders

In 2010 sales of the Asseco Poland Group to the public sector accounted for 31.7% of its total turnover. Delays in finalization of the tendering procedures for delivery of IT infrastructure for the public administration may result in unstable revenues from this sector. If combined with unsatisfactory utilization of the EU funds granted for improving innovation at public offices, this might substantially reduce the local demand for IT services and thereby exert negative impact on the operations and financial performance of the Group as well as on its future development.

Risk related to technological changes in the industry and development of new products

IT sector is characterized by rapid development of new solutions and technologies, hence the product lifecycle in this market is relatively short. Therefore, the future success of the Asseco Group will largely depend upon our capability to incorporate the latest technological solutions into our products and services. In order to maintain the competitive advantage in this market, it is necessary to conduct research work and to invest in new products. The Asseco Group keeps on monitoring the present information technology trends and develops and upgrades its business offer accordingly. However, there is still a risk that the market will receive new products, which will cause our products and services to become less attractive, and eventually not as profitable as expected. Additionally, it cannot be taken for granted that the new solutions which are, or will be, created or developed by the Group will satisfy the technological requirements, and whether they will be accepted positively by their potential users. In either case the generated revenues might be disappointing in relation to the expenditures incurred. Such circumstances might have an adverse impact on the operations, financial position and financial performance of the Group, as well as on its prospective development.

Risk related to market saturation

Technological saturation that begins to emerge in the Polish banks and private enterprises may prompt them to focus their strategies on smaller or mid-size IT projects that would address their current needs only. Such circumstances might have a negative impact on the Group's operations, financial position and results as well as on its future outlook.

Risk related to the strategic objectives

It cannot be taken for granted that the strategic objectives of the Asseco Group will be accomplished. The Group operates in a constantly changing market environment therefore its financial position will depend on the ability to work out an effective long-term strategy. Any unfortunate business decisions arising out of failure to adapt to changing market conditions may have an adverse impact on the Group's operations, financial position, financial results and future development outlook.

Risk involved in concluding contracts with the related companies

While running its business Asseco Poland concludes numerous transactions with other companies of the Asseco Group, inclusive of its subsidiaries and associates. Such transactions ensure effective operation of the entire Asseco Group and they include provision of mutual services, supply of goods as well as other transactions. With regard to the tax regulations pertaining to dealings with related parties and especially to transfer pricing applied in such transactions, and the documentation required to be completed for such transactions, as well as due to increasing interest of the tax authorities in the transfer prices and terms of related party transactions, it cannot be precluded that the Group companies will be subject to tax audits or other controlling activities undertaken by the tax authorities in this respect. Furthermore, knowing the past taxation practices, when taxpayers engaged in transactions which were unordinary for their type of business and which helped decrease their tax charges, they were exposed to the accusations of tax evasion. Such circumstances might have a negative impact on the operations, financial position, financial performance, and prospective development of the Group.

Financial risk management

The Asseco Poland Group is exposed to a number of risks arising either from the overall macroeconomic situation or from microeconomic situation in individual companies. Business operations of the Group are affected by the following types of financial risk: (i) foreign currency risk, (ii) interest rate risk, (iii) risk of increasing cost of work, (iv) risk of underestimation of the project cost, and (v) risk of concluding a contract with a dishonest customer.

Foreign currency risk

The currency used for presentation of the Group's results is Polish zloty (PLN). However, a portion of contracts concluded by the Parent Company are denominated in foreign currencies (EUR and USD). With regard to the above the Parent Company is exposed to potential losses resulting from fluctuations in foreign currency exchange rates versus the Polish zloty in the period from concluding a contract until it is invoiced. Furthermore, the functional currencies of foreign subsidiaries of the Asseco Group are the currencies of the countries where these entities are legally registered in. Consequently, the assets of such subsidiaries need to be converted to PLN and their values presented in the Parent Company separate financial statements remain under the influence of foreign currency exchange rates against PLN.

Management of such risk involves hedging of the contracts settled in foreign currencies, which is accomplished by concluding simple currency forward contracts or non-deliverable currency forward contracts in case of derivatives embedded in foreign currency denominated contracts. Whereas, contracts concluded in foreign currencies are hedged with forward contracts with delivery of cash.

Interest rate risk

Changes in the market interest rates may have a negative influence on the financial results of the Asseco Group. The Group 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 loan facilities granted by external financial institutions, which are based on variable interest rates, and (ii) change in valuation of the concluded and embedded derivative instruments, which are based on the forward interest rate curve.

In order to reduce its interest rate risk, the Group tries to avoid taking out loan facilities based on a variable interest rate or, if not possible, the Group may conclude forward rate agreements.

Risk of increasing cost of work

Salaries account for over 70.0% of the costs related to project implementation. Taking into account such high human resource requirements, an increase in salaries may squeeze the margins achieved on the projects and consequently have an unfavourable impact on the Group's results.

In order to manage the risk of higher cost of work, the Group takes a number of measures which can help reduce potential negative effects of rising salaries. Among other things, the Group (i) employs people in many geographical regions aiming to diversify that risk, (ii) continually monitors the level of salaries in the market not to be taken by surprise, and (iii) tries to maintain an appropriate structure of employment within particular levels of competence.

Risk of underestimation of the project cost

Most of the Asseco Group income is derived from execution of complex information technology projects carried out under long-term agreements with a predefined remuneration. Implementation of such projects requires very good planning both in terms of the schedule of work and the resources needed to provide the promised scope of the contract. Here the Group follows complex procedures, which on one hand facilitate the process of preparation of reliable plans and on the other hand prevent the incurrence of unexpected costs.

In order to manage the risk of the project cost underestimation, the Group applies the methods (either based on the world recognized standards or proved by own experience) for estimation of the project costs, preparation of work schedules, and identification of risks that may hinder due performance or meeting the deadlines or financial terms of the contract.

Risk of concluding a contract with a dishonest customer

The Asseco Poland Group is exposed to the risk of defaulting contractors. This risk is connected firstly with the financial credibility and good will of the customers to whom the Group companies provide their IT solutions, and secondly with the financial credibility of the contractors with whom supply transactions are concluded.

As the Group operates primarily in the banking and financial sector (60% of total revenues), its customers do care about their good reputation. Hence, the risk control measures are usually limited just to monitoring the timely execution of bank transfers and, if needed, sending a reminder of outstanding payment. Yet in case of smaller clients, it is quite helpful to monitor their industry press as well as to analyze previous experience gathered by ourselves and by our competitors, etc.

XVIII. CHANGES IN THE PRINCIPLES OF THE COMPANY AND GROUP MANAGEMENT

In 2010 the Parent Company saw minor changes in its management practice, which basically included improving the management tools in order to enable more effective use, monitoring as well as economic evaluation of the Company's resources. Following a number of mergers with subsidiaries (SI Kapitał, ABG) conducted in the years 2007-2009, the Parent Company's organizational structure has been modified in order to rearrange the available resources and areas of competence. The Parent Company further developed the processes and models to better manage its production activities, human resources and areas of competence, and to provide support to its sales force and administration departments. The above-mentioned modifications resulted in better organization of work, more effective utilization of resources, as well as their reliable evaluation and monitoring, all of which contributed to improving the safety of our operations.

With regard to dynamic international expansion of the Group, the Management Board of the Parent Company decided to establish the Board of Directors which is composed of officers representing all the countries where the Asseco Group runs operations. The Board of Directors is responsible for ongoing control and implementation of the Group's common business strategy.

XIX. CHANGES IN EQUITY RELATIONSHIPS

Changes in the Group's equity relationships have been described in note 11 to the consolidated financial statements of the Asseco Group for the year ended 31 December 2010.

XX. TRANSACTIONS WITH RELATED COMPANIES

Transactions with the related companies have been presented in note 24 to the consolidated financial statements of the Asseco Group for the year ended 31 December 2010.

XXI. BANK LOANS, BORROWINGS, SURETIES, GUARANTEES AND OFF-BALANCE-SHEET LIABILITIES

Bank loans contracted, loans granted, sureties and guarantees extended, and off-balance-sheet liabilities have been described in note 19 to the consolidated financial statements of the Asseco Group for the year ended 31 December 2010.

XXII. OFF-BALANCE-SHEET ITEMS

The nature, purpose and value of significant off-balance-sheet items have been presented in notes 26 and 27 to the consolidated financial statements of the Asseco Group for the year ended 31 December 2010.

XXIII. OPINION ON FEASIBILITY OF THE MANAGEMENT BOARD FINANCIAL FORECASTS FOR THE YEAR 2010

The Parent Company's Management Board did not publish any financial forecasts for the year 2010 as well as for any subsequent financial periods.

XXIV. ASSESSMENT OF THE FINANCIAL RESOURCES MANAGEMENT

In 2010, spare financial resources from operating activities were utilized by the Asseco Group to systematically pay off its outstanding loan facilities as well as to settle its current liabilities. Some funds, serving as security for guarantee lines or due performance of contracts, were invested in financial instruments. This money was invested in financial instruments available in the local interbank market, which offered maximum yield while keeping the risks at the level acceptable to managements of the Group companies.

These instruments included commercial papers, Treasury bills, and bank deposits. When deciding to purchase commercial papers, the Group only considers the financial instruments with a high degree of safety. These are usually bonds guaranteed by a parent company of their issuer, which have a high investment rating, or such bonds in which the intermediary bank invests as well. Despite safety reasons, liquidity is the second criterion taken into account when selecting bonds to be purchased.

The Group pays its trade liabilities, settles the state obligatory charges, and fulfils its investment obligations on a timely basis. The Group maintains loan facilities at various banks, and is also capable of issuing debt securities, thereby diversifying its sources of financing. The Group's liabilities are paid from its from operating revenues which may be supplemented with third-party financing, such as short-term overdraft facilities in current accounts, term bank loans and borrowings, or capital contributions.

XXV. OPINION ON FEASIBILITY OF INVESTMENT PLANS

Acquisitions

The financial results achieved by the Asseco Group in 2010 and in the prior years, as well as free cash flows generated over those periods, made it possible to implement all the investment projects intended in the Group's strategic objectives. Additionally the Group had, and has, wide opportunities of using third-party financing. Such circumstances are favourable to continuing our investment plans in the current and coming years.

In 2010 the Parent Company followed the path of very intensive acquisition activities, especially in foreign markets. The Parent Company purchased additional shares in IT Practice A/S and, concurrently, was engaged in negotiations with numerous potential acquisition targets. Apart from the above-mentioned acquisitions, members of the Asseco Group participated actively in the consolidation of their regional markets by taking over other companies primarily in Central and South Eastern Europe. The total amount of investments made by the Asseco Group in new undertakings reached PLN 51.8 million.

In 2010 the Asseco Group took-over basically the companies with the complementary areas of competence. The Group budgeted its investments so that they could be implemented without disturbing current operating activities of the Group and without deterioration of its financial liquidity. In case of large-scale investment projects related to long-term execution of the existing and future contracts, investments in acquisitions and development of new products, the required financing will be provided from outside sources in the form of bank loans, borrowings as well as from issuance of stock or debt securities.

Commencement of the construction of the new Warsaw office of Asseco Poland

On 30 March 2010, the preliminary rental agreement between Asseco Poland and Polnord Warszawa Wilanów III Sp. z o.o seated in Warsaw (that was originally concluded on 28 February 2008 about which the Company informed in its current report no. 26/2008) was terminated upon mutual agreement by both parties, who waived any further claims thereunder.

Prior to the termination of 30 March 2010, the parties signed a purchase/sale agreement under which Asseco Poland purchased from Polnord all the rights to the construction project initiated by Polnord following the original agreement concluded with Asseco Poland on 28 February 2008. The purchase included the following subjects in particular:

- undeveloped property located in Warsaw, which constitutes the plot of land with the area of ca. 1.9 ha (right of perpetual usufruct),
- building construction design as well as architectonic design, and
- building permit.

The total acquisition price of the above-mentioned construction project will not exceed PLN 80 million.

The building construction process will be continued by Asseco Poland. It is expected that the construction project will cost no more than PLN 120 million in aggregate, which will be financed with a bank loan.

On 22 September 2010, the Asseco Poland SA signed an agreement with Bank Pekao SA for an investment loan facility with the objective to finance the construction of a new office of Asseco Poland situated in Wilanów, Warsaw. A portion of the loan not exceeding PLN 80,000 thousand will be used to refinance the net cost of the land purchase; whereas, not more than PLN 120,000 thousand will be used to finance the net cost of construction of an office building with total space of 39,000 square metres. The loan shall be ultimately repaid till 20 December 2022; whereas, its interest shall be based on WIBOR variable interest rate plus the creditor margin. The bank loan collaterals to be established according to the agreement include, among others, an ordinary mortgage for the fixed amount of PLN 200,000 thousand and a capped mortgage up to the amount of PLN 100,000 thousand to secure payment of interest and expenses, assignment of rights from the property and project insurance, as well as assignment of the Asseco's rights under the construction contract.

On 22 September 2010, the Company concluded an agreement with AWBUD Sp. z o.o., seated in Fugasówka, for the construction of an office building in Warsaw, having 3 overground storeys and 2 underground garage storeys, with total space of 39,000 square metres, including 20,300 square metres of office space, which constitutes a part of the investment project called "Wilanów Office Park", localized at the crossroads of Branickiego St. and Rzeczypospolitej Av., inclusive of the development of adjacent overground, underground, road and network infrastructure. The building will be constructed for own business needs of Asseco.

The General Contractor commenced the construction work on 1 October 2010 and should have it completed by the time the Parties sign a Final Acceptance Protocol – at the latest within 20 months from the commencement of work.

For execution of the subject matter of the agreement, the General Contractor shall be paid a lump sum remuneration of PLN 116,900 thousand (net of VAT).

Acquisition of shares in the Israeli Formula Systems Group

On 3 September 2010, Asseco Poland concluded a conditional agreement for acquisition of 6,687,642 shares with a par value of NIS 1 (one Israeli new shekel) each in the company of Formula Systems (1985) Ltd. seated in Or Yehuda, Israel (the "Acquired Company", „Formula"), which is the parent of the Formula Systems Group. The Shares subject to the agreement represent 49.19% of the share capital and 50.66% of votes at the General Meeting of Shareholders of Formula Systems. The agreement was concluded with Emblaze Ltd. seated in Ra'anana ("Emblaze").

The condition precedent to the transfer of shares to Asseco was to obtain consent from the General Meeting of Shareholders of Emblaze Ltd. for such sale of shares. A resolution to that effect was adopted on 24 November 2010. The total purchase cost of 6,687,642 shares amounted to USD 139,138 thousand.

Also on 3 September 2010, Asseco concluded with one natural person, being a member of the Formula Systems governing bodies, an option agreement under which the said person is entitled to sell 135,960 shares in Formula Systems with a par value of NIS 1 each (hereinafter "agreement with a natural person"). The shares subject to the above option represent 1% of the share capital and 1.03% of votes at the General Meeting of Shareholders of Formula Systems. The option agreement was supposed to come into effect on condition the share acquisition agreement between Asseco and Emblaze is realized. The said option was exercised on 25 November 2010 for the total price of USD 2,284 thousand.

Hence, total expenses related to the acquisition of shares in Formula Systems amounted to PLN 10,271 thousand and were recognized as financial expenses.

As a result of both the above-mentioned transactions, Asseco Poland SA acquired 6,823,602 shares in Formula Systems representing 50.19% of the share capital and 51.69% of votes at the General Meeting of Shareholders of Formula Systems.

The Formula Systems company was established in 1985. It is a holding company which owns shares in three information technology companies (Matrix IT Ltd., Magic Software Enterprises Ltd., Sapiens International Corporation NV) that are specialized in the production and sale of information technology solutions. Companies of the Formula Systems group operate in the territories of Israel, USA, Canada, United Kingdom, Japan, Germany, Netherlands, France, Hungary, India as well as in 50 other countries.

The total workforce of the Formula Systems group is approx. 5,200 persons. In 2009 the group generated USD 469.4 million in sales revenues, while its operating profit and net profit amounted to USD 37.3 million and USD 19.1 million, respectively. The Formula Systems shares are listed on the Tel Aviv Stock Exchange (TASE) as well as on NASDAQ Global Markets.

XXVI. AGREEMENTS CONCLUDED BETWEEN THE ASSECO GROUP AND ITS MANAGEMENT OFFICERS PROVIDING FOR PAYMENT OF COMPENSATION IF SUCH PERSONS RESIGN OR ARE DISMISSED FROM THEIR POSITION

The Asseco Group did not conclude any agreements with its management officers that would provide for payment of compensation in the event such persons resign or are dismissed from their position without substantial reason or when they are dismissed as a result of a company merger by acquisition.

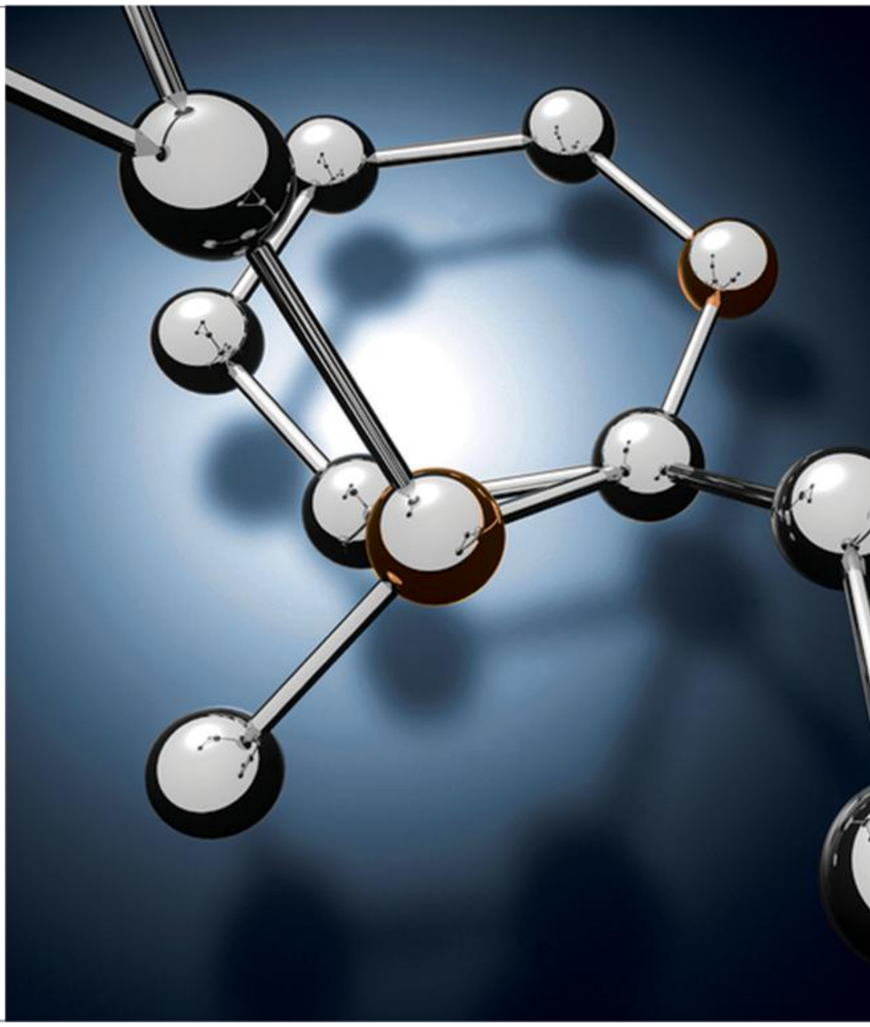
XXVII. INFORMATION ON JUDICIAL PROCEEDINGS WHERE THE VALUE IN DISPUTE EXCEEDS 10% OF THE COMPANY'S EQUITY

At the publication date of this report, the Company was not a party to any proceedings pending before any court, arbitration authority or public administration authority, under which the value in dispute would exceed 10% of the Company's equity.

POLAND

STATEMENTS BY THE MANAGEMENT BOARD OF ASSECO POLAND SA TO THE ANNUAL REPORT OF THE ASSECO GROUP

for the period of
12 months ended
31 December 2010



Statement by the Management Board of Asseco Poland SA on reliability of preparation of the consolidated financial statements of the Asseco Group for the year ended 31 December 2010

The Management Board of Asseco Poland SA hereby declares that, to the best of its knowledge, the consolidated financial statements of the Asseco Group for the period of 12 months ended 31 December 2010, and the comparative data contained therein, were prepared in compliance with International Financial Reporting Standards, International Accounting Standards as well as the related interpretations published in the form of the European Commission regulations.

Furthermore, the Management Board declares that the presented data give a true, reliable and fair view of the Group's property, financial position and financial results. The Management's report on business operations provides a fair description of developments, achievements and economic position of the Asseco Group, inclusive of the major risks and threats to its operations.

Adam Góral	President of the Management Board
Renata Bojdo	Vice President of the Management Board
Przemysław Borzestowski	Vice President of the Management Board
Tadeusz Dyrga	Vice President of the Management Board
Marek Panek	Vice President of the Management Board
Paweł Piwowar	Vice President of the Management Board
Zbigniew Pomianek	Vice President of the Management Board
Włodzimierz Serwiński	Vice President of the Management Board
Przemysław Sęczkowski	Vice President of the Management Board
Robert Smułkowski	Vice President of the Management Board
Wojciech Woźniak	Vice President of the Management Board

Statement by the Management Board of Asseco Poland SA on the entity authorized to audit the consolidated financial statements of the Asseco Group for the year ended 31 December 2010

The Management Board of Asseco Poland SA hereby declares that the entity authorized to audit the Group's consolidated financial statements for the period of 12 months ended 31 December 2010, namely Ernst & Young Audit Sp. z o.o., seated in Warsaw, was chosen in accordance with the provisions of the law in force. Both entity and certified auditors, who audited these financial statements, satisfied the conditions for expressing an impartial and independent opinion on such audit, in line with applicable regulations.

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