ASSECO POLAND

CONSOLIDATED ANNUAL REPORT OF THE ASSECO GROUP FOR THE YEAR ENDED 31 DECEMBER 2007

PRESIDENT'S LETTER

MANAGEMENT BOARD REPORT ON THE GROUP'S OPERATIONS

STATEMENTS BY THE MANAGEMENT BOARD

WARSAW, 22 April 2008

Dear Shareholders of Asseco Poland,

2007 was the year of special importance for Asseco Poland. I am delighted to summarize this period as being very successful. Excellent financial performance, incorporation of over a dozen local and foreign companies into the Group, concluding many significant and prestigious contracts, and finally the merger with Prokom Software SA, a leading IT company in Poland – all those achievements gave a lot of deep satisfaction to each member of our team.

It is my pleasure to inform you that 2007 was the consecutive year in which the Asseco Group managed to substantially improve its financial results. Net profit amounted PLN 163 million beating the year-ago earnings by 119%. Sales revenues generated by the Group reached PLN 1,283 million and they increased by 158% year on year. Our 2007 operating profit surged five times to PLN 234 million as compared with PLN 45.2 million reported in 2006.

Asseco Poland SA consistently increases the share of international sales in its turnover. In 2007 sales generated abroad accounted for 38% of total revenues (up from 20% a year ago). Most of our international sales are conducted in Slovakia and Czech Republic (74% of foreign sales), and afterwards in the countries of South Eastern Europe (21%) served by our subsidiary Asseco South Eastern Europe.

Dynamic expansion of the Asseco Group, which was joined by 16 new companies, was certainly a part of the success achieved in 2007. Nowadays Asseco operates in Poland, Slovakia, Czech Republic, Romania, Serbia, Croatia, Bosnia and Herzegovina, Macedonia, Montenegro, Albania, Bulgaria, Lithuania, as well as in the countries of Western Europe, Germany and Austria. The strategic objective for 2008 is to strengthen our market position in the South of Europe by further development of Asseco South Eastern Europe as well as in Germany through Asseco Germany. In the coming year we will establish Asseco Iberia to operate in Spain and Portugal, set up Asseco UK to conduct business also in Ireland, reinforce the position of Asseco Germany, and enter the markets of Switzerland and Hungary.

One of the major events last year was the signing of the agreement for acquisition of the stake of shares in Prokom Software SA from Prokom Investment and Mr. Ryszard Krauze and, subsequently, announcing our intent to effect a merger of Asseco Poland with Prokom Software. On 20 February 2008 the General Meetings of Shareholders of both the companies approved the merger which was officially registered on 1 April 2008. The combined company operates under the name of Asseco Poland SA and it is seated in Rzeszów. After the merger we became the largest public IT company in Poland and one of the top ten IT companies in Europe in terms of market capitalization.

I am convinced the year 2008 will see further dynamic expansion of the Asseco Group and that the consistently implemented strategy will bring measurable effects capable of fulfilling our promises and satisfying the Shareholders of Asseco Poland SA.

Last year was a period of hard work of the entire team of Asseco Poland and Prokom Software and, on behalf of the Management Board, I wish to express sincere appreciation for that effort. I would also like to thank our Clients for the credit of trust they gave us as well as to our Partners for their participation in building the international Group of Companies and reinforcing our position both in Poland and abroad. We are also grateful to our Shareholders and Investors for their confidence in us and for supporting our initiatives. I look towards 2008 with faith and excitement.

Yours faithfully,

Adam Góral
Asseco Poland SA, President of the Management Board

MANAGEMENT BOARD REPORT ON THE ASSECO GROUP OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2007

1. Organizational structure and nature of the Group's operations

The parent company of the Asseco Group is Asseco Poland SA (the "Company", "Issuer") with the registered seat at Al. Armii Krajowej 80, Rzeszów, Poland. The Company was established on 18 January 1989 as a limited liability company, and subsequently under notary deed of 31 August 1993 it was transformed into and since than has operated as a joint-stock company with registered office at ul. 17 Stycznia 72a, Warsaw, Poland. The Company is entered in the Register of Entrepreneurs of the National Court Register under the number KRS 33391 (previously it was entered in the Commercial Register maintained by the District Court of the Capital City of Warsaw, Commercial Court, XVI Commercial and Registration Department, under the number RHB 17220).

On 4 January 2007, as a result of the merger between Asseco Poland (former COMP Rzeszów SA) and Softbank, the Company changed its name from Softbank SA to Asseco Poland SA and moved its headquarters from Warsaw, ul. 17 Stycznia 72a, to Rzeszów, Al. Armii Krajowej 80.

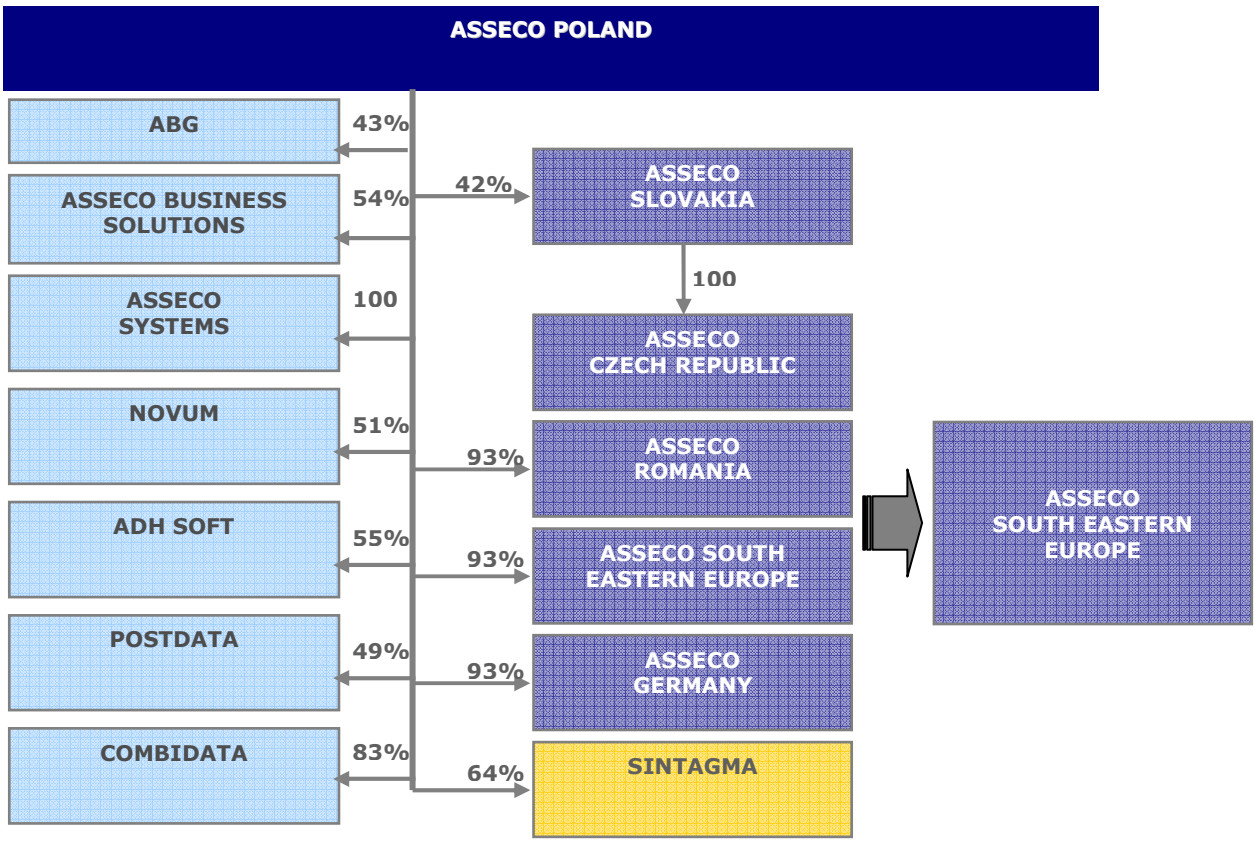
On 1 April 2008, the District Court in Rzeszów registered the merger of Asseco Poland SA with Prokom Software SA. The merged organization is the largest information technology public company in Poland and one of the top ten IT companies in Europe in terms of market capitalization.

Since 1998, the Company's shares have been listed on the main market of the Warsaw Stock Exchange SA. The Company has been assigned the statistical identification number REGON 010334578. The period of the Company's operations is indefinite.

For 17 years Asseco Poland SA (former Softbank SA) has operated primarily in the domestic IT market and became one of the Polish leading information technology providers specialized in services. The business profile of Asseco Poland SA includes software and computer hardware consultancy, production of software as well as supply of software and hardware. According to the Polish Classification of Business Activities, the Parent Company’s core business is "software consultancy and supply" (PKD-7222Z). This category includes analysing, developing, and programming ready-to-use IT systems. According to the classification adopted by the Warsaw Stock Exchange, the Parent Company’s business activity is classified as "information technology".

The Group gathers numerous, directly or indirectly, subsidiary undertakings whose operating activities are related to those conducted by Asseco Poland SA. In addition to comprehensive IT services, the Group also sells goods including mainly computer hardware. The conducted sale of goods is to a large extent connected with the provision of software implementation services. The Group is specialized in complex IT undertakings, including integration projects, which are meant to add new value to the client's organization by turning the gathered data into useful business information.

Below we have presented a simplified chart of the organizational structure of the Asseco Group, which includes only those companies which actually continued their business operations and were direct subsidiaries as at 22 April 2008.



The Group's strategy is to achieve the leading position in each served market in terms of sales revenues while keeping the present margins of profit. The Group companies will share their experience and skills as a result of which the Asseco flagship solutions will be sold across all the countries we operate in.

The Asseco Group is the Poland's leading information technology holding specialized in implementation of complex IT projects, including production of software and integration projects. The Group conducts business operations also in other European markets such as Slovakia, Czech Republic, Romania, Croatia, Serbia, Lithuania, Germany, and Austria. The Group's development strategy anticipates further expansion in IT markets, both in Europe and the United States. In line with its long-standing specialization, Asseco focuses on the banking and financial sector as well as on the public administration sector.

A strategic objective of our Group is to create an international federation of profitable companies engaged in production and supply of IT solutions.

Asseco Poland, Asseco Slovakia, Asseco Czech Republic, and Asseco South Eastern Europe SA continue to build, through foreign take-overs and acquisitions, a multinational group of companies with a strong competitive position in the European market. Asseco Poland is responsible for expansion in Poland and Russia; Asseco Slovakia takes care of the Group's operations in Slovakia, Czech Republic, and Hungary; whereas, Asseco South Eastern Europe focuses on the markets of Romania and the Balkan Republics. A common team of experts will work on the Group's development in the western countries.

Nowadays the Asseco Group employs over 8,000 IT professionals. The Group's portfolio of products and services is much diversified. The Asseco Group offers comprehensive IT systems for the following sectors:

- banking and finance (including insurance),
- capital investments market,
- enterprises (including distribution of media)
- public administration.

The key products, services and markets

The Group's offer comprises a wide range of products and services, starting from implementation and maintenance of own software, through construction of hardware and network infrastructure, and ending up with consultancy and outsourcing services.

The Group goes on offering solutions designed either on its own or by its cooperating partners. The bulk of the Group's sales revenues are generated by supply of products, including mostly proprietary solutions such as comprehensive IT solutions, software and licences; and by provision of services such as implementation of IT systems, IT solutions consultancy, outsourcing and maintenance services.

Acting as integrator of IT solutions, the Group delivers and implements high-class hardware and IT systems, and builds professionally designed and highly advanced wide area networks (both landline and wireless). Furthermore, the Group renders training, design, and consulting services.

The Asseco Group business offer

Proprietary software

The Asseco Group is a leading provider of proprietary IT solutions for the banking, financial and insurance sectors as well as for enterprises. A broad portfolio of products and plenty of experience in execution of complex IT projects which are offered to our Clients enable them to promptly react to the needs of today's dynamically changing market environment.

Nowadays, after the Asseco's merger with Prokom, the Group's offer dedicated to the banking and financial sector includes:

- transaction systems,
- e-Banking systems,
- settlement systems,
- risk management systems,
- analytical and Business Intelligence systems.

The Asseco Group systems designed for enterprises include both business management systems for large companies and modular packages dedicated to small and medium-sized firms with various business profiles.

Third-party software

Cooperation with the world information technology leaders enabled the Asseco Group to supplement its offer with attractive and stable solutions for development of network applications, debt-collection systems, GIS/NIS systems, as well as productivity management systems.

Outsourcing services

Outsourcing services are intended for those entrepreneurs who do not want to make high capital expenditures related to construction of IT infrastructure for the needs of their operating activities. The outsourcing offer of the Asseco Group covers a broad range of IT solutions such as transaction systems, e-Banking systems, card payment systems, e-Learning 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.

Integration services

The Group's 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 and wide area, landline and wireless) and services of optimizing the efficiency of access to data and utilization of band, and ending up with portal systems, management services of IT infrastructure, and data processing centres. This offer also includes comprehensive services of designing and execution of the so-called intelligent building systems, as well as carrying out teleinformation systems security audits. The Asseco Group supports its Clients by providing professional consulting services within IT systems for financial institutions. International experience and reliable knowledge of our consultants is a guarantee that our Clients will be offered the world's best available methodologies of implementation of IT projects.

Telecommunication services

The Asseco Group provides also telecommunication and internet solutions. In addition to standard internet services and internet telephony, the Asseco Group renders VPN (virtual private networks) services.

Analytical and programming services

The Asseco Group offers advanced programming services, based on the latest IT technologies, ensuring secure and effective development of management support applications. Furthermore, the Group takes up implementation and integration of IT systems, conducts training of users and administrators, and provides repair and maintenance services.

Project management and conduct

The Asseco Group provides its clients with well-tried methodology of carrying out IT projects and tools used for the preparation of process models and their synchronization with the application requirements. This service allows for minimizing the costs and reducing the time needed for implementation of a project.

Maintenance services

One of the key elements of appropriate implementation of IT projects is to provide the optimum level of maintenance services. This service encompasses extension of IT infrastructure as well as maintenance of computer hardware and software.

IT infrastructure – design, implementation, maintenance and administration

The Asseco Group offers implementation of integrated systems for management of IT environment, which make it possible to optimize the costs of IT infrastructure maintenance and to increase its efficiency.

Information management

The Group offers solutions that ensure permanent and immediate access to the organization's documents and data. These solutions help put in order and manage even very extensive collections of data, irrespective of the format in which they are saved or the sources of their origin.

E-Learning

The Asseco Group implements and offers e-Learning platforms in the field of human resources development and creates dedicated courses; in addition it offers IT and business skills trainings.

def3000

def3000 is a state-of-the-art IT system created on the basis of vast experience gained over many years of operations in the Polish market of producers of banking software. def3000 is the successor of def2000 system that has been implemented and is all the time used in numerous Polish banks. The def3000 suite features a number of interesting functional solutions. The Company intends to implement def3000 in the cooperative banks sector provided they switch towards using outsourcing.

New products and services

The Asseco Group has taken over and will continue to acquire IT companies which have developed proprietary solutions and offer new products, thereby expanding the Group's market offer. Recently, the most important products included:

- *company Sintagma*: (i) Libis – document management software; (ii) Avilys – document management software; (iii) LIB-MS – software used by life insurance companies;
- *company Logos*: (i) PKI VAS – the electronic signature solution based on electronic card; (ii) SxS Server – generator of single-time codes used for authentication of transactions (over internet); (ii) SxS/CAP Server – a chip card used for authentication of transactions over internet;
- *company Pexim*: (i) PUB2000 – core Banking; (ii) TEZAURI – software supporting the decision making processes by analyzing the data gathered within information systems; (iii) ePAY – portal for electronic payments; (iv) iBANK – software for electronic banking activities.

2. Shareholders structure of Asseco Poland SA

According to the best knowledge of the Management Board of Asseco Poland SA, the Shareholders who, directly or through their subsidiary companies, hold at least a 5% voting interest at the Company's General Meeting of Shareholders are as follows:

Major Shareholders in Asseco Poland SA according to information available as at 31 December 2007

Name of shareholder	Number of shares and votes at GMS	% of share capital owned and voting interest at GMS
Prokom Software	11,611,450	22.73%
Adam Góral	8,083,000	15.82%
ING TFI SA	4,105,000	8.03%
Pioneer TFI	3,004,156	5.88%
ING NN OFE	2,381,911	4.66%
Other shareholders	21,904,867	42.88%
	51,090,384	**100.00%**

As at 31 December 2007, the share capital of Asseco Poland SA amounted to PLN 51,090,384 and it was divided into 51,090,384 ordinary shares with a par value of PLN 1 each, which entitled to 51,090,384 votes at the General Meeting of Shareholders of Asseco Poland SA.

On 11 April 2008 and 18 April 2008 the Company was notified by Mr. Adam Góral about changes in his share in the total number of votes at the General Meeting of Shareholders which resulted from entering the Company's series F shares, being allocated to shareholders of Prokom Software SA in connection with the merger between the Company and the Acquired Company, in the securities accounts of participants in the National Depository for Securities; as well as from registration of an increase in the Company's share capital to the amount of PLN 71,292,980 made on 18 April 2008 following the issuance of series G shares.

As a consequence Mr. Adam Góral holds in total 8,083,000 ordinary bearer shares of the Company which now represent 11.34% of the Company's share capital, and entitle to 8,083,000 votes or 11.34% voting interest at the Company's General Meeting of Shareholders.

Furthermore, in connection with the commencement (from 11 April 2008) of quotation of the Company's shares F series which were allocated to shareholders of Prokom Software SA in connection with the merger between Asseco Poland SA and Prokom Software SA; as well as in connection with registration (on 18 April 2008) of an increase in the Company's share capital to the amount of PLN 71,292,980 following the issuance of series G shares, the Company's voting interest at its General Meeting of Shareholders decreased.

As a consequence the Company holds in total 11,611,450 own ordinary bearer shares which now represent 16.29% of the Company's share capital, and entitle to 11,611,450 votes or 16.29% voting interest at the Company's General Meeting of Shareholders; nevertheless, according to art. 364 § 2 of the Polish Commercial Companies Code, the Company does not exercise any shareholding rights from the treasury shares held.

With regard to the above and to the best knowledge of the Management Board, as at 22 April 2008 the major Shareholders in Asseco Poland SA are as follows:

Name of shareholder	Number of shares and votes at GMS	% of share capital owned and voting interest at GMS
Asseco Poland SA (own shares)	11,611,450.00	16,287%
Adam Góral	8,083,000.00	11,338%
Other shareholders	51,598,530.00	72,375%
Total:	71,292,980.00	100.00%

As at 22 April 2008, the share capital of Asseco Poland SA amounted to PLN 71,292,980 and it was divided into 71,292,980 ordinary shares with a par value of PLN 1 each, which entitled to 71,292,384 votes at the General Meeting of Shareholders of Asseco Poland SA.

As at the date of merger between Asseco Poland SA and Softbank SA (i.e. 4 January 2007), to the best of the Management's knowledge, the Company's shareholders structure was as follows:

Shareholders of Asseco Poland SA (former Softbank SA) as at 4 January 2007	Number of shares and votes at GMS	% of share capital owned and voting interest at GMS
Prokom Software SA	11,834,791	25.66%
Adam Góral	8,083,000	17.53%
ING TFI SA (investment funds)	4,154,579	9.00%
Other shareholders	22,048,158	47.81%
Total	**46,120,528**	**100%**

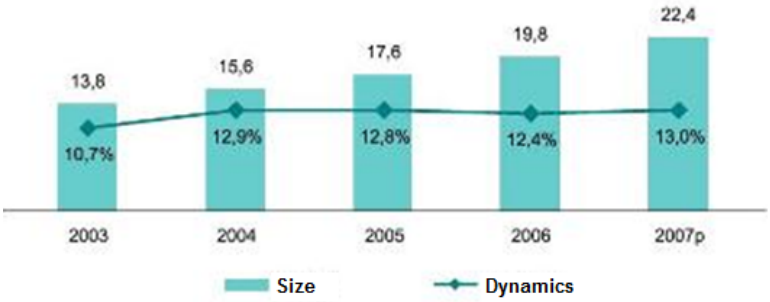
3. Information technology market in 2007 and its future outlook

Poland

In the Economist Intelligence Unit (EIU) Report, comparing competitiveness of IT markets in 64 countries around the world, Poland was ranked 30th, yet in terms of IT market growth pace Poland is mentioned among the world leaders.

According to the IDC Report, in 2007 the size of the Polish IT market increased by 22% to reach USD 8 billion. The PMR company presented similar figures, saying the Polish IT market was worth more than PLN 22 billion in 2007. According to the DiS Report, based on results for three quarters of 2007, dynamics of the Polish IT market should reach 27.8% over the whole year. Based on such assumption, in 2007 the IT market value might have swelled to PLN 23.1 billion as compared with PLN 18.1 billion in 2006. Following the IDC Report, the largest portion of expenditures for information technology was made by the public utilities sector. Telecommunication, transportation and power industry accounted for 22.1% of the total IT spending followed by industry in general with a 21.5% share, and the financial sector which generated 14.7% of the market turnover. As far as future outlook is concerned, the PMR analysts expect the IT market to grow by ca. 14% in 2008.

Size (PLN bn) and dynamics (%) of the Polish IT market in 2003-2007



p - forecast
Source: PMR report *IT Market in Poland 2007-2010* www.pmrpublications.com

Mergers and acquisitions

Mergers of largest players in the Polish IT market (Asseco Poland, Sygnity, ABG Spin) will be decisive for the sector's strength. The market shows a clear tendency towards consolidation; nevertheless, it is still quite fragmented. Diversification of product portfolios and intellectual resources makes it possible to become independent from fluctuations in the economy or strong correlation with particular trade.

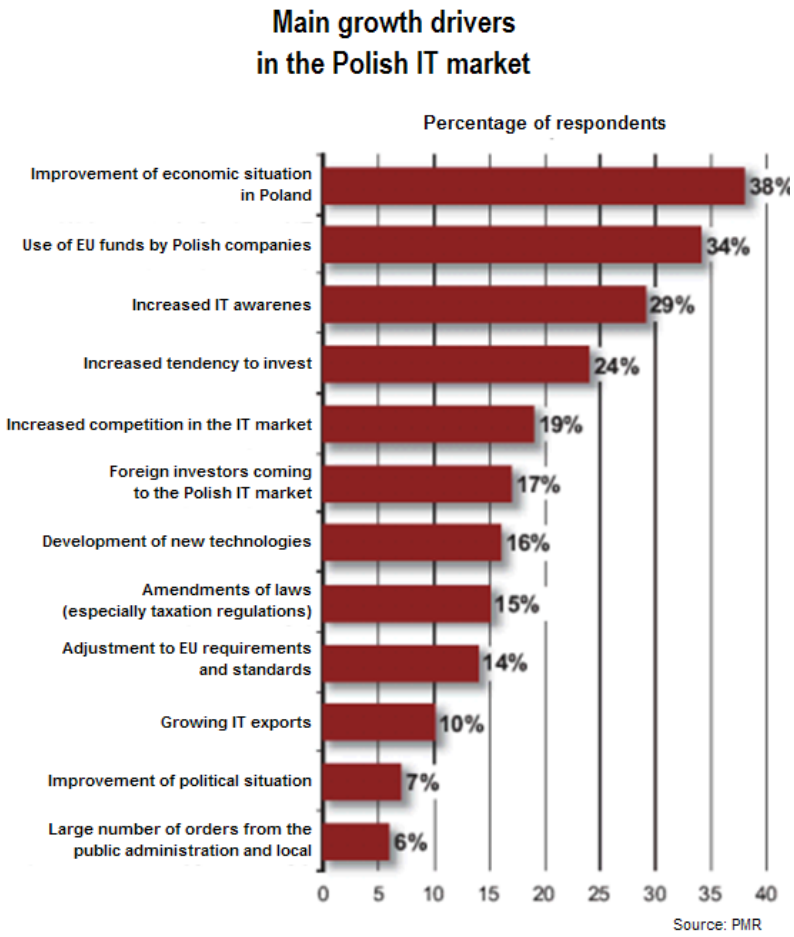
It is noticeable that international giants such as Dell, Toshiba, Microsoft, Google, or Intel are more and more interested in the Polish IT market and invest in local technological centres. Also IT conglomerates of India establish their divisions here.

Market trends and prospects

Very good macroeconomic situation of Poland, and especially higher capital expenditures and absorption of EU funds all contribute favourably to dynamic development of the IT sector and the whole industry.

In the opinion of market analysts, the share of hardware in the total value of IT market in Poland tends to shrink whilst services gain in importance. The market share of software has remained on a stable level for several years.

According to the IDC experts, providers of computer hardware should be targeting niche markets in the coming years. Successful identification of the local client needs should bring higher revenues.



According to estimates made by the analytical company PMR, contained in their report IT Market in Poland 2007-2010, the size of Polish IT market measured in terms of money increased by 12.4% and reached PLN 19.8 billion. According to expert estimations, this growth may slow down a bit (to 11%); however, the dynamics may be continued, provided the public administration starts to finalize the tendering procedures and to utilize the EU funds. This market is anticipated to become structured similarly as the developed markets of West Europe, meaning the share of hardware supplies will tend to decrease in favour of software and widely understood services.

The analysts of DiS agency forecast the rate of growth in the IT market will reach 10% on annual basis in the years 2006-2008. This forecast was based on analyzing the history of IT contracts, but also on forecasted foreign currency exchange rates, estimated rates of GDP growth and inflation, financial results of IT companies with diversified profiles, and on the basis of their economic success in the years 2004-2005. The analysts are quite positive about the future development outlook for IT services. The software market is assumed to grow slightly or to remain unchanged; whereas, IT services will develop dynamically accompanied by a slow down in the computer hardware segment.

It became more and more frequent that IT companies seek opportunities in foreign contracts. IT companies expect the highest increase in IT spending to be observed in the sectors of industry and public administration. Further positions, in terms of IT spending, are taken the sectors of services, trade, banks and telecommunication.

As far as per capita IT spending is concerned, Poland is ranked way down among European countries, but on the other hand it poses a chance for rapid growth and improvement of financial position of Polish information technology providers.

As pointed out by market analysts, there is a tendency of lower demand for software designed for medium-sized enterprises, for GIS systems as well as for multimedia and education software. In contrast to that the demand for solutions/software dedicated to large companies, banks and the public administration keeps on growing.

Market risks

The most significant IT market risks include:

- high costs of the companies executing large projects,
- capital restraints on the pace of development of information infrastructure,
- regulatory limitations,
- specialization in sectors,
- high sensitivity of the public utilities sector to political situation,
- large fragmentation of integration services in this part of Europe,
- decline in margins on execution of comprehensive contracts (software + services).

Public administration market

According to the Teleinfo 500 Report, in the years 2007-2010 the Polish Government plans to spend over PLN 2.5 billion for bringing information technology to the public administration, which has already been included in the State Informatization Plan. Whereas, in the period 2007-2013 the cumulative expenditures should exceed PLN 3.5 billion.

The largest projects in the public administration sector include:

- medical procedures platform,
- electronic ID,
- administration services platform,
- e-Taxes, corporate tax declarations,
- cadastral system, informatization of the land register,
- new system of the population records.

Again with reference to the Teleinfo 500 Report, approximately 40% of the public administration market is served by big suppliers in the following order: HP, Prokom, Asseco, Sygnity SA, Techmex SA, ABG Ster Projekt SA (present ABG SPIN SA), Siemens sp. z o.o., Comarch SA, Optimus sp. z o.o.,

Koncept sp. z o.o. The remaining 60% market share is distributed among 450 firms. Therefore, IT market for the public administration sector is very fragmented. This results from many local firms providing services to one or several state offices. Nevertheless, some unhurried consolidation of enterprises and firms is expected to take place in the nearest years.

Among the strengths of the IT market for public administration in Poland are:

- stable personnel,
- large number of enquirers/clients,
- large number of IT suppliers to this sector, and well prepared employees of computer departments.

The IT-related weaknesses in this sector include:

- low efficiency of work,
- low acceptance for making savings,
- aversion to organizational and personnel changes,
- weak integration of applications and data used,
- incomplete informatization in many areas.

The market opportunities are seen in the process of unification of European procedures, absorption of the accession funds, demand for highly advanced IT tools, integration of applications and databases, increased demand for Linux, Open Office and PHP technologies, as well as licensing under the e-State project. Significant threats to IT operations in the Polish public sector are posed by insufficient knowledge of IT issues among the public officials, fund-wasting investment projects, lack of long-term informatization strategy, and incompetence of the order placers.

In Poland the structural funds for 2007-2013 are planned to be distributed as follows [1]:

- EUR 15,985.5 million – sixteen regional operational programs;
- EUR 21,275.2 million – operational program Infrastructure and Natural Environment;
- EUR 8,125.9 million – operational program Human Capital;
- EUR 7,004.9 million – operational program Innovative Economy;
- EUR 2,161.6 million – operational program Development of Eastern Poland;
- EUR 576.0 million - operational program European Territorial Integrity;
- EUR 216.7 million - other operational programs.

Further dynamic growth of this sector is anticipated due to the EU adjustment processes, use of the accession funds, real needs for informatization of this sector as well as on the back of overall economic improvement in Poland. It is worth to emphasize such events as: Poland's accession to the Schengen zone, tenders for supplies to the uniformed services, tenders for supplies for the local self-governments as well as the first contracts related to the approach Euro 2012 championships.

Banking and insurance market

After a period of dynamic growth in services, in 2006 we observed a stronger trend in development of software. Such tendency shall prevail in the banking IT market in Poland during the years 2007-2010. These are the main conclusions of the 11th edition of DiS report on information technology in the Polish banking sector.

The prevailing tendency of strong profits reported by banks translates into higher inclination to invest. This creates an opportunity for the IT market to grow faster than before. Expenditures for information

[1] Teleinfo 500 Report

technology solutions made by the banking sector in the recent years represented, depending on the research, from 14 to 20% of the total spending in the Polish IT market.

In 2006 the size of this market increased, though at lower dynamics, and slightly exceeded PLN 3 billion for the first time since 2001. For several years, investments and operating expenses accounted for 70% and 30% of total expenditures, respectively. Rapid growth in the banking IT market resulted in increasing spending on hardware, services and software.

However, dynamics of this growth may slow down a bit due relatively high level of information technology used by the banking sector (as compared with other trades of economy) and because of the lack of new big investments in IT systems – almost all large-sized universal banks have already implemented advanced IT systems (at PKO BP and Getin Bank implementation work is carried out).

In terms of market share the major IT suppliers to the banking sector include: Asseco Poland SA (former Asseco Poland + Softbank), Sygnity (former ComputerLand + Emax), KIR, PolCard, Euronet, Exatel, NexteriaOne, and ComArch. The above-mentioned companies accounted for over a half of the total market, the rest was dispersed among approximately 220 firms (source: DiS, 2006).

Major areas and forecasts of IT investments at banks in the years 2007-2010 (according to DiS)

- setting up locations and their technical infrastructure (PLN 550 million);
- continuing implementation of large central transaction systems at PKO BP, Pekao SA (PLN 420 million);
- outsourcing: moving the IT departments, back-up centres, payment card and cash machine services outside the bank structures, development of international data processing centres (PLN 330 million);
- further development of internet and mobile banking channels (PLN 280 million);
- extension and modernization of ATM networks (PLN 200 million);
- upgrading of all sorts of analytical, scoring, and CRM systems as well as data warehouses (PLN 180 million);
- implementation of international financial reporting standards (PLN 60 million).

The strengths of the banking IT operations in Poland include first of all the ready market, but also the large number of retail clients, considerable number of e-banking users, modern IT infrastructure and well prepared personnel. According to analysts, weaknesses of the banking IT market are low productivity of workforce, organizational inertia shown by large banks, multitude of competitive solutions within one structure as well as low diversification of services offered to banks by IT companies. Market analysts see the market opportunities in expansion to other European countries, in relatively low outlays required for further development of advanced IT infrastructure, in integration of large IT systems for banks, telecommunication and insurance companies, as well as in establishing competent service centres for European banks. Substantial threats faced by the banking IT business in Poland include the process of consolidation of financial institutions, centralization of IT departments by multinational financial groups, para-banking and insurance services, mutual aid funds, global implementation of the key applications and "offshoring".

In consequence more and more spending is shifted towards maintenance and operation of bank systems, while the share of new investments is relatively decreasing. New projects, rarely exceeding the value of PLN 10 million, will among others relate to risk management, front-office, CRM or mobile banking systems. Whereas, some increase in investments may be expected due to the ongoing merger of the banks Pekao SA and BPH. Integration of the presently utilized systems into one common system along with implementation of additional system-related solutions will result in increased IT spending of that bank.

IT spending of the banking sector (according to DiS)

Year	IT spending		Expenditures for software				Foreign currency rates
	Total	Dynamics	Total	Dynamics	Banking applications		
					Total	Dynamics	
	(min)	(%)	(min)	(%)	(min)	(%)	(PLN)
(currency: PLN)							
1997	1054.4	n/a	199.3	n/a	120.5	n/a	-
1998	1207.4	14.5	297.9	49.5	184.5	53.1	-
1999	1476.4	22.3	332.8	11.7	205.7	11.5	-
2000	1576.7	6.8	366.7	10.2	219.3	6.6	-
2001	3172.6	101.2	1154.6	214.9	301.8	37.6	-
2002	2681.3	-15.5	807.3	-30.1	322.2	6.8	-
2003	2148.9	-19.9	715.0	-11.4	235.2	-27.0	-
2004	2187.1	1.8	853.0	19.3	247.9	5.4	-
2005	2787.3	27.4	1013.7	18.8	305.6	23.3	-
2006	3066.6	10.0	1010.5	-0.3	326.7	6.9	-
2007 (*)	3155.3	2.9	1025.8	1.5	335.0	2.5	-
2008 (*)	2978.0	-5.6	1128.4	10.0	341.0	1.8	-
2009 (*)	3012.8	1.2	1170.2	3.7	358.0	5.0	-
2010(*)	3049.8	1.2	1197.2	2.3	379.0	5.9	-
(currency: USD)							
1997	321.4	n/a	60.7	n/a	36.7	n/a	3.2808
1998	345.6	7.5	85.3	40.4	52.8	43.8	3.4937
1999	372.1	7.7	83.9	-1.6	51.8	-1.8	3.9675
2000	362.8	-2.5	84.4	0.6	50.5	-2.7	4.3464
2001	775.0	113.6	282.0	234.3	73.7	46.1	4.0939
2002	657.3	-15.2	197.9	-29.8	79.0	7.1	4.0795
2003	552.6	-15.9	183.9	-7.1	60.5	-23.4	3.8889
2004	598.5	8.3	233.4	27.0	67.9	12.2	3.6540
2005	861.7	44.0	313.4	34.2	94.5	39.2	3.2348
2006	988.4	14.7	325.7	3.9	105.3	11.5	3.1025
2007 (*)	1147.4	16.1	373.0	14.5	121.8	15.7	2.7500
2008 (*)	1128.0	-1.7	427.4	14.6	129.2	6.0	2.6400
2009 (*)	1200.3	6.4	466.2	9.1	142.6	10.4	2.5100
2010(*)	1244.8	3.7	488.7	4.8	154.7	8.5	2.4500

Observing the structure of the IT market, its trends and turnovers in the prior years: PLN 2,148.9 million (2003), PLN 2,146 million (2004), PLN 2,179.3 million (2005), one may conclude that banking IT business constitutes quite a sizeable portion of the total IT market, and it might be characterized as sustainable and showing a slight growing tendency.

Many of the present modernizations of the banking sector were possible thanks to applying modern mechanisms of information technology. The shortly coming undertakings will make use of internet and mobile access channels, tools providing communication between application systems of various provenance (including universal data formats, middleware or SOA) as well as advanced analytical systems (based on BI). Polish banks are expected to upgrade the tools of comprehensive information on their clients for a few more years. For this purpose they will use the present CRM systems as well as special versions thereof customized to their specific business needs. Being equipped with effective tools of mass marketing (for instance: BPH Bank and its implementation of Teradata CRM in 2006), the banks will be able (without excessive efforts and expenditures) to magnify their impact on the clients and to let them use the available channels independently. Contemporary clients demand faster and faster access to banking services. They tend to know the market better and are oriented in the competitor's offers. Hence, the clients expect the banks to provide them with modern and secure techniques.

In comparison with universal banks, the cooperative banking segment uses less information systems. Therefore, investments in new IT systems to be made by cooperative banks in the coming years are supposed to outpace dynamics of investments in the whole banking sector. The value of single implementation contracts rarely exceeds PLN 1 million, but many cooperative banks are associated in

groups. They also demonstrate increasing interest in new IT services, such as outsourcing, making the market potential of this segment quite substantial. Asseco Poland SA is the largest provider of IT solutions for cooperative banks.

Other financial institutions

The value of IT market for non-banking financial institutions, including brokerage houses, investment funds or insurance companies, is considerably lower than in case of banks. Furthermore, the level of IT spending by these institutions is expected to remain unchanged. New investments will be made while establishing new investment funds or brokerage houses, although the values of contracts are not likely to exceed several million zlotys. Insurance companies will be a bigger IT spender.

ERP (Enterprise Resource Planning) market

According to DiS research, during the last three years the market of software for small and middle-sized enterprises (SME) rose faster than the whole IT market. Forecast for the next three years anticipates this sector will continue to grow at a high pace, by 10% annually until 2009, this is slightly more than the entire IT market. Here the essential growth factors are as follows:

- good economic situation,
- possibility of investment co-financing from EU funds,
- increasing competition that requires improvement of efficiency,
- still low level of information technology employed in the sector.

In our opinion the above-mentioned factors will also apply to 2007, and growth will be additionally driven by new substantially higher budget of the EU for the years 2007-2013. At present the size of SME software market is estimated at approx. PLN 450 million. It is still quite low in comparison with other sectors of economy. Nonetheless, dynamic development of that sector shall translate into concrete investments in IT. It is worth noticing that, apart from quite popular business management systems (ERP), enterprises are more and more interested in other IT systems, such as Business Intelligence, document management systems (DMS), CRM as well as knowledge management systems. Of course, these market segments generate much lower turnover than ERP systems, yet they develop very rapidly.

Having benefited from the very strong market in the years 2005-2006, providers of ERP systems may count on further growth in sales, because the Polish market is, as compared with West Europe, not saturated with such solutions. The ERP software market by far surpassed PLN 500 million in 2006, growth was observed especially among small and medium-sized companies. In this segment revenues are rising several times faster than sales of software to large enterprises. IDC forecasts that this market will increase by 16.5% per year till 2009. It is more and more often that the providers of ERP solutions start to offer their products in foreign markets, which shall be soon reflected in higher sales revenues.

The merger of four companies: Safo, Softlab (along with Softlab Trade), Wa-Pro and Incenti, with Asseco Business Solutions was one of the largest consolidation processes carried out last year. While in Western Europe virtually every company utilizes an ERP system as a basic tool of controlling its business activities, in Poland there is approximately 1.5 thousand middle-sized enterprises which do not have one. The larger companies usually use such systems.

Media distribution market

The industrial sector may be one of the IT market growth drivers in this year. This relates in particular to enterprises of the public utilities segment. The most important factors with influence on increased investments in this field in 2008 will be liberalization and consolidation of the domestic power market. Recipients of electric energy, so far assigned to their local distributors of power, will be given free choice of supplier and this will engender a need for more detailed real-time settlements. Hence, the existing billing systems, which do not support such operations, will have to be upgraded. Additionally, in order to remain competitive in a liberalized market, enterprises will need to invest in tools improving efficiency of their activities as well as their customer relations, e.g. network

passporting systems or CRM systems. Consolidation of the domestic power market is even a more complex undertaking. Approved in 2006, the sector's strategy assumes that all the state controlled enterprises will be transformed into four groups of mines, power plants and distribution companies. Integration of those enterprises is quite an organizational challenge, also on the part of IT infrastructure. This will require many information systems to be integrated, upgraded and adjusted to new situation in the market.

Integration services market

According to IDC report, the total turnover generated by integration services amounted to USD 474 million, which represented 28% of the total IT services market in Poland. With an annual increase of 48.3%, this was the fastest developing category. This was achieved essentially thanks to increased expenditures for integration of IT systems (+62.5%).

In contrast to the whole sector, the integration services market is very consolidated – the top ten players account for 65% of the total market for such services, hence the market is dominated by large-sized integrators. The average annual rate of growth for the years 2005-2010 is estimated at 18.8% and hence the market value is forecasted to exceed USD 1 billion in 2010.

Czech Republic

In the recent years a substantial growth of IT market was observed also in the Czech Republic. According to the IDC Report, the Czech IT spending boosted by 17.5% in 2006 (year on year) and amounted to USD 3.67 billion.

Whereas, the Czech IT spending in 2007 was estimated to have increased by 11.4% (year on year) to the total of USD 4.09 billion. IT expenditures in the Czech Republic are expected to grow by an average of 8.5% per annum (CAGR) during the next five years to reach USD 5.53 billion in 2011, with the most dynamic growth within the services segment.

As per the IDC Report, IT services in the Czech market will grow on average by 10.3% annually (CAGR) over a period of five years (2007-2011) and will come to the total value of USD 2,192.67 million in 2011.

Analysis of the Czech IT market of 2006

This cross-sectional analysis of the market sectors has been based on the IDC Report. All the figures presented in this chapter have been derived from the above-mentioned report, unless stated otherwise.

Czech banking and finance sector

A widely understood financial sector (comprising banking, insurance and other financial services) accounted for the largest portion of the Czech IT market – 23.6% as stated in the IDC's report.

The leading provider of services to that sector was IBM, followed by Accenture, HP, Unicorn and Asseco Czech Republic (4.3% market share).

The banking sector historically and presently is the main customer for information technology and this trend shall be continued in the future. Initially, the banking sector focused on construction of infrastructure (including computer networks, data storage, security and useful life of IT systems), organization of back office, and on use of basic banking applications.

Czech public administration sector

This sector plays an important role in the activities of Asseco Czech Republic.

Information technology services provided to a widely understood public administration sector accounted for 17.7% of all IT services in the Czech market in 2006 (IDC Report).

The major projects executed in the Czech market in 2006 were as follows:

- Transportation project financed by the Ministry of Transport, including the road toll collection system as well as the central register of drivers;
- Biometric passports – project executed for the Ministry of Internal Affairs;
- Role of Structural Funds – basically at the level of local self-governments;
- Česká pošta (Czech Post) – a hybrid post project, e-communication;
- Follow-up of the process of transforming the analogue data into electronic form at ČSSZ (Czech Social Security Administration).

The sector's IT expenditures concentrated on implementation of standard business solutions as utilized by the commercial and government sectors or in the internet, applications equipped with the internet user interface as well as on provision of solutions dedicated to individual governmental departments.

The largest supplier of IT services for that sector was IBM (projects for the Ministry of Finance), followed by Siemens Business Services (projects for the Czech Social Security Administration and for the city of Ostrava), HP, OKSystem (projects for the Ministry of Labour and Social Policy) and Kapsch (e-tolling system).

Czech production sector

Services provided to the production sector represented 15.8% of all IT services in the Czech market in 2006. This sector's IT spending was driven by the boom observed in certain branches of the industry, continued inflow of direct foreign investments, stable economic growth, and business-friendly environment.

The leading provider of IT services for the production sector was T-Systems (projects for ŠKODA AUTO, Volkswagen Hannover and ŠKODA AUTO India), and it was followed by HP, IBM, Siemens Business Services, and SAP.

Czech telecommunication sector

According to IDC analysts, services provided to the telecommunication sector constituted 12.3% of all IT services in the Czech market. In 2006 the Czech telecommunication companies spent USD 164.88 million for information technology services.

Here the major supplier was T-Systems, with HP, IBM, Oracle and LogicaCMG right behind.

Market shares of Asseco Czech Republic in individual sectors

According to our own analyses, Asseco Czech Republic was able to achieve pretty substantial market shares in the Czech financial and public administration sectors, which equalled 4.3% and 3.6%, respectively.

Size of the IT services market broken down by sectors and the market share of Asseco Czech Republic:

Sector	Size of the IT services market (CZK millions)	Market share of Asseco Czech Republic
Financial	7,158.3	4.3%
Production	4,792.0	0.8%
Public administration	5,372.3	3.6%
Telecommunication	3,729.6	0.2%
Other services	9,240.3	1.4%
Total IT services	**30,292.5**	**2.2%**

Source: IDC Report; internal analyses

Financial institutions and public administration are the most important sectors for Asseco Czech Republic, where it maintains a stable position owing to the long-term contracts with SCP, the Ministry of Finance, and the ČSOB Group (member of the KBC Group).

Our share in services provided to the production sector is rather little, as we primarily perform single-time projects; however, in the years 2005 – 2006 we started cooperation with one of the sector's major clients, namely Třinecké železárny. Our company keeps on seeking new opportunities for cooperation with production enterprises.

IT sector trends in Czech Republic

The market of IT services in Czech Republic, just as in other European countries, undergoes a process of consolidation. Despite ongoing concentration, the Czech IT market remains quite fragmented, due to a large number of active participants. Most of the international producers of computer hardware and providers of IT services are operate directly in the market or take over the local firms. The market consolidation is expected to be continued.

The main factors with influence on development of the Czech IT market are presented below:

- Substantial impact of the EU funds – Czech Republic is going to receive EUR 4-5 billion annually from the European Cohesion Fund as well as from the Structural Funds (until 2013), the received funds will be partially utilized for investments in technology;
- Economic growth in Czech Republic will foster a dynamic development of the IT sector (CRM, data storage, effective marketing and data processing tools, etc.);
- Foreign investments will continue to have a substantial impact on the Czech economy just as they did during the recent years;
- Further increase of common access to and use of the internet will directly influence the IT services market (e.g. security services, CRM, etc.);
- Cooperation between the business and educational system (e.g. universities).

The market will be also influenced by the convergence of information technology and telecommunication which will offer new services enabling interactive cooperation and integration of the IT and telecommunication systems. It is expected the market leaders will be have to invest in IT systems in order to protect themselves against loosing their clients.

Czech ERP market in 2006

In 2007 the Asseco Group took over a company of the Czech ERP sector, namely LCS International. According to the IDC Report, the Czech market of software for enterprises increased by 6.4% in 2006 (year on year) and was worth CZK 2.5 billion – mainly sales of licences and provision of technical maintenance services. The market leader is SAP with Microsoft Dynamics and LCS right behind.

According to the IDC's analysts, most of revenues (over 21%) were generated from the discrete manufacturing sector. In 2006 demand from the public utilities sector for ERP solutions increased and, accounting for 21% of total expenditures, it was the second most important sector for producers of ERP software. The consecutive major ERP buyer was the processing sector which made 13% of the total spending in this area. In 2006 the sectors of public administration and business services were ranked on the fourth and fifth position, respectively.

Slovakia

In comparison with the IT markets of Poland, Czech Republic, and Hungary, the Slovak market is relatively small. According to the IDC Report, the Slovak IT spending increased by 12.1% in 2006 (year on year) and amounted to USD 1.1 billion. The dynamics of sales of products and services was higher than in 2005 (+10%) and comparable to the year 2004 (12.8%), which was achieved thanks to completion of the project "Computers for Schools". Although sustainable, the pace of the Slovak market growth is still lower than observed in Poland and Czech Republic.

According to the IDC analysts' forecasts, in 2007 the Slovak market will be worth USD 1.2 billion, yet the potential of growth will be stabilizing due to the market maturity. IT expenditures in Slovakia are expected to grow by 10% per annum (CAGR) during the five year period (2007 - 2011) to reach USD 1.75 billion in 2011, with the services segment leading the way. The main factors stimulating such growth will be: adoption of the common currency (Euro), e-Government projects, and after 2009 – EUR 1 billion of the European funds appropriated for the operational program "Informatization for the Society".

The IDC specialists forecast the IT services market in Slovakia will grow by an average of 11.4% per annum (CAGR) in the years from 2007 to 2011, and will achieve the total value of USD 600 million at the end of that period.

Structure of the Slovak IT market resembles those of the neighbouring countries. According to the IDC's report, in 2006 purchases of hardware accounted for 50.2% of the total IT expenditures. Information technology services consumed 32.6% of the total spending; whereas, the third position was taken by software with its market share of 17.2%. The market of IT services is the most important segment for our company's operations. According to IDC, in 2006 the total turnover generated by IT services in Slovakia amounted to USD 358.5 million.

	Financial year ended 31 December		
	2006	**2005**	**2004**
		(%)	
IT services divided into:			
Software developed to order	34.2	33.2	24.3
New solutions	10.9	12.8	18.8
Installation and maintenance of hardware	3.8	9.8	24.6
Support for software applications	13.7	14.6	12.5
Outsourcing	11.5	11.9	9.6
IT security	1.8	3.0	2.6
Other items	24.2	14.7	7.6

Source: Weekly Trend IT Survey

As per the IDC Report, in 2004 banking and financial institutions accounted for approx. 27.3% of the Slovak IT market. The second largest marketplace was the production sector with its market share of 17.2%. Whereas, the public administration institutions generated 14.3% of the total IT market turnover in 2004. The public administration demand is expected to remain at a fairly high level as a result of the Slovakia's integration with the EU and NATO, upgrading of IT systems by the local insurance companies, taxation authorities as well as other public institutions. In 2004 the telecommunication sector was ranked 4th with the market share of 11.5%.

4. IT market position of Asseco Poland SA and the Asseco Group

Asseco Poland SA (former Softbank SA) is classified in the group of Polish leading information technology companies – integrators of solutions in financial and banking domain. Having long-term experience in the industry, business insight into the clients' needs, teams of professionals and suitable technology at their disposal, the Asseco companies are well prepared to take part in the largest IT projects of the banking and financial sector.

In the industry rankings presented by specialized press, Asseco Poland SA takes top positions among the firms providing solutions for banks and public administration. The company is also mentioned among leaders in terms of profitability and employment. Another decisive factor for gaining such market position is the Company's unique offer of ready-to-implement products which received numerous awards and honourable mentions in the country-wide competitions.

Teleinfo 500 Ranking

1. Largest Polish IT companies – 21st place
2. Largest IT companies operating in the Polish market – 16th place
3. Industry's largest workforce – 9th place
4. Industry's largest pre–tax earnings – 2nd place
5. Domestic software producers – 3rd place
6. Producers of systems for public administration – 5th place
7. Producers of systems for banking and finance – 1st place
8. Producers of business management software – 2nd place
9. Largest integration companies – 3rd place
10. Largest IT service providers – 2nd place

TOP200 Ranking

Asseco Poland SA

1. IT companies with highest sales to the banking and financial sector in 2006 – 2nd place
2. IT companies with highest pre–tax earnings in 2006 – 5th place
3. IT companies with largest workforce in 2006 – 7th place
4. Largest providers of implementation services in 2006 – 8th place
5. Largest providers of maintenance services in 2006 – 6th place

The Asseco Group

1. Largest IT groups operating in Poland in 2006 – 7th place
2. IT groups with highest sales to the banking and financial sector in 2006 – 4th place
3. IT groups with highest pre–tax earnings in 2006 – 4th place
4. IT groups with largest workforce 2006 – 4th place
5. IT groups with highest sales of proprietary software in 2006 – 5th place
6. IT groups with highest sales to the wholesale trade sector in 2006 – 5th place
7. Largest IT groups providing maintenance services in 2006 – 4th place
8. Largest IT groups providing outsourcing services in 2006 – 8th place

5. The Group sales structure in 2007

Structure of sales revenues by markets

In line with the adopted strategy, the Group generated most of its sales in the banking and public administration sectors (68% in total).

Breakdown of the Asseco Group sales, by sectors

	12 months ended 31 Dec. 2007	12 months ended 31 Dec. 2006	12 months ended 31 Dec. 2007	12 months ended 31 Dec. 2006
	PLN '000	PLN '000	%	%
Banking and finance	594,177	311,282	46 %	63 %
Public institutions	284,380	100,273	22 %	20 %
Other sectors	403,842	86,132	32 %	17 %
TOTAL	1,282,399	497,687	100%	100%

Banking and finance sector

In 2007 the Group revenues from the banking sector reached PLN 594,177 thousand. This sector accounted for 46% of the Group's total turnover. Such high sales to the banking sector were achieved thanks to implementation of over a dozen significant contracts for large and medium-sized commercial banks as well as for a considerable number cooperative banks. The Company's largest and most important contract consists in construction of the Integrated Information System (ZSI) for Bank PKO BP SA and was entered into back in August 2003. The revenues generated therefrom, in 2007 alone, amounted to PLN 128,119 thousand.

Moreover, in 2007 the Group executed the following contracts: provision of services, software and maintenance for Zorba-3000 System, implementation and modification work on other systems being implemented for Bank PKO BP (such as the Central Support System or eBankart system), services and maintenance of the Cash Circulation Monitoring System at Bank Pekao SA. Other projects executed in 2007 included also centralization of def2000 system for Bank Ochrony Środowiska SA.

Likewise, the Group's subsidiary groups and companies generated sales to the banking sector. Here, the most considerable results were achieved by the Asseco Slovakia Group, Asseco Business Solutions and Asseco Systems. In the year 2007, Asseco Slovakia reported PLN 93,868 thousand in sales to the banking sector. Whereas, sales to banks posted by Asseco Business Solutions and Asseco Systems amounted to PLN 29,521 thousand and PLN 27,430 thousand, respectively.

Public administration sector

During 2007 the Asseco Group recorded sales to the public administration sector in the amount of PLN 284,380 thousand. This sector accounted for 22% of the Group's total turnover. Within the public administration domain, the highest revenues of PLN 54,272 thousand were generated by Asseco Poland SA, basically from continued implementation of the Central Register of Vehicles and Drivers (CEPiK) for the Ministry of Internal Affairs and Administration (MSWiA) as well as from other contracts performed for the public sector clients, including the Social Insurance Institution (ZUS). The Group's subsidiaries also played an important role in generating sales to the public administration sector. Here, Asseco Slovakia a.s. revenues amounted to PLN 122,284 thousand, whereas Asseco Systems Sp. z o.o. posted sales of PLN 63,209 thousand.

Breakdown of sales revenues by nature

In 2007 the Parent Company's Management decided to change the method for presentation of sales revenues. Until the end of 2006, sales revenues were classified as sales of products or merchandise. From the beginning of 2007, sales revenues are no longer categorized this way. Such modification resulted from the changing the Company's business profile into an enterprise providing comprehensive information technology solutions based on proprietary products.

In 2007, the Group observed positive changes in the structure of its sales revenues. Turnover generated by proprietary software and services increased by 218% as compared with 2006. Tendencies of remarkable growth were observed also in the outsourcing business (up by 358% in comparison with 2006) and in the sale of hardware and infrastructure (an increase of 157% over the year ago level). Changes in the structure of sales resulted from chiefly from the merger between the groups of Softbank and Asseco as well as from incorporation of new companies into the Group. Admittedly, the impressive increase in sales from outsourcing services may be also considered the effect of the low base established in 2006.

Thanks to the merger the Group sells more IT solutions and services of its own; in 2007 these sales amounted to PLN 553,351 thousand.

Breakdown of the Asseco Group sales, by type

	12 months ended 31 Dec. 2007 PLN '000	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2007 %	12 months ended 31 Dec. 2006 %
Proprietary software and services	553,351	174,448	43%	35 %
Third-party software and services	218,925	175,887	17%	35 %
Computer hardware and infrastructure	305,228	118,869	24%	24 %
Outsourcing	129,149	28,213	10%	6 %
IT telecommunications	68,230	0	5%	0 %
Other sales	7,516	270	1%	0 %
	1,282,399	**497,687**	**100%**	**100%**

6. 2007 financial results of the Asseco Group

In 2007 the Asseco Group sales revenues amounted to PLN 1,283,399 thousand and they increased by 158% as compared with 2006. Noticeably higher turnover resulted primarily from expansion of the Group by merger of Asseco Poland and Softbank as well as by take-overs of new companies.

Consolidated financial results of the Asseco Group

	For the year 2007 PLN '000	For the year 2006 PLN '000	Change
Sales revenues	1,282,399	497,687	158%
Gross profit on sales	434,018	116,450	273%
Net profit on sales	231,660	48,275	380%
Operating profit	236,551	45,198	423%
Net profit attributable to Shareholders of Asseco Poland SA	**160,913**	**74,565**	**116%**

In 2007 gross profit on sales reached PLN 434,018 thousand, beating the year ago level by 273%. Hence, the gross margin rose from 23.4% in 2006 to 33.8% in 2007. In the period reported selling expenses and general administrative costs aggregated at PLN 202,358 thousand. Higher costs were incurred due to the merger between the groups of Asseco and Softbank, but also from new acquisitions.

The Group's operating profit for 2007 surged as much as 423%. Such remarkable increase was achieved thanks to the companies' merger as well as better profits of the Group subsidiaries.

In 2007, net profit (attributable to Shareholders of Asseco Poland) amounted to PLN 160,913 thousand and exceeded the last year's earning by 116%. Net earnings increased not only due to favourable effects of the combination of Asseco and Softbank, but also owing to strong operating results of the Parent Company and the Group companies.

Financial results of companies of the Asseco Poland Group

The consolidated financial results of the Asseco Group in 2007 comprise the results of Asseco Poland SA and those of the consolidated companies. Below are presented the key financial data of companies subject to consolidation in the 2007 financial statements.

Name of company	Sales revenues		Net profit (loss)	
	Sales revenues			
	12 months ended 31 December 2007	12 months ended 31 December 2006	12 months ended 31 December 2007	12 months ended 31 December 2006
Asseco Poland SA Parent Company www.asseco.pl	443,434	301,117	105,693	57,761
ADH Soft Sp. z o.o. [1)] www.adh.com.pl	4,553	n/a	177	n/a
Asseco Adria SA	0	n/a	(727)	n/a
Asseco Business Solutions SA [2)] www.assecobs.pl	95,977	29,438	14,305	3,069
Asseco Germany SA	0	n/a	398	n/a
AP Automation + Productivity Group [3)] www.ap-ag.com	16,919	n/a	(1,308)	n/a
Asseco Slovakia Group [4)] www.asseco.sk	277,030	n/a	25,664	n/a
Asseco Systems SA www.asseco-systems.eu	166,437	105,541	7,080	(12,257)
AWiM Mediabank SA [5)] www.mediabank.pl	n/a	4,992	n/a	n/a
Koma Nord Sp. z o.o. www.komanord.pl	43,618	38,351	1,314	1036
Asseco Romania SA	0	n/a	(3,113)	n/a
FIBA Software S.r.l.[6)] www.fiba.ro	10,084	n/a	4,150	n/a
Net Consulting S.r.l.[7)] www.netconsulting.ro	123,692	n/a	7,504	n/a
Net Power SA [8)]	n/a	0	n/a	(90)
bezpieczeństwo.pl Sp. z o.o. [9)]	0	8	(17)	(15)
Gladstone Consulting Limited	23,559	22,463	6,250	8,559
Sawan SA	0	136	(238)	(213)
Sintagma UAB Sp. z o.o. [10)]	25,077	n/a	2,843	n/a
ZUI Novum Sp. z o.o. www.novum.pl	17,789	16,776	2,468	1,515
Pexim d. o.o. [11)]	n/a	n/a	n/a	n/a

7. Analysis of financial ratios achieved by the Group

Analysis of the Consolidated Balance Sheet

As at 31 December 2007, fixed assets and current assets constituted respectively 71% and 29% of the Group's balance sheet total.

The share of fixed assets grew by 29 percentage points as compared with that of 31 December 2006. This was caused primarily by goodwill arising from the merger of Asseco Poland SA with Softbank SA and from acquisition of new undertakings that was recognized under fixed assets in 2007.

As at 31 December 2007, current assets constituted 29% of the Group's balance sheet total. Current assets decreased as a portion of the balance sheet total despite their overall growth by PLN 565,290 thousand in nominal terms. Such increase resulted basically from higher trade accounts receivable and other receivables, including those under long-term contracts.

Structure of Assets

	31 December 2007 PLN '000	31 December 2006 PLN '000	31 December 2007	31 December 2006
Fixed assets	**2,298,214**	**289,510**	**71%**	**42%**
Property, plant and equipment	92,963	29,315	3%	4%
Intangible assets	1,052,285	5,727	32%	1%
Consolidation goodwill	647,730	74,050	20%	11%
Investments in associated undertakings valued under the equity method	337,104	97,360	10%	14%
Financial assets available for sale	236	0	0%	0%
Financial assets held to maturity	394	0	0%	0%
Financial assets valued at fair value through profit or loss	791	917	0%	0%
Long-term loans granted	778	0	0%	0%
Long-term receivables	42,328	54,932	1%	8%
Restricted cash	86,289	0	3%	0%
Deferred income tax assets	35,377	25,975	1%	4%
Long-term deferred expenses	1,939	1,234	0%	0%

Current (short-term) assets	**957,897**	**392,607**	**29%**	**58%**
Inventories	36,615	16,900	1%	2%
Deferred expenses	25,692	15,564	1%	2%
Trade accounts receivable	344,955	146,179	11%	21%
Corporate income tax recoverable	1,435	238	0%	0%
Receivables from the State budget	3,180	143	0%	0%
Other receivables	216,856	47,625	7%	7%
Financial assets available for sale	22	0	0%	0%
Financial assets held to maturity	15,668	34,313	0%	5%
Loans granted	767	210	0%	0%
Financial assets valued at fair value through profit or loss	71,192	84,080	2%	12%
Cash and short-term deposits	241,515	47,355	7%	7%
Assets classified as held for sale	**0**	**3,450**	0%	2%
TOTAL ASSETS	**3,256,111**	**685,567**	**100%**	**100%**

As at the end of December 2007, shareholder's equity and liabilities constituted respectively 65% and 35% of the Group's balance sheet total. Here, the percentage of shareholders' equity increased from 50% to 65%, while the share of long-term liabilities declined from 16% to 15% and the share of short-term liabilities fell from 34% to 20%.

Structure of Equity and Liabilities

	31 December 2007 PLN '000	31 December 2006 PLN '000	31 December 2007	31 December 2006
Shareholders' equity	**2,120,692**	**343,674**	**65%**	**50%**
Long-term liabilities	**492,110**	**107,245**	**15%**	**16%**
Current liabilities	**643,309**	**234,648**	**20%**	**34%**
Interest-bearing bank credits, loans and debt securities	61,116	7,186	2%	1%
Trade accounts payable	188,605	61,235	6%	9%
Other current liabilities	393,588	166,227	12%	24%
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,256,111**	**685,567**	**100%**	**100%**

As at 31 December 2007 the balance sheet total of the Asseco Group equalled PLN 3,256,111 thousand, and it increased by PLN 2,570,544 thousand as compared with the prior year end.

Analysis of the Consolidated Statement of Cash Flows

In the year 2007, the Group generated positive net operating cash flows of PLN 49,020 thousand, while in the prior year operating inflows amounted to PLN 27,622 thousand.

Net cash used in investing activities amounted to PLN 335,777 thousand, in contrast to 2006 when those activities generated inflows of PLN 2,619 thousand.

In 2007 the Group reported positive net cash flows from financing activities due to proceeds from the issuance of debt securities and from the bank credits taken out.

Cash Flow Statement

	12 months ended 31 Dec. 2007 PLN '000	12 months ended 31 Dec. 2006 PLN '000
Net cash provided by operating activities	49,020	27,622
Net cash provided by (used in) investing activities	(335,777)	2,619
Net cash provided by (used in) financing activities	575,160	(45,026)
Net increase (decrease) in cash and cash equivalents	**288,403**	**(14,785)**

Altogether, in the period reported, the Asseco Group balance of cash and cash equivalents increased by PLN 288,403 thousand.

Analysis of financial ratios

Profitability ratios

The Group managed to improve its profitability ratios in 2007. Gross profit margin increased to 34% from 26% thanks to the better profitability of contracts, higher sales of proprietary software and services, as well as boosted earnings of the Group's subsidiaries. Likewise, EBITDA and operating profit margins for 2007 improved in relation to the year-ago figures. Higher margins were accomplished thanks to optimization of operating costs, among others general administrative expenses. Net profit margin equalled 15% and remained unchanged over a year's time.

PROFITABILITY RATIOS	12 months ended 31 December 2007 in %	12 months ended 31 December 2006 in %
Gross profit margin	34%	23 %
EBITDA margin	21%	12 %
Operating profit margin	18%	9 %
Net profit margin	15%	15 %
Return on equity (ROE)	9%	24 %
Return on assets (ROA)	6%	11 %

The above ratios have been computed using the following formulas:
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 attributable to Shareholders of the Parent Company / average annual equity attributable to Shareholders of the Parent Company
Return on assets (ROA) = net profit attributable to Shareholders of the Parent Company / average annual assets

ROE metric (informing about the profitability of capital invested in a company) increased by 3 percentage points. In 2007 the return on capital invested by shareholders was 9%. This resulted from a rapid growth of the Group shareholders' equity driven especially by share premium from the sale of shares over their par value.
If compared with the prior year, ROA ratio (reflecting how much profit is generated on assets) increased by 5 percentage points, up to 6%.

Liquidity ratios

Working capital (defined as the difference between current assets and current liabilities) represents the amount of fixed capital (equity plus long-term liabilities) 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 a company. The Group maintains working capital at a comfortably high level; as at the end of 2007 it amounted to PLN 314,588 thousand. This is an improvement from the level observed at the end of 2006.

LIQUIDITY RATIOS	31 December 2007	31 December 2006
Working capital (PLN '000)	314,588	157,959
Current liquidity ratio	1.49	1.67
Quick liquidity ratio	1.39	1.53
Absolute liquidity ratio	0.40	0.35

The above ratios have been computed using the following formulas:
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 2007 the liquidity ratios remained at a high and safe level. The current liquidity ratio at the level of 1.49 indicates the Group would be able to pay off all of its short-term liabilities with the funds at its disposal, having collected short-term receivables and having cashed its current financial assets. Owing to high balance of cash and cash deposits, the absolute liquidity ratio increased to 0.40 which means that the Group might pay 40% of its short-term liabilities immediately.

Debt ratios

The Group's general debt ratio as at the end of December 2007 decreased to 35% from 50% observed at the prior year end. The ratio of interest-bearing debt (credits, notes payable, loans) to shareholders' equity came to the level of 14%, up from the last year's 2%. Such increase resulted from the bank credit taken out by the Parent Company with the objective to acquire shares in Prokom Software SA.

DEBT RATIOS	31 December 2007	31 December 2006
	%	%
Debt ratio	35%	50 %
Debt / equity ratio	14%	2 %
Debt / (debt + equity) ratio	11%	2 %

The above ratios have been computed using the following formulas:
Debt ratio = (long-term liabilities + short-term liabilities) / assets
Debt / equity ratio = interest-bearing bank credits and debt securities / shareholders' equity
Debt / (debt + equity) ratio = interest-bearing bank credits and debt securities / (interest-bearing bank credits and debt securities + shareholders' equity)

8. Merger of Softbank SA with Asseco Poland SA

On 4 January 2007 the District Court of the Capital City of Warsaw, XIII Commercial Department of the National Court Register entered in the register of entrepreneurs the Company's merger with Asseco Poland SA (the acquired company), seated in Rzeszów, entered in the register of entrepreneurs of the National Court Register under the number KRS 00000104838.

The Merger was executed pursuant to article 492 § 1 item 1 of the Polish Commercial Companies Code, this is by transferring all the assets of Asseco Poland SA (the acquired company) to the Company in exchange for the Company's shares, which were assigned to the then existing shareholders of Asseco Poland SA (merger by acquisition).

Shares of the Company (former Softbank SA) were assigned to shareholders of Asseco Poland SA (the acquired company) proportionally to the number of shares owned in the acquired company, applying the exchange ratio of 5.9 shares for 1 share of Asseco Poland SA (the acquired company).

In connection with registration of the merger, the Company's share capital was increased by the amount of PLN 17,736 thousand, through issuance of 17,735,815 ordinary bearer shares of series C, with a par value of PLN 1 each, which were assigned to the then existing shareholders of the acquired company.

The merger process was initiated in May 2006, when the Management Boards of both the companies signed the agreement concerning the merger and determined preliminary conditions of such transaction. Subsequently to that agreement, on 14 August 2006 the Company's Management Board obtained consent of the Office of Competition and Consumers Protection to merge the companies. On 31 August 2006, the Management Boards of both the companies signed the merger plan, in which the final merger conditions were determined and which was opinioned without reservations by independent certified auditors on 6 October 2006. Afterwards, on 24 October 2006, the Company concluded with Mr. Adam Góral the agreement for conditional termination of the option agreement for purchase of the Asseco Poland SA (the acquired company) shares, by which the Company was bound. The agreement concerned 268,000 shares in the acquired company that were owned by Mr. Adam Góral. The condition precedent for termination of the above-mentioned agreement was the registration of the companies' merger.

On 14 November 2006, the Extraordinary General Meeting of Shareholders of the Company (former Softbank SA) passed the resolutions on the merger, on acceptance of non-cash contributions, on conditional changes to the composition of the Management Board and Supervisory Board, as well as on conditional increase of the Company's share capital.

The companies' merger was registered in the National Court Register on 4 January 2007.

Asseco Poland SA (the acquired company) conducted business activities including development of software and provision of IT services for the banking sector and miscellaneous companies. The shares of Asseco Poland SA (the acquired company) were listed on the Warsaw Stock Exchange until 2 January 2007. Afterwards, since 3 January 2007, the quotations of the acquired company shares were suspended.

The Company underwent a number of changes related to the merger, the most important of which were:

- Change of the Company's name from Softbank SA to Asseco Poland SA,
- Moving the Company's headquarters from Warsaw, ul.17 Stycznia 72a, to Rzeszów, Al. Armii Krajowej 80,
- Changes to the composition of the Management Board:
    - Mr. Krzysztof Korba was replaced by Mr. Adam Góral at the position of President of the Management Board,
    - the composition of the Management Board was supplemented with the following persons, in the capacity of members of the Management Board:
        - Mr. Marek Panek,
        - Mr. Zbigniew Pomianek,
        - Mr. Adam Rusinek.
- Changes to the composition of the Supervisory Board:
    - the following persons were dismissed as members of the Supervisory Board:
        - Mrs. Maria Zagrajek,
        - Mr. Marek Jakubik.
    - the following persons were appointed as members of the Supervisory Board:
        - Mr. Jacek Duch,
        - Mr. Dariusz Górka,
        - Mr. Grzegorz Maciąg,
        - Mr. Adam Noga.
- Changes to the Company's Articles of Association, as presented in the current report no. 3/2007 of 4 January 2007.

Take-over of Asseco Czech Republic a.s. (former PVT a.s.) and the Building Automation Department from Prokom Software SA

Concurrently with the merger-related increase of share capital, the Company increased its share capital by issuing Series B shares allocated in exchange for the non-cash contributions including 100% equity interest in Asseco Czech Republic a.s. (former PVT a.s.) based in Prague, Czech Republic, as well as an organized part of the Prokom Software SA enterprise operating as the Building Automation Department.

In order to acquire the above-mentioned non-cash contributions, the Company issued 3,210,000 shares which were acquired entirely by Prokom Software SA (the parent company of Asseco Poland SA (former Softbank SA) as at the merger date). The issue price of 1 share equalled PLN 37.70, and total issuance value amounted to PLN 121,017 thousand. The 100% equity interest in Asseco Czech Republic a.s. was paid up with 2,140,000 shares, representing PLN 80,678 thousand in terms of the issuance value. For contribution of the organized part of the Prokom Software SA enterprise, namely the Building Automation Department (DAB), the Company assigned 1,070,000 shares, representing PLN 40,339 thousand of the issuance value.

According to the Group's development strategy, in February 2007 the Building Automation Department was shifted within the Group structure – from Asseco Poland SA to Asseco Systems SA (former Softbank Serwis Sp. z o.o.) in order to supplement the business offer of the later.

Subscription warrants

Concurrently with the merger, on 4 January 2007, there was also registered a conditional increase of the Company's share capital, excluding pre-emptive rights of the existing shareholders, by the amount of PLN 295 thousand through issuance of 295,000 ordinary bearer shares of series D, with a par value of PLN 1 each and the issue price of PLN 29.51. The objective of such conditional increase of share capital was to vest the right to acquire the Company's (former Softbank SA) series D shares in the holders of registered subscription warrants of Asseco Poland SA (the acquired company), which were be issued by the Company.

To the best of Management Board knowledge, at the moment of merger the Company's major shareholders were as follows:

Shareholders of Asseco Poland SA (former Softbank SA) as at 4 January 2007	Number of shares and votes at GMS	% of share capital owned and voting interest at GMS
Prokom Software SA	11,834,791	25.66%
Adam Góral	8,083,000	17.53%
ING TFI SA (investment funds)	4,154,579	9.00%
Other shareholders	22,048,158	47.81%
	46,120,528	**100%**

9. Merger of Asseco Poland SA with Prokom Software SA

On 1 April 2008 the District Court in Rzeszów, XII Commercial Department of the National Court Register, made an entry in the register of entrepreneurs of the Company's merger with Prokom Software SA seated in Warsaw, entered in the register of entrepreneurs of the National Court Register under the number KRS 0000041559.

The Merger was executed pursuant to article 492 § 1 item 1 of the Polish Commercial Companies Code, this is by transferring all the assets of Prokom Software SA to the Company in exchange for the Company's shares which were assigned to the existing shareholders of Prokom Software SA.

The shares of Asseco Poland SA were assigned to Prokom shareholders proportionally to the numbers of shares owned in the acquired company, applying the exchange parity of 1.82 shares for 1 share of Prokom Software SA.

In connection with registration of the merger, the Company's share capital was increased by the amount of PLN 19,848 thousand, through issuance of 19,847,748 ordinary bearer shares of series F (the "Merger Shares"), with a par value of PLN 1 each, which were assigned to the then existing shareholders of the acquired company. Concurrently with issuance of the Merger Shares, on 18 April 2008 the Asseco's share capital was raised by the amount of PLN 356,515 through issuance of 356,515 ordinary bearer shares of series G with a par value of PLN 1 each. Following that registration the Parent Company's share capital amounts to PLN 71,292,980. The right to acquire the series G shares was vested exclusively in the Preferred Shareholders of Prokom, who were the company Nihonswi AG of Switzerland and Mr. Krzysztof Wilski. The merger process has been already initiated in September 2007, when Asseco Poland SA concluded with Prokom Software SA a memorandum of understanding on the merger in which the preliminary terms of transaction were determined.

The Company's intention is that the first quotation of series G shares takes place on 28 April 2008.

Additionally, on 29 September 2007 Asseco Poland SA concluded with Prokom Investments SA and Mr. Ryszard Krauze a conditional agreement for acquisition of 2,985,474 shares of Prokom, with a par value of PLN 1 each, for the total amount of PLN 580,000,000 (five hundred and eighty million zlotys). The subject of the above-mentioned transaction were all Prokom shares that were owned by Mr. Ryszard Krauze and Prokom Investments SA at the agreement effective date, represented 21.49% of the share capital of Prokom and entitled to 23.69% of total votes at the Prokom's General Meeting of Shareholders. The agreement was executed step by step (the shares were transferred in four tranches):

- on 11 October 2007 – 120,120 registered shares of Prokom Software SA preferred as to voting rights (5 votes per share) and 860,000 ordinary bearer shares of Prokom Software SA, in total representing 7.1% of the share capital of Prokom Software SA and entitling to 1,460,600 votes or 9.98% voting interest at the general meeting of shareholders of that company;
- on 11 December 2007 – 543,000 ordinary bearer shares of Prokom Software SA which, in aggregate with Prokom shares already held by Asseco Poland SA, represented 10.96% of the share capital of Prokom Software SA and entitled to 2,003,600 votes or 13.69% voting interest at the general meeting of shareholders of that company;
- on 11 February 2008 – 1,462,352 ordinary bearer shares of Prokom Software SA which, in aggregate with Prokom shares already held by Asseco Poland SA, represented 21.49% of the share capital of Prokom Software SA and entitled to 3,465,952 votes or 23.69% voting interest at the general meeting of shareholders of that company;
- on 19 February 2008 – 2 ordinary bearer shares of Prokom Software SA. That purchase completed the execution of the conditional shares acquisition agreement. As Mr. Ryszard Krauze and Prokom Investments SA sold all their shares in Prokom Software SA, they ceased to be shareholders in Prokom Software SA and thus lost their personal entitlements, as conferred to each of them by the Articles of Association of Prokom Software SA, to appoint one member of the Supervisory Board of Prokom Software SA.

The plan of merger between Asseco Poland SA and Prokom Software SA was agreed upon and signed on 29 November 2007. The plan was audited and opinioned without reservations by an independent certified auditor.

Another stage of the merger process was reached on 22 January 2008 when the Polish Office of Competition and Consumer Protection, having conducted an antimonopoly proceeding, granted permission to effect the concentration by merger of Asseco Poland SA with Prokom Software SA.

On 20 February 2008 the Extraordinary General Meeting of Shareholders of Asseco Poland SA passed the resolutions, among others, on the merger, on conditional increase of the Company's share capital as well as on amendment to the Company's Articles of Association.

The companies' merger was registered in the National Court Register on 1 April 2008.

10. Major events and financial performance of the Asseco Group companies in 2007

Major agreements entered into by Asseco Poland SA

- Gospodarczy Bank Wielkopolski SA – agreement for supply of the main information technology system def3000 for the Cooperative Banking Group. Furthermore, the project will include development of electronic access channels as well as implementation of reporting and accounting systems;
- Ministry of Internal Affairs and Administration – agreement for modification of the Central Register of Vehicles and Drivers (CEPiK) in order to meet the needs resulting from the applied Business Processes Model, and for upgrading the Enveloping and Printing Line;
- Polish Security Printing Works – agreement for integration of their systems Driver and Vehicle with the CEPiK system;
- Bank Gospodarstwa Krajowego – agreement for supply and maintenance of hardware, and provision of software upgrades and trainings;
- PKO BP Bank – agreements for modification of ZORBA system;
- PKO BP Bank – agreement for execution of the central application Self-Service Terminals;
- PKO BP Bank – agreement for implementation of the financial reporting system conforming to IAS 39;
- PKO BP Bank – annexes to the agreements for further development of IT systems;
- PKO BP Bank – annex to the agreement for provision and implementation of the Integrated Information System ("ZSI") that was concluded on 18 August 2003 between the bank PKO BP SA and the Consortium composed of Accenture Sp. z o.o., Alnova Techonologies Corporation S.L. and Asseco Poland SA.

  The subject of the annex is, among other things, to extend the existing scope of work related to implementation of the Integrated Information System. Furnishing the ZSI system with additional functionalities was necessitated by changes of the legal regulations as well as growing business requirements of the bank PKO BP SA. The Annex provides for new functionalities to cover products related to the requirements of New Capital Accord/IAS, Individual Pension Accounts (IKE), Investment Funds PKO/CS, foreign operations, insurance products, as well as for upgrading the functionality of alternative channels of distribution.

  In consideration for execution of work specified in the annex, the Consortium will be paid USD 11,038,042 (approx. PLN 30,522,394), net of VAT;
- agreement with Allianz Biznes Sp. z o.o. for sale and implementation of the integrated information system def3000. The contract value exceeds PLN 17 million. The Company shall grant a licence for purchase of the system, perform installation and implementation thereof and provide post-implementation service. Besides the core banking system to be implemented by Asseco, the comprehensive def3000 will include modules dedicated to handle capital investments, payment card transactions, as well as Data Warehouse and reporting systems. Additionally the implemented system will support electronic access channels, communication with the Credit Information Agency as well as sale of credit products by brokers and agents;
- annex to the agreement for provision and implementation of the Integrated Information System (concluded between PKO Bank Polski SA, Accenture Sp. z o.o., Alnova Techonologies Corporation S.L., and Asseco Poland SA) that was signed with the objective to extend the existing scope of contracted implementation work as the Bank required wider functionality of the system;

- Bank Gospodarki Żywnościowej SA – annex to the agreement for extension of their IT system;
- DB PBC – annexes to the agreements for extension of the Consumer Finance solution and for provision of additional functionality to def3000 system;
- Getin Bank – agreement for implementation of the Internet Banking System (for individual clients);
- Nykredit Realkredit A/S Polish Division – agreement for implementation of BIK on-line system enabling sending enquiries to the Credit Information Agency (BIK SA) as well as an agreement for increasing the number of licenses;
- Bank Gospodarstwa Krajowego – annexes to the agreements for modification of the utilized IT systems;
- Rzeszowski Zakład Energetyczny SA (power supply company) – agreement for implementation of the integrated technical infrastructure management system (TOMS) as well as an agreement for pilot implementation of the real estate management system (AMES);
- Ministry of Internal Affairs and Administration – agreement for extension of the software and hardware platform of the Central Register of Vehicles and Drivers (CEPiK), for upgrading the security subsystem under the CEPiK system, and for provision of implementation services;
- annex to the agreement with Deutsche Bank PBC SA for implementation of a payment card transaction system in order to supplement the line of Consumer Finance products.

Moreover, the Company concluded 29 agreements with cooperative banks for delivery of the centralized IT systems, and 40 contracts for use of the Internet Services Centre.

Projects completed

In the period reported the Company completed the following projects:

- Bank Gospodarstwa Krajowego – completed implementation of Sorbent system, the EU loans system, and GSB system;
- Bank Gospodarstwa Krajowego – completed implementation of SIS system;
- Bank Ochrony Środowiska – completion of the database centralization project;
- Getin Bank – completion of Stage I of implementation of the Internet Banking System for individual clients;
- Nykredit Realkredit A/S – completed implementation of BIK (Credit Information Agency) on-line system;
- EuroBank – completion of Stage III of the agreement.

Moreover, the Company completed implementation of the centralized IT systems for 29 cooperative banks, and installation of the Internet Services Centre at 28 cooperative banks.

Ongoing projects

Asseco Poland SA achieved much progress in execution of several major projects:

- PKO BP Bank – agreement for implementation of the Integrated Information System;
- PKO BP Bank – agreements for maintenance of ZORBA system and the agreement with an annex for the Central Support System;
- Volkswagen Bank (e-Direct) – ongoing implementation of the Internet Banking System and modification of their existing banking system;

- Deutsche Bank PBC (Consumer Finance) – execution of Stage II of the Consumer Finance project as well as implementation of the credit and debit cards system;
- Deutsche Bank PBC – ongoing production work within Stage II of the project for implementation of the comprehensive def3000 system and a Call Center solution;
- GBW Bank / Cooperative Banking Group – implementation of the comprehensive banking system def3000 – project at the stage of analyses and preparation of functionality specifications;
- GBW Bank – ongoing implementation of Multicomp and Set-BS systems;
- Bank Pocztowy – implementation of defBank Pro system as well as the Banking Services Server to ensure compatibility of the Bank Pocztowy system with the front office system applied by Poczta Polska;
- Getin Bank SA – ongoing execution of the agreement concluded in 2004 for implementation of the comprehensive def3000 system. The completion and settlement of the agreement is scheduled for the first quarter of 2008;
- Dominet – ongoing execution of API interface and implementation of defBank Pro system (procedures definition version 3.x);
- Volkswagen Bank (Impairment ZG/3541) – modification of the systems defBank Pro, Processing, Data Warehouse in order to ensure their functionality to handle impairment reserves and interest in compliance with IAS 39 and delivery of the implemented modifications to the Bank;
- Bank Polskiej Spółdzielczości SA – execution of the Data Warehouse Extension project.

Ordinary General Meeting of Shareholders

The Ordinary General Meeting of Shareholders, which was held on 23 May 2007, passed resolutions on approving the financial statements and the report on business operations of the company Asseco Poland and the Asseco Group, as well as resolutions on accepting performance of duties by members of the Management Board and Supervisory Board of Asseco Poland (former Softbank) as well as by members of the Management Board and Supervisory Board of Asseco Poland. There was also adopted the resolution on distribution of the net profit for the year and on payment of a dividend. The net profit of PLN 57,761,271.62 shall be distributed as follows:

1/ PLN 39,182,950.02 shall be allocated for the Company's reserve capital,

2/ PLN 18,578,321.60 shall be distributed among the Company's Shareholders as payment of a dividend in the amount of PLN 0.40 per share.

The Company's General Meeting decided that the dividend right shall be acquired on 15 June 2007 and that the dividend shall be paid on 2 July 2007.

There was also passed a resolution on changing the manner of the Company's representation. At present, the Company may be represented by President of the Management Board acting independently, two Vice Presidents or one Vice President with another Member of the Management Board acting jointly.

Extraordinary General Meeting of Shareholders

On 15 November 2007 the Company's Extraordinary General Meeting of Shareholders passed a resolution on increasing the share capital of Asseco Poland SA by the amount of PLN 4,644,580 through issuance of 4,644,580 ordinary bearer shares of series E with a par value of PLN 1 each. The increase of share capital was registered by the District Court in Rzeszów, XII Commercial Department of the National Court Register, on 19 December 2007. After the said registration, the Company's share capital amounts to PLN 51,090,384 and is divided into 51,090,384 shares with a par value of PLN 1 each, entitling to the same number of votes at the General Meeting of Shareholders of Asseco Poland SA.

Asseco Slovakia a.s.

The Slovak company Asseco Slovakia a.s. is an integrator and producer of innovative IT systems for the financial sector, enterprises and public institutions. The commercial offer of Asseco Slovakia includes, among others, information technology systems for banks and insurance companies, payment card transaction systems, e-commerce solutions, call centres, solutions for management of housing-savings schemes, as well as turnkey projects. The company's major clients are Slovenska Sporitelna, Ceska Sporitelna, Magyar Nemzeti Bank (the National Bank of Hungary), GE Capital Bank (Czech Republic), Unibanka, Allianz - Slovenská Poisťovňa (insurance company), Istrobanka (Payment Card Authorization Centre), and CCS (Payment Card Authorization Centre). According to the ranking carried out by the International Data Corporation (IDC), Asseco Slovakia is one of the five major players on the IT market in Slovakia.

Major agreements entered into by Asseco Slovakia a.s.

- Modrá Pyramída stavebná spořitelna, a.s. (member of the Societe Generale Group) – agreement for supply of an IT system and provision of additional services;
- Allianz - Slovenská poisťovňa (insurance company) – agreement for supply of an IT system for central reporting;
- Slovak Tourist Board – annex to the agreement for further development of the system National Unified Tourism IS (NUTIS);
- sIT Solutions (former SporDAT) – annex to the agreement for further development of the centralized IT system;
- Tax Directorate of the Slovak Republic – annex to the agreement for further development of the system StarDWH;
- Stavební spořitelna České spořitelny, a.s. (building savings society) – annex to the agreement for a version upgrade of the StarBUILD system;
- Union zdravotná poisťovňa (Union Health Insurance Company) – agreement for provision of maintenance services;
- Európska zdravotná poisťovňa (European Health Insurance Company) – agreement for supply of a comprehensive IT system for management of the patient registrations;
- Slovak Ministry of Health – agreement for provision of maintenance services and adjustment to the health care standards;
- Všeobecna zdravotna poisťovňa (Common Health Insurance Company) – agreement for implementation of the Additional Accounting Book;
- sIT Solutions (former SporDAT) – agreement for conversion of the e-Banking system to Euro;
- EXIMBANKA SR – agreement for complete modernization of the functioning IT system;
- Západoslovenská vodárenská spoločnosť (The West Slovak Waterworks) – agreement for delivery of GPS monitoring system and computer hardware as well as for development of an IT system to maintain the patient attendance records;
- ČESMAD Slovakia (Slovak association of carriers) – contract for delivery of the Cross-Border Information System to facilitate effective road transportation and logistics;
- Daňové riaditeľstvo SR (Tax Authority of Slovakia) – agreement for creation of data search and mining modules;
- SSE (Central Slovak Power Supplier) – annex to the agreement being implemented;
- F. D. Roosevelt University Hospital in Banská Bystrica – contract for provision of maintenance services and development of the comprehensive medical information system;

- Local Government of Trnava Region – framework agreement for supply of computer and office technology, and a contract for creation of the Regional Information Portal;
- sIT Solution – contract for delivery of an IT system for migration of the information processes in connection with transition to Euro;
- National Medical Information Centre (end client) – agreement for execution of analytical, consulting and programming work under the project Extension of functionality of the electronic report gathering system.

Appointment of new Members of the Management Board

On 20 March 2007 became effective the Resolution of the Supervisory Board of Asseco Slovakia on appointment of Mr. Andrej Klačan as Member of the Management Board of Asseco Slovakia a.s., which was passed on 2 March 2007.

On 6 July 2007 became effective the Resolution of the Supervisory Board of Asseco Slovakia on appointment of Mrs. Edita Angyalová as Member of the Management Board of Asseco Slovakia.

Ordinary General Meeting of Shareholders

The Ordinary General Meeting of Shareholders, which was held on 23 March 2007, approved the financial statements for 2006, the consolidated financial statements for 2006 as well as the Management Board report on the group's operations in 2006. There were also adopted resolutions on distribution of the net profit for the year and payment of a dividend. The net profit of SKK 150,125,660.00 for the financial year 2006, plus the profits of the prior years 2004 and 2005 resulting from reversal of the deferred income tax reserve, shall be distributed as follows:

1/ SKK 76,800 for the company's reserve capital,

2/ SKK 156,266,863 for the company's Shareholders, through payment of a dividend of SKK 98.60 per share.

The company's General Meeting of Shareholders established that the dividend right shall be acquired on 12 April 2007 and that the dividend shall be paid on 7 May 2007.

Slovanet a.s.

Slovanet a.s., a subsidiary of Asseco Slovakia, is the largest independent telecommunications operator and internet provider in Slovakia. The Slovanet has a 20% share in the domestic market for IT telecommunication services. In addition to internet services and internet telephony, Slovanet renders VPN (virtual private networks) services. Slovanet has developed a stable and extensive customer base, which includes small and medium-sized firms, households, but also big organizations. The company's largest clients include: Všeobecná zdravotná poisťovňa, a.s., Úrad geodézie, kartografie a katastra SR, Generálne riaditeľstvo Zboru väzenskej a justičnej stráže, TeliaSonera International Carrier Czech Republic a.s., Beset, spol. s r.o., GTS NOVERA a.s., Union zdravotná poisťovňa, a.s., and COLNÉ RIADITEĽSTVO SR.

Major agreements of Slovanet a.s.

- General Prosecutor's Office – contract for delivery of a network solution to connect all the regional prosecutors' offices in the country;
- Všeobecná zdravotná poisťovňa (health insurance company) and the Slovak Geodesy, Cartography and Cadastre Authority – agreements for provision of VPN (Virtual Private Network) as well as IP TelephonyIT service;
- the company launched its new product safe:LINK, compact telephone exchange on VoIP platform as well as the fax gate for small and middle-sized enterprises;
- provision of VPN and Internet in the segment of SMEs.

LCS International a.s.

In the first half of 2007 the Asseco Group incorporated the company LCS International a.s. seated in Prague, whose 55.03% of shares were acquired by Asseco Slovakia. The company was established in 1990 and it has been engaged in development, implementation and maintenance of IT systems dedicated to the enterprises sector. LCS is the largest producer of ERP systems in the Czech market and it is ranked among the TOP 100 Czech information technology companies. The company employs 200 persons and its annual turnover is around CZK 200 million. The company's head office is located in Prague and it has 2 domestic and 2 foreign divisions.

Datalock a.s.

Datalock a.s., a subsidiary of Asseco Slovakia, is one of the leading providers of ERP software in the Slovak market. The company's biggest clients are: Trenčiansky samosprávny kraj, Prešovský samosprávny kraj, Trnavský samosprávny kraj, Žilinský samosprávny kraj, Bratislavský samosprávny kraj, INCHEBA PRAHA spol. s r.o., Volkswagen finančné služby Slovensko s.r.o.

Major events in Datalock a.s.

- Signing contracts with three out of eight Self-Governing Regions in Slovakia (Bratislava, Trenčín and Trnava).
- Delivery of products to the commercial sector.

MPI Slovakia s.r.o.

The main business of MPI SLOVAKIA is provision of consulting services concerning implementation of the comprehensive economic information system SAP R/3 as well as sale and implementation of the IT system SAP. In 1999 the company became a partner of SAP Slovensko, s.r.o. and in January 2006 it was awarded the certificate SAP Best Practices Baseline Package to confirm it applies appropriate implementation methodology.

Major events in MPI Slovakia s.r.o.

- During their short cooperation, the companies Asseco Slovakia and MPI started a common project – Upgrade of the EXIM Bank information system to the SAP standard, version ECC 6.0.
- MPI Slovakia also won a tender for delivery of the automation of data collection solution and the network inventory control solution for T-Mobile Slovakia.

Disig a.s.

The company Disig a.s. provides certification services and accredited certification services concerning the electronic signature in accordance with the Slovak law. Disig a.s. also provides services of the electronic signature implementation in companies as well as electronic security and data protection services.

Major events in Disig a.s.

- Disig a.s. became a member of the Asseco Slovakia Group in October 2007.
- Best contract: Prvá stavebná sporiteľňa (building savings society) – stage "Implementation of the electronic signature".

Asseco Czech Republic a.s.

Asseco Czech Republic (former PVT) is a leading IT company on the Czech market with a plenty of experience in execution of the largest IT projects. The company offers comprehensive IT solutions which help improve the efficiency of business processes of its clients. Asseco Czech Republic supports strategic processes of its customers by providing them with services such as integration of IT systems, outsourcing and a wide range of specialized solutions which are dedicated for particular sectors of economy or customized for particular clients. The company's offer is addressed especially to the public administration authorities and local government bodies, banks and financial institutions, but also to private companies.

The company has got many prestigious clients of the following sectors: public administration, banking and finance, insurance, telecommunications, industry, public facilities, and transportation. Among the customers of Asseco Czech Republic are the largest Czech bank CSOB, mobile telephony operator T-Mobile, the Czech Ministry of Internal Affairs. In cooperation with KAPSCH of Austria, the company executes a prestigious contract for development of a system for electronic collection of road tolls in the territory of Czech Republic.

On 2 April 2007, the company was notified by the District Court in Prague about registration of the change in its name from PVT a.s. to Asseco Czech Republic a.s.

Major agreements entered into by Asseco Czech Republic a.s.

- According to the Czech monthly *INSIDE* – Trends and strategies on the Czech IT market, expansion of the Asseco Group is the TOP 1 story of the year 2007 in the Czech Republic.
- Presently the company executes the final stages of the public sector projects – Vězenské služby ČR (Personal information system), Krajský úřad Moravskoslezského kraje (Delivery and implementation of datamarket for the educational system, and System for management of EU projects), Ministerstvo vnútra (Delivery of IT system for control of vehicles).
- 2-year contract with a Czech insurance company for support and development of the Public Key Infrastructure (PKI).

Asseco Romania SA

Asseco Romania SA seated in Rzeszów was registered in April 2007 and 93% of its share capital is owned by Asseco Poland SA. The scope of business activities of Asseco Romania SA shall be capital investments in IT companies as well as provision of IT services in Romania. On 7 May 2007, Asseco Romania SA concluded agreements for acquisition of shares in two Romanian IT companies – FIBA Software S.r.l. and Net Consulting S.r.l. This issue is discussed in more detail in the section on changes in the Asseco Group structure.

Issuance of bonds by Asseco Romania SA

On 24 April 2007 Asseco Romania SA signed with the Cracow-based Bank BPH SA an agreement for a bonds issuance programme. The programme provided for issuance of ordinary bearer bonds, dematerialized and not admitted to public trading (pursuant to art. 9 section 3 of the Bonds Act of 29 June 1995), with the total face value of PLN 100,000,000 (one hundred million zlotys). The issuance price of individual tranches of Bonds shall be equal to the face value of Bonds decreased by a discount rate that shall be each time agreed between the Management Board of Asseco Romania SA and BPH SA. The objective of the Bonds issuance was to secure funds for bridge financing of investment plans of Asseco Romania SA.

Asseco Systems SA

On 4 June 2007, this company changed of its name from Softbank Serwis Sp. z o.o. to Asseco Systems Sp. z o.o. Asseco Systems is a comprehensive provider of technical support and maintenance services of computer hardware and IT infrastructure. Owing to the fact that Asseco Poland made a contribution of an organized part of enterprise, namely the Building Automation Department, Asseco Systems was able to reinforce and extend its competence within projects involving execution of electrical, teletechnical, and low-voltage installations as well as contracts for the Building Management Systems (BMS), this is automation systems used in modern buildings. Also as part of rearrangement of competencies and resources within the Group, this company sold to Asseco Business Solutions an organized part of its firm engaged in provision of HR modules for large enterprises.

During the year 2007 the company's largest clients included: Ministry of National Education – school internet workshops, Polish Post – distribution and dispatch centres, supply and maintenance of hardware, Polnord – installations at KBP, Dalkia, PKO BP, ING, and Dominet Bank.

Asseco Systems has operated a joint-stock company since 21 September 2007.

Asseco Business Solutions SA

On 1 June 2007, Asseco Business Solutions SA (former Incenti SA) merged with four other companies: Safo, Softlab Trade, Softlab, and WA-PRO. The legal basis for merger was a notarial deed prepared subsequently to the Extraordinary General Meeting of Shareholders held on 29 March 2007, when the plan of companies' merger was signed. The next step was taken on 21 May 2007 at the Extraordinary General Meeting of Shareholders where the merger deed was executed. The company's registered seat is Lublin. As the companies amalgamated into one organization, the share capital increased to PLN 115,069,570. Following the merger, the equity interest held by Asseco Poland in Asseco Business Solutions SA equalled approx. 67.47 %. On 27 November 2007, due to an increase in the share capital of Asseco Business Solutions SA to PLN 143,069,570 through issuance of series C shares, the shareholding of Asseco Poland SA in that company dropped from 67.47% to 54.27%. The shares of Asseco Business Solutions SA have been listed on the main market of the Warsaw Stock Exchange since 19 November 2007. The funds raised from the issuance of stock were appropriated for acquisition of shares in Anica System SA.

Asseco Business Solutions operates within the Asseco Poland as the Competence Centre responsible for ERP (Enterprise Resource Planning) systems, outsourcing, and e-Learning. The organizational structure of Asseco Business Solutions is based on four Business Divisions: Incenti Business Division, Safo Business Division, Softlab Business Division, and WA-PRO Business Division. Individual divisions are responsible, in their market activities, for generating sales and development of products and services they have offered so far.

Incenti Business Division is responsible for outsourcing and e-Learning services. Business Divisions of Safo and Softlab offer ERP software, based on technology of Oracle and Microsoft respectively, intended to support management processes at large and medium-sized enterprises. Whereas, WA-PRO Business Division provides ERP systems for small and medium-sized firms. Additionally, Asseco Business Solutions continues cooperation with all the Partners of combined companies.

The company's comprehensive offer includes: provision, customization and configuration of business applications, design and construction of IT infrastructure at the Client's premises or in an outsourcing model, e-Learning trainings (dedicated or ready-made – available from the largest library of ready-to-use electronic trainings of the world leader SkillSoft, whose general distributor in Poland is Asseco Business Solutions), as well as supply of computer hardware and operating systems of renowned Partners. The company has at its disposal a modern Data Processing Center. Another outcome of the merger is that Asseco Business Solutions has a network of more than 500 partners all over Poland.

Once the merger of Asseco Business Solutions has been registered, the company commenced preparation of the share issuance prospectus for its initial public offering. The company entered the Warsaw Stock Exchange on 19 November 2007. 5,600,000 newly issued shares of series C were sold at PLN 11 per share, making the total of PLN 61,600 thousand, which amount was used for acquisitions in line with the issuance objectives.

Asseco Business Solutions acquired a 60.56% stake of shares in Anica System already on 30 November 2007, using the funds obtained from the capital market. That transaction laid the cornerstone for creation of the Asseco BS Group, comprising Asseco Business Solutions and Anica System. By acquisition of Anica, the Group's market offer was supplemented with the technologically advanced mobile systems as well as integration and analytical systems for enterprises running business activities largely based on the networks of field sales force.
The Anica's product portfolio includes ebi mobile – a top SFA (Sales Force Automation) system in the Polish market. Apart from Poland the program is also sold in Hungary, Czech Republic, Slovakia, Russia, Portugal, France, Greece, and Ireland.

In 2007 the company concluded a number of contracts for implementation of ERP systems for the companies Black Red White, Merlin.pl, Frito Lay Poland, RTV EURO AGD, Agito, Nestle Polska SA, IMPEXMETAL SA, just to mention a few, as well as for the Ministry of Health. Sales of software for small companies increased substantially as well. As far as outsourcing and e-learning services are concerned, the company concluded agreements with Coca Cola, HBC Polska, Cyfrowy Polsat, Emperia Holding, Ruukki Polska, ServicePoint, Raiffeisen Bank Polska, and PKP Energetyka.

ADH Soft Sp. z o.o.

The Warsaw-based company ADH Soft Sp. z o.o. joined the Asseco Group in the first half of 2007. Being established in 1995, until nowadays the company became a Polish leading producer of software dedicated for companies operating in the financial services market, especially for leasing companies. The key product of ADH Soft is LEO system – an integrated system for comprehensive handling of leasing activities. ADH Soft provides technological support for over 70% clients operating in the leasing market, which translates into almost 1000 users. The company implemented its software in more than 60 firms of the financial services sector. Among the company's best clients are DaimlerChrysler Leasing Poland, Volksbank Leasing Poland, Fortis Lease Poland, Toyota Bank Poland, Fiat Finance Poland, Kredyt Lease, BRE Leasing, Bank Leasing Fund, and Intermark Leasing Ltd.

Gladstone Consulting Ltd.

During the year of 2007, Gladstone Consulting Ltd., based in Nicosia, Cyprus, focused on execution of its main contract for Pekao SA Bank. This firm provides high quality consulting services and is engaged in development and modification of the bank's central IT system.

ZUI Novum Sp. z o.o.

Novum Sp. z o.o. is a producer of banking applications, integrator and supplier of comprehensive IT systems. In 2007 the company provided its proprietary IT solutions mostly to the cooperative banking sector.

Sintagma UAB Sp. z o.o.

Sintagma UAB is a leading producer of software and integrator of IT systems in Lithuania whose business offer is dedicated primarily to the sectors of public administration and financial institutions. The most significant contracts executed by that company in 2007 included the agreement for supply and implementation of the IT system for the Plenary Assembly of the Parliament of Lithuania as well as the agreement for delivery of the data management system for the company MoD.

11. Corporate officers of Asseco Poland SA

In 2007 the compositions of the Management Board and Supervisory Board of the Parent Company were as follows:

Supervisory Board	Period of service	Management Board	Period of service
Ryszard Krauze	01.01.2007 – 01.10.2007	Adam Góral	04.01.2007 – 31.12.2007
Jacek Duch	04.01.2007 – 31.12.2007	Przemysław Borzestowski	01.01.2007 – 31.12.2007
Dariusz Górka	04.01.2007 – 31.12.2007	Piotr Jeleński	01.01.2007 – 31.12.2007
Stanisław Janiszewski	01.01.2007 – 31.12.2007	Marek Panek	04.01.2007 – 31.12.2007
Grzegorz Maciąg	04.01.2007 – 31.12.2007	Zbigniew Pomianek	04.01.2007 – 31.12.2007
Piotr Mondalski	01.01.2007 – 31.12.2007	Adam Rusinek	04.01.2007 – 31.12.2007
Adam Noga	04.01.2007 – 31.12.2007	Przemysław Sęczkowski	01.01.2007 – 31.12.2007
Jarosław Adamski	01.10.2007 – 31.12.2007	Robert Smułkowski	01.01.2007 – 31.12.2007
Maria Zagrajek	01.01.2007 – 04.01.2007	Krzysztof Korba	01.01.2007 – 04.01.2007
Marek Jakubik	01.01.2007 – 04.01.2007		

As a result of the Company's merger with Prokom Software SA, the following persons were appointed as members of the Management Board since 1 April 2008:

First name and surname	*Position*
Tadeusz Dyrga	Vice President of the Management Board
Krzysztof Kardaś	Vice President of the Management Board
Włodzimierz Serwiński	Vice President of the Management Board

As at publication of this Report, i.e. on 22 April 2008, the Company's Supervisory Board comprised the following persons:

First name and surname	*Position*
Jacek Duch	Chairman of the Supervisory Board
Grzegorz Maciąg	Member of the Supervisory Board*
Dariusz Górka	Member of the Supervisory Board**
Adam Noga	Member of the Supervisory Board
Jarosław Adamski	Member of the Supervisory Board
Bo Denysyk	Member of the Supervisory Board
Andrzej Szukalski	Member of the Supervisory Board

**On 19 February 2008 the Company received a resignation letter from Mr. Grzegorz Maciąg resigning as Member of the Supervisory Board of Asseco Poland SA with effect from the date of registration of the merger of Prokom Software SA and Asseco Poland SA in the National Court Register (1 April 2008).*

***On 20 February 2008, the Extraordinary General Meeting of Shareholders dismissed Mr. Dariusz Górka from the position of Member of the Supervisory Board. The resolution became effective from the date of registration of the merger of Prokom Software SA and Asseco Poland SA (1 April 2008).*

On 20 February 2008 the Extraordinary General Meeting of Shareholders of Asseco Poland SA appointed Messrs Bo Denysyk and Andrzej Szukalski as Members of the Supervisory Board.

On 10 December 2007 the Company received a resignation letter from Mr. Piotr Mondalski resigning as Member and Vice Chairman of the Supervisory Board of Asseco Poland SA with effect from the date of holding the Company's Extraordinary General Meeting of Shareholders convened with objective to pass a resolution on the merger of Asseco Poland SA and Prokom Software SA, this is from 20 February 2008.

On 14 February 2008 the Company received a resignation letter from Mr. Stanisław Janiszewski resigning as Member of the Supervisory Board of Asseco Poland SA with effect from 20 February 2008, this is from the date of holding the Company's Extraordinary General Meeting of Shareholders convened with objective to pass a resolution on the merger of Asseco Poland SA and Prokom Software SA.

12. Strategy and development outlook of the Asseco Group

The **Mission** of the Asseco Group is to build an international group of profitable companies engaged in production and supply of IT solutions.

Strategy of Asseco Poland SA after the merger with Prokom Software SA – Poland

Achieving and maintaining the leading position in each market served

After the merger the Company's strategy is to achieve the leading position (in the top three) in each market served in terms of sales revenues while keeping the present margins of profit. Companies of the Post-Merger Group will share their experience and skills as a result of which the flagship solutions of the Post-Merger Group will be sold across all the countries we operate or will operate in.

Higher R&D expenditures

The merged Company is going to increase expenditures for research and development which will contribute to creation of new products and solutions as well as upgrading the existing ones. All the experience gained so far by the Asseco Group and the Prokom Group will be put into one joint effort. Such cooperation is expected to enable achievement of higher margins on the products and services offered.

Consolidation of the Polish producers of ERP (Enterprise Resource Planning) software

The Asseco Group is very active in consolidating the Polish market of producers of business management software. Asseco Business Solutions, a leading player in that market, was created through

the merger of Incenti (renamed as Asseco Business Solutions in February 2007) with the companies of Softlab, Softlab Trade, Wa-Pro, and SAFO. Owing to acquisition of Anica System SA, the Asseco Business Solutions Group gained supplemented its competence with further enterprise management systems. It is possible that the Group of Asseco Business Solutions will continue to grow by more company take-overs.

Launching new products

It is assumed that once the knowledge and experience of Asseco specialists will be used for implementations of Prokom products, the Post-Merger Group will get a fresh ability to launch new products into the market.

Cost reduction

The development strategy of the Post-Merger Group involves reduction of costs to be achieved by moving and combining the management boards of Asseco and Prokom, establishing a joint marketing and sales department for both the companies, optimization of the production processes, and better management of human resources.

Foreign markets

It is anticipated the Merger will make it possible to implement the following foreign strategy:

Further expansion in Slovakia and Czech Republic

Asseco Slovakia, a subsidiary of Asseco, will continue to consolidate the Slovak and Czech information technology market. Apart from those two markets, Asseco Slovakia will also conduct future acquisitions in Hungary, Austria and Switzerland.

Creation of Asseco SEE (South Eastern Europe)

Asseco SEE will be established in effect of the merger of Asseco Adria (renamed as Asseco SEE on 11 February 2008) with Asseco Romania and will conduct operations in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia, Kosovo Region, Albania, Romania, Bulgaria, and Greece. Amalgamation of Asseco Adria (present Asseco SEE) and Asseco Romania will be conducted in the first quarter of 2008. A milestone of this process was reached on 31 January 2008 when Asseco SEE acquired shares of Asseco Romania SA from the Company. The year 2008 will see further acquisitions in Romania, Serbia and Macedonia.

Markets of the Baltic Republics

The Group plans include expansion also in the Baltic Republics (Lithuania, Latvia and Estonia). For the time being the Asseco Group has incorporated just one Lithuanian company SINTAGMA UAB, which is a leading producer of software and integrator of IT systems in Lithuania. The business offer of SINTAGMA UAB is dedicated primarily to the sectors of public administration and financial institutions. The Management Board intention is to invest in the Baltic Republics only in the key areas of operations of the Post-Merger Group.

Expansion to West Europe and the United States of America

The Asseco Group has already entered the West European markets: Germany – through the companies Automation + Productivity AG and matrix42 AG (making business also in the US) both of which were taken-over by Asseco Germany, a subsidiary of Asseco); and Austria – through UniQuare company acquired by Asseco Slovakia. In the coming years the Asseco Group intends to reinforce its market position in West Europe. The Group will be shortly joined by another German company, operating also in the United States. In the next few years Asseco will enter the Netherlands market as well. Moreover, Asseco is in the process of negotiations with several firms in the United States. Asseco USA is planned to be established just in two years.

13. Characteristics of factors essential to the Group's development

External factors essential to the Group's development

The most important external factor determining the growth of Asseco Group is the condition of the Polish market of technological solutions, which has already been described in chapter 3 herein. Further external factors affecting the Group's development include:

Factors related to IT industry and regulatory environment:

- The 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 Group 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.

Factors related to business activities:

- The is some risk related to the Central and Eastern European countries, in which the Group already conducts, or intends to commence, business activities.
- The Group's operating strategy involves expansion to other geographical regions, which if not followed might have negative effects of the Group's development and future operations.
- 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.
- The Group's operations depend upon several large projects and any difficulties in gaining new contracts might exert negative influence on our operations, future prospects, operating results and financial position.
- 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.
- The Group's operations depend upon the key-client contracts, and loosing them might bring negative consequences to our operations, future prospects, operating results and financial position.
- 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 controlling shareholder of our Group might take actions contrary to the interest of other shareholders.
- 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.
- It is possible that insurance policies acquired by the Group's will not cover all the risks occurring in the future; hence, there may be some extraordinary events that will weigh down on the Group's operations, business outlook, operating results and financial position.

Economic condition of the clients and the markets of their operations

The financial performance of companies operating in the market of IT solutions for banks and financial institutions depends to a large extent on such customers' economic condition, as it is taken into account when setting priorities by their management teams. The clients' prosperity is influenced by the overall economic growth, and also by decreasing interest rates and squeezed margins defined as the difference between the interest on credits and deposits. Consolidation of the Polish banking market is just another external factor that may possibly have negative effects for the Group's position in the market of IT solutions for this sector. Nevertheless, it seems that the Group's exposure to such risk is relatively low. Its key accounts, such as Bank PKO BP SA, Bank Pekao SA, Cooperative Banks, will probably stay independent for many years to come. The Asseco Group gains a cutting edge advantage by offering Polish, proprietary and innovative software enabling our Clients to choose a more cost effective solution, and still based on the most modern technology. Some western solutions offered in the market were created back in the 80's. Those products were dedicated to western banks which operated on a different scale at that time. The above-mentioned factors result in problems with implementation of west-made systems in the Polish banking sector.

Rapid development of technology

The information 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 here 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 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, Asseco is specialized in the niche market, thanks to which it enjoys significant competitive advantage. Additionally, as one of the few Polish

companies offering proprietary software, the Company is able to record higher margins than its competitors who sell foreign 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 will considerably influence the development of the Asseco Group because it conducts operations and plans further expansion in the 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 the majority of the Group's revenues are still realized in the domestic market and in the local currency.

Technological saturation

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

Internal factors essential to the Group's development

Execution of the largest contracts

The main internal factor influencing long-term sustainability of the Group's strong position is execution of its largest contract for informatization of Bank PKO BP SA (which was entered into in August 2003), implementation of the long-term project of the Central Register of Vehicles and Drivers ("CEPiK"), as well as execution of other large projects in the insurance and public administration sectors in cooperation with Prokom Software SA. 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.

Quality and comprehensiveness of the Group's offer

Quality and comprehensive nature of the business offer is crucial for the Group's ability to win new clients. 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 companies continue to expand and develop their business offers by conducting their 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 players in the Polish IT market. According to the Parent Company management, the Group's most significant competitive advantages are:

- high professionalism of the managerial staff and key personnel,
- portfolio of own competitive products dedicated for banks, which generate high margins of profit,
- coherent development strategy, which shall ensure further growth of our Group,
- prospects for expanding the Group's foreign operations as well as supplementing its product portfolio in connection with the planned acquisition,
- capturing of the market niches.

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 def3000 system designed especially for banks. Furthermore, the Group will benefit from offering the ready-to-implement system for the insurance sector that was designed by Asseco Slovakia.

14. Discussion of significant risk factors and threats

Description of risk factors occurring in business environment of the Company, Asseco Group and the Post-Merger Group

Risk related to the macroeconomic situation of Poland

Development of the IT services sector is closely correlated to the overall economic situation of Poland as well as other countries in which the Asseco Group operates. The main factors affecting the Group's financial results 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. There is a risk that any economic slow down, lower capital expenditures in enterprises, decline in public orders or higher inflation might have a negative impact on the Group's operations, financial position and results as well as on its development outlook.

Foreign currency exposure risk

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. In 2007 transactions concluded in foreign currencies accounted for approximately 44% and 25% of the total turnover of Asseco Poland SA and Prokom Software SA, respectively. The Company makes use of suitable instruments available in the financial market in order to minimize its exposure to the foreign currency risk. However, such activities may be not entirely effective and therefore it cannot be precluded that fluctuations in the exchange rates of foreign currencies versus the Polish zloty may have some adverse effects on the operations, financial position, financial performance, and development outlook of the Group.

Risk related to intensified competition in the domestic market

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. The process of consolidation of large IT companies, which is observed in Poland and other European markets, as well as the fact that more and more institutions begin to hire their own specialists may diminish the Group's competitive advantage over other firms, 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 not have adverse effects on the Group's operations, financial position, financial results and future development outlook.

Risk related to consolidation of the Polish banking sector

The banking sector in Poland undergoes dynamic changes. Foreign entities successively gain more ownership in Polish banks. There is a risk that the banks taken over by foreign organizations will start to use global IT solutions, as applied by their shareholders. Hence, the IT companies that provide services to foreign banks at the place of their headquarters may be given some preference when it will come to supply of IT systems. Such circumstances might have a negative impact on the Group's operations, financial position and results as well as its future outlook.

Risk related to regulations of the Banking Law pertaining to outsourcing

According to the Banking Law, the transfer (by a bank to an external entity) of a business function related to banking activities is subject to special legal regime. The provisions of the Banking Law impose a number of obligations, especially in connection with entering into an agreement between the client bank and the outsourcer. 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 specified factual 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 above-mentioned provisions of the Banking Law 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 date of publication of this Report, the 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 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 that the taxation authorities take a different position from the interpretation of tax regulations adopted by the Taking-over Company or the Acquired Company, the Group’s 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 authority over the transactions the Company conducts with its related entities. One has to admit the risk of changes in regulations and their interpretation is typical also for other countries of Central and Eastern Europe where the Group operates. Particular attention is paid to potential changes in the Slovak taxation system which may obstruct the Group's alternatives to employ its personnel under competitive conditions. This might have a negative impact on the Group’s operations, financial position and results as well as its future development outlook.

Risk of potential legal disputes concerning copyrights

Development of the Group's operations in the market of IT products depends to a large degree on ownership of intellectual property rights, especially copyrights to computer programs. Until the date of publication of this Report, neither the Company nor the Acquired Company were parties to any disputes arising from copyrights to software. 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 prospect.

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

Risk involved in becoming dependent on the key customers

Implementation of the key account contracts – in particular those for execution of the Central IT System for Bank PKO BP SA, the Central Register of Vehicles and Drivers (CEPiK) for the Ministry of Internal Affairs and Administration (MSWiA), as well as for execution and maintenance of the Comprehensive IT System for the Social Insurance Institution (ZUS) – will have a heavy impact on the sales revenues to be realized by the Group in the coming years. Likewise, the Group'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. As at the publication of this Report, there are no circumstances which would justify early termination or deterioration of the contractual terms and conditions under any of the key contracts concluded by the Company, or which might justify making any claims for compensation arising out of or in relation to those contracts. Furthermore, in order to minimize the aforementioned risk, the Company makes efforts to diversify its orders portfolio and to spread its activities over miscellaneous sectors. 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 involved in execution of IT projects

Most of the Group's income is derived from 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. Such circumstances may impair the Group's financial liquidity.

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 the Group companies, 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.

In order to minimize its exposure to such risk, the Company maintains an ongoing professional control of the progress of IT projects, each time including a detailed analysis of the contract profitability.

Nonetheless, it cannot be precluded that during the following stages of 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 its future development outlook.

Risk related to offshoring

Improving quality of the information technology services provided through international outsourcing (offshoring) as well as growing business investments in the Polish market may eventually result in a loss of human resources and trigger off some local market competition in this respect. Such circumstances might have a negative impact on the Group's operations, financial position and results as well as its future outlook.

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 2007 the personnel rotation equalled 43% and 12.9% in Asseco Poland and Prokom Software, respectively. The 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 Group 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 involved in gaining new contracts

It is characteristic of the IT business that most of contracts are awarded under tendering procedures. However, there is no certainty that the Asseco companies will be able to gain such new contracts that would ensure satisfactory revenues in the future. 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 technological changes in the industry and development of new products

The information 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. The Company monitors the present information technology trends and develops and upgrades its business offer accordingly. However, there is always some risk that the newly launched products will be more attractive than the products or services offered by the Group, which might become less profitable than 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 each 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 carrying out of public tenders

In the third quarter of 2007 sales of the Asseco Group to the public sector accounted for 14.1% of its total turnover; whereas, the Prokom Group earned 27.5% on such contracts. 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 slow utilization of the EU funds granted for improving innovation at the Polish offices, this might substantially reduce the local demand for IT services and thereby exert negative impact on the operations and financial performance of the Post-Merger Group, as well as on its future development.

Risk related to market saturation

An emerging phenomenon of technological saturation in the Polish banks may prompt them to focus their strategies on smaller or mid-size IT projects that would satisfy their current needs only. Such circumstances might have an adverse impact on the operations, financial position and financial performance of the Group, as well as on its development outlook.

15. Changes in the principles of the Company and Group management

After the merger of Asseco and Softbank in 2007 the Company took a lot of efforts and actions in order to combine these two organizations effectively and efficiently. A new organizational structure was established, and authority was divided among particular departments and teams. The processes, procedures and regulations were unified across the whole organization.
The management tools were improved with the objective to enable more effective use, monitoring as well as economic evaluation of the Group's resources. The Group further developed the processes and models to better manage its production activities, human resources and competences, and to provide support to its sales force. 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 firm's safety.

16. Changes in the Group organizational or capital relations

Changes in the Asseco Group structure

Registration of the companies' merger

On 4 January 2007 Asseco Poland SA (former Softbank SA) merged with Asseco Poland SA (the acquired company), which is described in more detail in section "Merger with Asseco Poland SA" of these semi-annual consolidated financial statements.

Acquisition of shares in Asseco Czech Republic a.s. (former PVT a.s.)

On 1 January 2007 the Issuer acquired a non-cash contribution in the form of 100% equity interest in Asseco Czech Republic a.s. (former PVT a.s.) based in the Czech Republic, as further described in section "Merger with Asseco Poland SA" of these consolidated financial statements. In return for this contribution, the Company assigned 2,140,000 shares with the issuance price of PLN 37.70 per share, making up the total issuance fair value of PLN 80,678 thousand, whereas expenses related directly to the acquisition of Asseco Czech Republic a.s. (former PVT a.s.) amounted to PLN 300 thousand.

Sale of shares in Softlab Sp. z o.o.

On 14 March 2007 the Company signed an agreement for sale of 284 shares in Softlab Sp. z o.o. seated in Warsaw, representing 44.6% of that company's share capital. The buyer was Asseco Business

Solutions SA (former Incenti SA) with the seat in Warsaw.

Until 20 February 2007, the company Asseco Business Solutions SA operated under the name of Incenti SA. It was an intention of the Management Board to use Asseco Business Solutions SA as the basis for establishing the Group's Competence Centre responsible for ERP systems, outsourcing, and e-Learning.

Acquisition of shares in Safo Sp. z o.o. and signing the plan of merger

On 28 March 2007, the subsidiary undertaking Asseco Business Solutions SA (seated in Warsaw, formerly operating under the name of Incenti SA) purchased from five partners in the Lublin-based company Safo Sp. z o.o., 540 shares representing of that company's share capital, for the total price of PLN 17,181,818.28. The company Safo was a Polish leading supplier of information technology solutions dedicated to larger enterprises.

This acquisition was the initial stage of establishing a Polish leader of IT solutions for enterprises outside the banking sector, which process is conducted by the Asseco Group based on its subsidiary undertaking Asseco Business Solutions SA.

On 29 March 2007, the process of amalgamation of the companies Safo Ltd., Softlab Trade Ltd., Softlab Ltd., Wa-pro Ltd. and Asseco Business Solutions SA was initiated by signing the plan of merger to be executed pursuant to art. 492 § 1 item 1 of the Polish Commercial Companies Code.

Merger with SLNT, a.s. and Slovanet, a.s.

According to the current report no. 10/2006, the company SLNT, a.s. was resolved as a result of the merger with Slovanet, a.s, based on the resolutions passed by the Extraordinary General Meetings of Shareholders of the companies Slovanet, a.s and SLNT, a.s. that were both held on 27 November 2006. Based on the above-mentioned resolution, the District Court in Bratislava crossed out the company SLNT, a.s. from the commercial register. Thereby, the company Slovanet, a.s., in the capacity of legal successor of SLNT, a.s., assumed all the rights and obligations of the resolved company SLNT, a.s. The merger became effective as of 1 January 2007 when the company SLNT, a.s. was crossed out from the commercial register.

Acquisition of shares in Datalock, a.s.

On 8 January 2007, Asseco Slovakia SA signed a significant agreement for acquisition of 51.04% shares in the company Datalock a.s., one of the leading producers of business management software in Slovakia. The acquired shares represent 51.04% of share capital and the same voting interest at the general meeting of shareholders of Datalock, a.s.

The total cost of acquisition of shares will range between SKK 125,000,000 and 145,000,000 (depending upon the amount of net profit achieved by Datalock, a.s. for the years 2006 and 2007) and exceeds 10% of the acquiring company's own equity. This acquisition will be financed with the funds raised from the conducted issuance of shares. Asseco Slovakia a.s. shall become a strategic investor that is going to support the strategy of Datalock a.s. in a long run perspective.

Sale of shares in Asseco Czech Republic, a.s.

On 24 April 2007 Asseco Poland signed an agreement for sale of 329 registered shares of Asseco Czech Republic, a.s. seated in Prague, to Asseco Slovakia. The sold shares represent 25.06% of share capital of Asseco Czech Republic, a.s.
The transaction of purchasing the 25.06% stake of shares in Asseco Czech Republic, a.s. by Asseco Slovakia, a.s. resulted from the development strategy adopted by the Asseco Group, under which Asseco Slovakia, a.s. is responsible for expansion in Slovakia, Czech Republic and Hungary. This is just the first stage of the Asseco Slovakia, a.s. task to build a strong Czech pillar of the Group. This way Asseco Czech Republic, a.s. will become one of the largest information technology companies in the country.

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On 7 September 2007, Asseco Poland SA signed with Asseco Slovakia a.s. an agreement for sale of 187 registered shares of Asseco Czech Republic, a.s. seated in Prague, with a par value of CZK 100 thousand each.
The shares represent 14.24% of share capital of Asseco Czech Republic, a.s. and were sold for the total amount of PLN 12,170,908.

In order to come into effect the agreement needed to be approved by the Antimonopoly Office of Slovakia, and Asseco Slovakia received such approval on 5 October 2007.

After selling 187 shares in Asseco Czech Republic by Asseco Poland SA, its interest in the share capital of Asseco Czech Republic dropped from 74.06% to 60.70%.

On 14 September 2007 the Municipal Court in Prague entered in the Commercial Register the resolution of the Extraordinary General Meeting of Shareholders of 6 September 2007 on increasing the share capital of Asseco Czech Republic by the amount of CZK 54,400,000, this is from CZK 131,300,000 to CZK 185,700,000 through issuance of 544 registered shares with a par value of CZK 100,000 each.

On 8 October 2007, Asseco Slovakia a.s. and Asseco Poland SA signed an agreement, whereby Asseco Poland SA agreed to acquisition of shares of the increased share capital of Asseco Czech Republic a.s. by Asseco Slovakia a.s.

As Asseco Slovakia a.s. acquired a new issuance of shares of Asseco Czech Republic a.s., the direct shareholding of Asseco Poland SA in Asseco Czech Republic a.s. decreased from 60.7% to 42.92%. Therefore the Asseco Poland Group lost its direct control over Asseco Czech Republic a.s. in favour of Asseco Slovakia a.s.

Acquisition of shares in the newly established Asseco Romania SA

On 19 April 2007, the Company received a decision of the District Court in Rzeszów on registration of the company Asseco Romania SA, seated in Rzeszów, on 17 April 2007. The share capital of the newly established undertaking amounts to PLN 500,000 and is divided into 5,000,000 ordinary shares with a par value of PLN 0.10 each. Asseco Poland SA acquired a stake of 4,650,000 shares in Asseco Romania SA representing 93% of share capital of that company. The remaining shareholders of Asseco Romania SA became the key staff of Asseco Poland SA, inclusive of members of the Company's management. The scope of business activities of Asseco Romania SA shall be capital investments in IT companies as well as provision of IT services in Romania.

Purchase of shares in the Romanian companies: FIBa Software and Net Consulting

On 7 May 2007, the Company was notified by its subsidiary Asseco Romania about signing the agreements for acquisition of shares in two information technology companies of Romania. For the total amount of EUR 5,849,210.35, Asseco Romania SA purchased 70 shares of FIBa Software S.r.l., based in Bucharest, representing 70.00% of share capital of that company. The shares were purchased from four shareholders of that company. FIBa Software S.r.l. is the largest Romanian provider specialized in IT solutions for the banking sector. The company's technological partners are such world leaders as Oracle, HP, Microsoft, and Fujitsu-Siemens. The company has a broad portfolio of proprietary solutions dedicated to the banking industry, including the transaction and credit management systems, CRM systems, payment card transaction system, and many others. Among the clients of FIBa Software S.r.l. are: the Central Bank of Romania, BRD Societe Generale, Raiffeisenbank, ABN Amro, Citibank, HVB Bank, just to mention a few. The company employs about 20 persons.

Asseco Romania SA also purchased 700 shares of Net Consulting S.r.l., based in Bucharest, representing 70.00% of share capital of that company, for the total amount of EUR 9,781,732.60. The shares were purchased from three shareholders of that company. Net Consulting S.r.l. offers integration services and IT solutions for the financial, industrial, and public administration sectors. The company has got four main lines of business operations: Infrastructure Microsoft related projects, Business continuity, Business automation, Software development. The clients of Net Consulting S.r.l. include: in the industrial sector – Lafarge; in the banking sector – ING bank, Banc Post, Porsche Group; in the public administration sector – Ministry of Finance, Ministry of Health, Central Statistical Office, and many others. The company employs about 100 persons.

Acquisition of shares in ADH Soft Sp. z o.o.

On 28 May 2007 the Company signed an agreement for acquisition of shares in ADH-Soft Sp. z o.o. with the registered seat in Warsaw. The Agreement was concluded between Asseco Poland SA and the partner in the company ADH-Soft, a natural person. Asseco Poland SA acquired 55 shares in the Warsaw-based company ADH Soft Sp. z o.o. for the total price of PLN 3,300,000. The shares represent 55% of share capital and the same voting interest at the general meeting of that company.

Acquisition of shares in LCS International a.s.

On 4 May 2007, Asseco Slovakia SA signed a significant agreement for acquisition of 55.03% shares of the company LCS International a.s. The agreement was concluded with 4 natural persons. The acquired shares represent 55.03% of share capital and the same voting interest at the general meeting of shareholders of LCS International a.s. Under the agreement, Asseco Slovakia a.s. acquired 117,000 shares with a par value of CZK 50 each. The total value of transaction amounted to SKK 145,000,000 million. The condition precedent for the agreement was to become approved by the Antimonopoly Offices of Slovakia and Czech Republic.

The said acquisition agreement was accompanied by stock option agreements signed (also on 4 May 2007) with the remaining shareholders of LCS International a.s. Under the said acquisition agreement, owners of the remaining 44.97% shares in LCS International, a.s shall be entitled to exchange their shares for shares of Asseco Czech Republic, a.s. in the period between 31 October 2007 and 30 November 2007, according to the following exchange ratio: shares representing 44.97% of share capital of LCS International as at the agreement signature date may be exchanged for shares representing not more than 8% of share capital of Asseco Czech Republic as at the agreement signature date. In the event the minority shareholders decide not to exchange their shares, the stock option agreements entitle those shareholders to call upon Asseco Slovakia, in the period from 1 March 2008 to 30 June 2008, to buy the shares in LCS International that are held by those shareholders. If such an offer is submitted, Asseco Slovakia shall be obliged to purchase those shares at the price equivalent to the per-share price Asseco Slovakia paid for the stake of 55.03% of share capital of LCS International.

LCS International, a.s. was established in 1990 and it has been engaged in development, implementation and maintenance of IT systems dedicated to enterprises. At present LCS International employs 200 persons. The company's annual turnover is close to CZK 200 million. The company's head office is located in Prague and it has 2 domestic and 2 foreign divisions. LCS is the largest producer of ERP systems in the Czech market and it is ranked among the TOP 100 Czech information technology companies.

On 9 July 2007, Asseco Slovakia, a.s. received a decision of the Czech Antimonopoly Office, dated 9 July 2007, in which the Antimonopoly Office approved acquisition of shares in LCS International, a.s. by Asseco Slovakia, a.s.

Acquisition of shares in Berit a.s.

On 19 June 2007, Asseco Slovakia signed an agreement for acquisition of 55.43% shares of the company Berit a.s. The agreement was concluded with 6 natural persons. The acquired shares represent 55.43% of share capital and the same voting interest at the general meeting of shareholders of Berit, a.s. The total cost of this acquisition will range between SKK 96,000,000 and SKK 177,000,000 (depending upon the amount of consolidated net profit achieved by Berit a.s. for the fiscal years 2006/2007 and 2007/2008). The agreement was to come into effect on condition it is approved by the Antimonopoly Offices of Slovakia and Czech Republic. Acquisition of shares in BERIT has already been approved by the Slovak Antimonopoly Office (on 25 July 2007) as well as by the Czech Antimonopoly Office (on 17 August 2007).

Under the said acquisition agreement, owners of the remaining 44.57% shares in Berit shall be entitled to exchange their shares for shares of Asseco Czech Republic in the period between 16 October and 31 October 2008, according to the following exchange ratio: shares representing 44.57% of share capital of Berit as at the agreement signature date may be exchanged for shares representing not more than 10% of share capital of Asseco Czech Republic as at the agreement signature date. In the event the minority shareholders decide not to exchange their shares, the stock option agreement entitles those shareholders to call upon Asseco Slovakia, in the same period from 16 October to 31 October 2008, to buy the shares in Berit a.s. that are held by those shareholders. If such an offer is submitted, Asseco Slovakia shall be obliged to purchase those shares at the price equivalent to the per-share price Asseco Slovakia paid for the stake of 55.43% of share capital of Berit a.s.

Sale of shares in Berit and LCS International by Asseco Slovakia to Asseco Czech Republic

On 22 October 2007 Asseco Slovakia a.s. signed an agreement for sale of 485 shares in BERIT a.s. with a par value of CZK 100,000 each, representing 55.43% of share capital of that company. The total value of sale of 485 shares in BERIT a.s. exceeded SKK 96 million.

Furthermore, on 22 October 2007 Asseco Slovakia a.s. signed an agreement for sale of 117,000 shares in LCS International a.s. with a par value of CZK 50 each, representing 55.03% of share capital of that company. The total value of sale of 117,000 shares in LCS International exceeded SKK 145 million.

The shares of Berit a.s. and LCS International a.s. were acquired by Asseco Czech Republic a.s.

Asseco Czech Republic a.s. purchased shares in BERIT and LCS International following the development strategy adopted by the Asseco Poland Group, under which Asseco Slovakia a.s. is responsible for expansion of the Group in Slovakia, Czech Republic and Hungary. This is just a successive stage of the Asseco Slovakia task to build a strong Czech pillar of the Group.

Acquisition of shares in MPI Slovakia, s.r.o.

On 6 July 2007, Asseco Slovakia signed an important agreement for acquisition of 51% of shares in MPI Slovakia, s.r.o. seated in Bratislava. The agreement was concluded between Asseco Slovakia, a.s. and two natural persons being the partners in MPI Slovakia, s.r.o.

The total cost of acquisition of shares will be determined between SKK 10,000,000 and SKK 20,000,000 (depending upon the amount of net profit achieved by MPI Slovakia for 2007). The firm belongs to the group of small-sized enterprises conducting business activities in the local IT market. The company provides consultancy services concerning implementation of the comprehensive IT system SAP R/3. At present, the firm employs 25 persons and generates approx. SKK 35 million of sales revenues per year, with a net profit of SKK 3.5 million. Asseco Slovakia, a.s. shall become a strategic investor that is going to support the strategy of MPI Slovakia, s.r.o. in a long run perspective.

Acquisition of shares in the newly established Asseco Adria SA

The Management Board of Asseco Poland SA informs that on 18 July 2007 the Company received a decision of the District Court in Rzeszów on registration of the company Asseco Adria SA, seated in Rzeszów, on 11 July 2007. Asseco Poland SA acquired a stake of 4,650,000 shares in Asseco Adria SA representing 93% of share capital of Asseco Adria SA as well as the same percentage of total votes at the general meeting of shareholders of that company. For the acquired shares the Company paid the amount of PLN 465,000 in cash. The remaining shareholders of Asseco Adria SA became the key staff of Asseco Poland SA, inclusive of members of the Company's management. The Management Board of Asseco Adria SA is constituted by one person. President of the Management Board is Mr. Piotr Jeleński, who concurrently serves as Member of the Management Board of Asseco Poland SA. The Supervisory Board of Asseco Adria SA is composed of three persons. Chairman of the Supervisory Board is Mr. Adam Góral, who also performs the function of President of the Management Board of Asseco Poland SA. The other members of the Supervisory Board of Asseco Adria SA are Mr. Jacek Duch (concurrently Member of the Supervisory Board of Asseco Poland SA) and Mr. Przemysław Sęczkowski (also Member of the Management Board of Asseco Poland SA).

The scope of business activities of Asseco Adria SA shall be capital investments in IT companies as well as provision of IT services. The initial capital investments of Asseco Adria SA will be two IT companies of Serbia, seated in Skopje and Belgrade, whose shareholders signed preliminary acquisition agreements with Asseco Poland SA on 27 February 2007.

Acquisition of shares in the newly founded Asseco Germany SA

On 6 September 2007 the Management Board of Asseco Poland SA received information that the District Court in Rzeszów registered the company Asseco Germany SA, seated in Rzeszów, on 6 September 2007. Asseco Poland SA acquired a stake of 4,650,000 shares in Asseco Adria SA representing 93% of share capital of Asseco Germany SA as well as the same percentage of total votes at the general meeting of shareholders of that company. For the acquired shares the Company paid the amount of PLN 465,000 in cash. The remaining shareholders of Asseco Germany SA became the key staff of Asseco Poland SA, inclusive of members of the Company's management. The Management Board of Asseco Germany SA is constituted by one person. President of the Management Board is Mr. Piotr Jeleński, who concurrently serves as Vice President of the Management Board of Asseco Poland SA. The Supervisory Board of Asseco Germany SA is composed of three persons. Chairman of the Supervisory Board is Mr. Adam Góral, who also performs the function of President of the Management Board of Asseco Poland SA. The remaining two members are Mr. Jacek Duch (concurrently Member of the Supervisory Board of Asseco Poland SA) and Mr. Andrzej Gerlach (legal advisor to Asseco Poland SA and several other companies of the Asseco Group).

The scope of business activities of Asseco Germany SA shall be capital investments in IT companies as well as provision of IT services.

Issuance of bonds by Asseco Germany SA

On 10 September 2007 Asseco Germany SA, a subsidiary seated in Rzeszów, signed with the bank BPH SA, seated in Cracow, an agreement for a bonds issuance programme.

The programme provides for an issuance of ordinary bearer bonds, dematerialized and not admitted to public trading (pursuant to art. 9 section 3 of the Bonds Act of 29 June 1995), with the total face value of PLN 100,000,000 (one hundred million) (hereinafter referred to as the "Bonds"). Under this programme, Asseco Germany SA issues the first tranche of 4,730 Bonds of series ASSGE001 100908, with a face value of PLN 10,000 (ten thousand zlotys) each, and with the total face value of PLN 47,300,000 (forty seven million three hundred thousand zlotys). The maturity period of the first tranche Bonds shall be 1 (one) year.

The issued Bonds constitute an entitlement to receive cash benefits only; they are unsecured discount bonds with a fixed interest rate; they are neither privileged nor associated with any kind of additional benefits. The issuance price of individual tranches of Bonds shall be equal to their face value decreased by a discount rate that shall be each time agreed between the Management Board of Asseco Germany SA and the bank BPH SA. The objective of the Bonds issuance is to secure funds for bridge financing of investment plans of Asseco Germany SA.

Acquisition of shares in the German company AP Automation + Productivity AG

On 10 September 2007 Asseco Germany SA signed an agreement for acquisition of shares in a German information technology company.

Asseco Germany SA purchased 490,799 (four hundred and ninety thousand, seven hundred and ninety-nine) shares of AP Automation + Productivity AG, seated in Karlsruhe, representing 80% of share capital of that company. The remaining 20% of shares shall remain in the possession of the Management Board of the AP-AG Group. The total transaction value amounted to EUR 10 million for the acquired 80% stake of shares plus the additional amount of EUR 1.5 million due to taking over the company's liability to pay back a loan to its existing shareholders.

The AP-AG Group plans to close the fiscal year 2006/2007 (ending in August 2007) with sales revenues at the level of EUR 17 million (PLN 64.7 million), and a net profit of EUR 1.4 million (approx. PLN 5.3 million) achieving an EBIT margin of 13%. The AP-AG Group workforce consists of 120 employees.

The AP-AG Group is one of the three largest providers of ERP class solutions designed for small and medium-sized enterprises in Germany. The company has already carried out over 1000 implementations in the sectors of industrial production, automotive industry, retail trade and services just to mention a few. The AP-AG Group offers innovative ERP products to its customers. APplus, the company's flagship, is built entirely on the Microsoft's .NET platform. Based on modern network technologies (Web Services, ASP, XML, SOAP), APplus goes beyond the standard ERP functionality and is one of the first products in its class to integrate e-commerce, customer relationship management (CRM) and workflow systems into one coherent structure using a uniform client interface.

Acquisition of shares in Anica System SA and their subsequent sale to Asseco Business Solutions SA

On 4 October 2007 Asseco Poland SA concluded agreements with the shareholders of Anica System SA with the objective to acquire further shares in that company. Asseco Poland SA purchased 135,000 ordinary bearer shares from the company Niezależni Eksperci Majątkowi SA (Independent Property Experts SA) seated in Warsaw, and 1,205,515 shares, including 327,240 registered shares, from four natural persons. The shares acquired on 4 October 2007 represented ca. 26.7% of the share capital of Anica System SA, whereas together with the shares purchased on 28 September 2007 from Pekao Capital Fund Ltd. seated in Warsaw, they represented ca. 60.6% of the share capital of Anica System SA.

The total cost of acquisition of all 2,732,415 shares which constituted a 60.56% share capital interest and a 31.24% voting interest in Anica System SA amounted to PLN 54,779,456.

On 30 November 2007 Asseco Poland SA received from Anica System SA a decision taken by the District Court in Lublin, on registration of changes to the Anica System's articles of association with the subject to cancel the voting privileges on shares of Anica System. In effect Asseco Poland SA held 60.56% of the share capital and the same percentage of total votes at the General Meeting of Shareholders of Anica System SA.

On 30 September 2007 Asseco Poland SA signed an agreement for sale of its entire shareholding in Anica System SA to Asseco Business Solutions SA for the total price of PLN 56,064,022.

Acquisition of shares in Disig a.s.

On 26 October 2007 Asseco Slovakia a.s. signed with FOMAX a.s. seated in Bratislava, an agreement for acquisition of 102 shares in Disig a.s. with a par value of SKK 10,000 each, representing 51% of share capital of that company.

The total cost of acquisition will range between SKK 6 million and SKK 9 million and will depend on the amount of net profit achieved by Disig a.s. in 2007.

Disposal of shares in NetPower SA

On 24 October 2007 Asseco Poland SA signed with Investment Consulting & Management – Poland Sp. z o.o. as the buyer, an agreement for sale of 940,000 shares in NetPower SA, representing 100% of share capital of that company. The sale price amounted to PLN 114,025.

Acquisition of shares in Pexim d.o.o.

On 18 December 2007 Asseco Adria SA concluded an agreement for acquisition of a 60% stake of shares in Pexim d.o.o. with the seat in Belgrade. The sellers were one natural person and the company I4-INVENTION d.o.o. based in Belgrade. The remaining 40% of shares are owned by the founders of Pexim d.o.o. The total value of transaction amounted to EUR 18,000,000. The above-mentioned purchase of shares was financed with the funds raised from the issuance of bonds conducted Asseco Adria SA.

Pexim is a leading IT company operating in the markets of South Eastern Europe. In total the Pexim Group employs 310 persons. In 2006, the company generated EUR 22.3 million of sales revenues with a net profit of EUR 2.7 million. In 2007 net earning is expected to surpass EUR 3.1 million.

Acquisition of shares in UNIQUARE Software Development GmbH

On 19 November 2007 Asseco Slovakia a.s. signed with Genesis Liegenschaftsverwaltungs GmbH an agreement for acquisition of a 60% stake in UNIQUARE Software Development GmbH with the seat in Austria. The acquired shares represent 60% of share capital and the same voting interest at the general meeting of partners of UNIQUARE Software Development GmbH.

The total cost of acquisition will range between EUR 12 million and EUR 17.8 million and will depend on the amount of net profit achieved by UNIQUARE Software Development in 2008. The acquisition process was completed on 3 January 2008.

Acquisition of shares in Arbor Informatika d.o.o.

On 20 December 2007 Asseco Adria SA (at present Asseco South Eastern Europe SA) concluded an agreement for acquisition of a 70% stake in Arbor Informatika d.o.o. based in Croatia. The remaining 30% shareholding shall be kept by that company's shareholders and founders. The company provides its products and services to over 25 large financial institutions and corporations of Croatia and the region. The total value of this transaction amounted to EUR 10,800,000. The acquisition process was completed on 22 January 2008.

Acquisition of shares in Logos d.o.o.

On 20 December 2007 Asseco Adria SA (at present Asseco South Eastern Europe SA) concluded an agreement for acquisition of a 60% stake in Logos d.o.o. based in Croatia. The remaining 40% shareholding shall be kept by that company's shareholders and founders. The total value of this transaction amounted to EUR 7,400,000. The company conducts business activities in the sectors of banks, financial services, insurance and large companies. The acquisition process has not been completed until the date of publication of this report.

Take-over of the Croatian IT leaders, Arbor Informatika d.o.o. i Logos d.o.o., was a part of the business strategy of Asseco South Eastern Europe SA which assumes expansion in the countries of South Eastern Europe, which is the most dynamic IT marketplace in Europe with an annual growth of 20%.

The purchase of shares in both the companies was financed with the funds raised from the issuance of bonds conducted by Asseco South Eastern Europe SA.

Acquisition of shares in matrix42 AG

On 15 January 2008 Asseco Germany SA acquired a 97.53% stake in the company matrix42 AG, seated in Neu-Isenburg, Germany, the world's leading provider of software solutions to support product lifecycle management. The remaining 2.47% shares shall be held by the founders of matrix42 AG. Besides the parties agreed, that as a form of payment against the previous liabilities of matrix42 AG, Asseco Germany SA will sell 0.7% shares in matrix42 AG to its management team. The total acquisition price (including the transaction-related costs) shall not exceed EUR 26.2 million.

matrix42 AG offers comprehensive IT solutions designed for product lifecycle management. Solutions developed by matrix42 AG enable companies to manage their computer environment (servers, desktops, laptops and mobile devices) in a totally automated and efficient way. The solutions support computer hardware and applications, license management, installation and migration of operating systems, software distribution and upgrades, data recovery, etc.

Acquisition of matrix42 AG is a part of the long-term strategy of Asseco Germany SA to expand its business in the West Europe, one of the largest IT markets in the world. After 15 years of its international operations, the company has got almost 1000 clients and 3.6 million installed licenses. matrix42 operates mainly in Germany, Austria and Switzerland, but also in the United States and Canada (through its 100% owned subsidiary matrix42 USA, Inc.) At present among the company's largest customers are: Deutsche Telecom (using matrix42 products on 152,000 workstations, as well as Lufthansa Systems, Thomas Cook, BMW Financial Services, Volkswagen Financial Services and others.

17. Transactions with related companies

Transactions with the Company's related companies have been presented in Note 28 to the annual consolidated financial statements of the Asseco Group for the year ended 31 December 2007.

18. Opinion on feasibility of meeting the financial forecasts for 2007 as published by the Management Board

The Management Board of Asseco Poland SA did not publish any financial forecasts for the year 2007 as well as for subsequent financial periods.

19. Opinion on financial resources management

In 2007, just as in the prior years, the Asseco Group's own financial resources exceeded those borrowed from third parties. Hence, the spare cash was invested in financial instruments available in the Polish interbank market, which enabled earning the maximum possible investment return within the level of risk acceptable to the managements of Asseco 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 Asseco Group pays its trade liabilities, settles the state obligatory charges, and fulfils its investment obligations on a timely basis. The Group maintains credit facilities in various banks and it also issues debt securities, thereby diversifying its sources of financing. The Group pays its liabilities from current operating revenues which may be supplemented with third-party financing, such as short-term credit facilities within the current accounts, term credits and loans, or capital contributions.

20. Opinion on feasibility of investment plans, including capital expenditures

The financial results achieved by the Asseco Group both in 2007 and 2006, as well as free cash flows generated over those periods, made it possible to implement all the investment projects intended for 2007. Additionally the Group had, and has, wide opportunities of using third-party financing. Such circumstances are favourable to continuing our investment plans in the coming year.

In 2007 the Group followed the path of very intensive acquisition activities, especially in the markets of the Balkan Republics, Slovakia, Germany and Austria. The Group successfully completed acquisitions in the following companies: FIBA s.r.l., Net Consulting s.r.l., Pexim d.o.o., Datalock a.s., LCS International a.s., Berit a.s., MPI Slovakia s.r.o., Disig a.s., AP Automation + Productivity AG, UNIQUARE Software Development GmbH, Sintagma UAB, and ADH Soft Sp. z o.o., which absorbed PLN 300 million in aggregate.

By far the largest investment project executed was the Parent Company's merger with Prokom Software SA. A decision on the amalgamation as well as preparation of this 580-million zloty transaction took place in 2007, yet allocation of shares was executed in stages as per the adopted schedule, therefore the merger was finalized in 2008.

The Asseco Group investments, whether already implemented or planned for 2008, include mainly take-overs of companies which expand the areas of competence of the Group. The Management of the Parent Company intends to strengthen the Group competence in the following areas: production of banking software, provision of programming and consulting services for the financial sector. The Asseco Group budgeted its investments so that they could be implemented without disturbing the current operating activities or deterioration of financial liquidity of the Group companies. 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 credits, loans and/or issuances of debt securities.

The Company is still in possession of spare funds which, along with debt financing, will enable further equity acquisitions to be carried out. The up-to-date plan of acquisitions anticipates further expenditures of around PLN 330 million.

21. Agreements with the entity authorized to audit financial statements

On 8 August 2007, the Supervisory Board signed a resolution on choosing the company Ernst&Young Audit Ltd. to carry out an audit of the financial statements of the Company and its capital group in the financial year 2007, inclusive of a review of the unconsolidated financial statements of Asseco Poland SA and the consolidated financial statements of the Asseco Group for the first half of 2007, as well as an audit of the unconsolidated financial statements of Asseco Poland SA and the consolidated financial statements of the Asseco Group for the year 2007.

The table below discloses the total remuneration payable to the entity authorized to audit financial statements.

	Year ended 31 December 2007	**Year ended 31 December 2006**
	in PLN '000	**in PLN '000**
Total (net) remuneration payable or paid for the audit and review of the unconsolidated financial statements and the consolidated financial statements, per the first half-year	580	485
Total (net) remuneration payable or paid for services other than the audit and review of the unconsolidated and consolidated financial statements, per the first half-year	97	797
Total:	**677**	**1,282**

Signatures of all Members of the Management Board of Asseco Poland SA under the Management Board Report on Operations of the Asseco Group in 2007

Adam Góral
President of the Management Board

Przemysław Borzestowski
Member of the Management Board

Piotr Jeleński
Member of the Management Board

Marek Panek
Member of the Management Board

Zbigniew Pomianek
Member of the Management Board

Adam Rusinek
Member of the Management Board

Przemysław Sęczkowski
Member of the Management Board

Tadeusz Dyrga
Member of the Management Board

Krzysztof Kardaś
Member of the Management Board

Włodzimierz Serwiński
Member of the Management Board

Warsaw, 22 April 2008

Statement by the Management Board of Asseco Poland SA on reliability of preparation of the Consolidated Financial Statements of the Asseco Group for the period from 1 January till 31 December 2007

The Management Board of Asseco Poland SA hereby declares, to the best of its knowledge, that the Consolidated Financial Statements for the year 2007, made as at 31 December 2007 and the comparative data were prepared in conformity with the principles set forth in the 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 property and financial position and the financial results of the Asseco Group. The Management Board Report presents fairly the development, achievements and economic position of the Asseco Group, inclusive of the essential risks and threats to its operations.

Adam Góral
President of the Management Board

Przemysław Borzestowski
Member of the Management Board

Piotr Jeleński
Member of the Management Board

Marek Panek
Member of the Management Board

Zbigniew Pomianek
Member of the Management Board

Adam Rusinek
Member of the Management Board

Przemysław Sęczkowski
Member of the Management Board

Tadeusz Dyrga
Member of the Management Board

Krzysztof Kardaś
Member of the Management Board

Włodzimierz Serwiński
Member of the Management Board

Warsaw, 22 April 2008

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 period from 1 January till 31 December 2007

The Management Board of Asseco Poland SA hereby declares that the entity authorized to carry out an audit of the Consolidated Financial Statements of the Asseco Group for the period from 1 January till 31 December 2007, namely Ernst&Young Ltd., seated in Warsaw, was chosen in accordance with the provisions of the law in force. The entity as well as the certified auditors, who audited these financial statements, satisfied the conditions for issuing an impartial and independent opinion about such audit, in line with applicable regulations.

Adam Góral
President of the Management Board

Przemysław Borzestowski
Member of the Management Board

Piotr Jeleński
Member of the Management Board

Marek Panek
Member of the Management Board

Zbigniew Pomianek
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Włodzimierz Serwiński
Member of the Management Board

Warsaw, 22 April 2008