2006 CONSOLIDATED ANNUAL REPORT
ASSECO GROUP
(former SOFTBANK GROUP)

PRESIDENT'S LETTER

MANAGEMENT BOARD REPORT ON THE GROUP'S OPERATIONS

STATEMENTS BY THE MANAGEMENT BOARD

WARSAW, 13 APRIL 2007

Dear Shareholders of Asseco Poland SA,

2006 was the year of special importance for Asseco Poland. During the last 17 years the Company operated under the name of Softbank. This name was changed in January 2007, at the time of merger with Asseco Poland – Polish lading producer of software for the banking sector. Furthermore, the Company achieved a considerable progress in execution of its key projects – development of the Central Register of Vehicles and Drivers for the Ministry of Internal Affairs and Administration, and implementation of the Integrated Information System for Bank PKO BP SA.

The merger of Softbank with Asseco Poland was certainly among the most significant events of the past year. As a matter of fact, the merger was officially registered on 7 January 2007, but the Companies commenced to carry out the complicated amalgamation process already in May 2006, when their intent to merge was announced. This process was completed successfully and resulted in establishing the Poland's largest IT company listed on the Warsaw Stock Exchange. We also became the largest Polish company that conducts its operations on an international scale, providing proprietary software and services for the financial and banking sector. We believe that by concentrating such vast experience, knowledge and skills we will be able to create a more attractive and comprehensive offer both for the domestic and foreign markets.

The merger process did not prevent the Group from achieving very positive financial results. Sales revenues amounted to PLN 498 million, of which the Group's most profitable operations – provision of proprietary software and services generated PLN 364 million, an increase of 52% as compared with the last year's revenue. Owing to such robust sales of products and services, the Group's EBITDA margin improved to 12% which was in line with the Strategy for 2004-2006 set forth by the Management Board. In 2006 the Group boosted its net earnings by 70% to the record level of PLN 75 million. The 2006 strong financial performance made us feel more optimistic about the future outlook for our Group, yet it also raises the standards for the managerial staff of Asseco Poland.

The plans of the Asseco Group for 2007 assume dynamic international expansion to the Czech Republic, Slovakia, Romania and the Balkans, but also active consolidation of the Polish information technology market by incorporating profitable IT companies into Asseco Group and introducing successive companies to public trading.

We are motivated to follow the path of dynamic growth in 2007, and we believe the adopted strategy of the Asseco Group will bring notable effects which will fulfil our promises and please our Shareholders.

I would to thank all the Employees of Asseco Group for a lot of hard work they put into developing our organization in 2006, our Shareholders and Investors for their confidence in the strategy of Asseco Group and for supporting our ambitious plans to build an international group of profitable companies providing software and IT services. On behalf of our Company I would also like thank all our Clients for the credit of trust they gave us, and our Partners for their participation in building the strong market position of Asseco Poland.

You are kindly welcome to familiarize yourself with the attached Consolidated Financial Statements of the Asseco (former Softbank) Group.

Please have my best regards,

Adam Góral
President of the Board, Asseco Poland SA

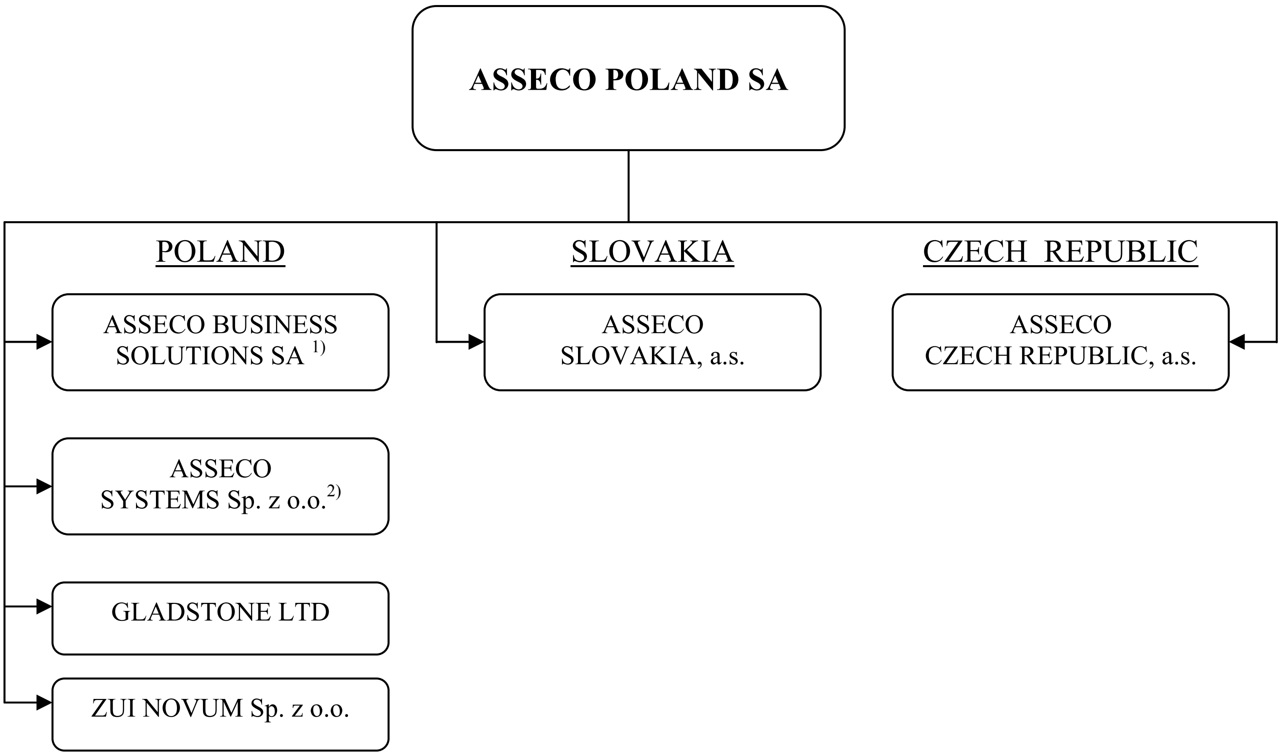
MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE ASSECO GROUP (former SOFTBANK GROUP) IN 2006

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

Asseco Poland SA (former Softbank SA), the Parent Company of the Asseco (former Softbank) Group (the "Company") is one of the Polish leading information technology companies engaged in IT services. As at 31 December 2006, the Group comprised 4 direct subsidiary companies which carried out operating activities. 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.

Asseco Poland SA (former Softbank SA) has operated for 17 years, mostly in the domestic IT market, and the Group has prepared its consolidated financial statements since 1999. The Group's activities are focused on the banking and financial sector, in line with its long-standing specialization, as well as on the public administration sector. The present Asseco Poland was created by merging the two WSE-listed companies: Softbank SA and Asseco Poland SA (former: COMP Rzeszów SA), as further discussed in item 8 of this report.
On 4 January 2007, when the merger was registered by the Court, the Company changed its name from Softbank SA to Asseco Poland SA, and shifted its headquarters from Warsaw, ul. 17 Stycznia 72a, to Rzeszów, Al. Armii Krajowej 80.

Below we have presented the simplified chart of organisational structure of the Asseco Group, which includes only those companies that conducted business operations and were direct subsidiaries as at the date of publication of this report, this is at 13 April 2007.



1) At present Asseco Poland SA holds shares in five companies engaged in implementation of ERP software and provision of outsourcing services: Asseco Business Solutions SA, SAFO Sp. z o.o., SOFTLAB TRADE Sp. z o.o., SOFTLAB Sp. z o.o., WAPRO Sp. z o.o. On 29 March 2007, the Group initiated the process of merging all the above-mentioned five companies, by signing the agreed plan of merger to be executed pursuant to art. 492 § 1 item 1 of the Polish Commercial Companies Code. The combined companies will operate under the name of Asseco Business Solutions SA.

2) The present name of this company is still Softbank Serwis Sp. z o.o. The company has already filed an application for registration of the change of its name to Asseco Systems Sp. z o.o.

It is the strategic objective of the Asseco Group to create the Software Centre in Central and Eastern Europe, which will operate in this region in the form of federation, and which will be specialized in production of proprietary software.

Asseco Poland, Asseco Slovakia, Asseco Czech Republic continue to build, through 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, Romania, the Balkans and Russia, whereas Asseco Slovakia is obliged to conduct active operations in Slovakia, the Czech Republic and Hungary. The common team of experts will be responsible for the Group's development in the territory of West European countries.

Nowadays the Asseco Group employs over 2000 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,
- finance (including insurance),
- enterprises,
- public administration.

The key products, services and markets

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

The Group goes on offering solutions designed either on its own or by its co-operating 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.

Proceeds from sales of merchandise and materials account for third-party computer hardware and software licences which are resold under the statutory commercial activities of the Asseco companies.

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 merger between Asseco Poland SA and Softbank SA, 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

Co-operation with the world information technology leaders enabled the Group to supplement its offer with attractive and stable solutions for development of network applications, debt-collection systems, GIS/NIS systems, and for management of efficiency.

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 cover a broad range of IT solutions such as transaction systems, e-Banking systems, card payment systems, as well as outsourcing of elements of IT infrastructure. Thanks to such alternative, cost-effective and secure solutions, enterprises are able to create more innovative and attractive offers.

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, Asseco renders VPN (virtual private networks) services.

Analytical and programming services

The 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 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. These services include:

- extension of IT infrastructure,
- operational maintenance of hardware and software.

IT infrastructure – design, implementation, maintenance and administration

The 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

Asseco 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.

Suppliers

As far as supply of IT hardware is concerned the Group's key partners are HP and IBM, as well as producers of other infrastructure elements, such as CISCO or 3COM. The above-mentioned products are a vital supplement of the Group's offer of applications from such companies as BEA, Microsoft, Oracle, Novadigm, or Fermat. The Group focuses mainly on sales of IT solutions, projects and services, which are often accompanied with delivery of hardware.

2. Shareholder structure of Asseco Poland SA (former Softbank SA)

According to the best knowledge of the Management Board of Asseco Poland SA (former Softbank 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 (former Softbank SA) according to information available as at 31 December 2006

Name of Shareholder	Number of shares and votes at GMS	% of share capital owned and voting interest at GMS
Prokom Software SA	8,624,791	34.26 %
Pioneer Pekao Investment Management SA	1,324,711	5.26 %
ING TFI SA (investment funds)	1,570,000	6.24 %
Other Shareholders	13,655,211	54.24 %
Total	**25,174,713**	**100.00 %**

As at 31 December 2006, the share capital of Asseco Poland SA (former Softbank SA) amounted to PLN 25,174,713 and was divided into 25,174,713 ordinary shares with a par value of PLN 1 each.

As a result of the merger between Softbank SA and Asseco Poland SA the shareholder structure changed substantially.

As at 4 January 2007, as to the best knowledge of the Company's Management Board the shareholder structure was as follows:

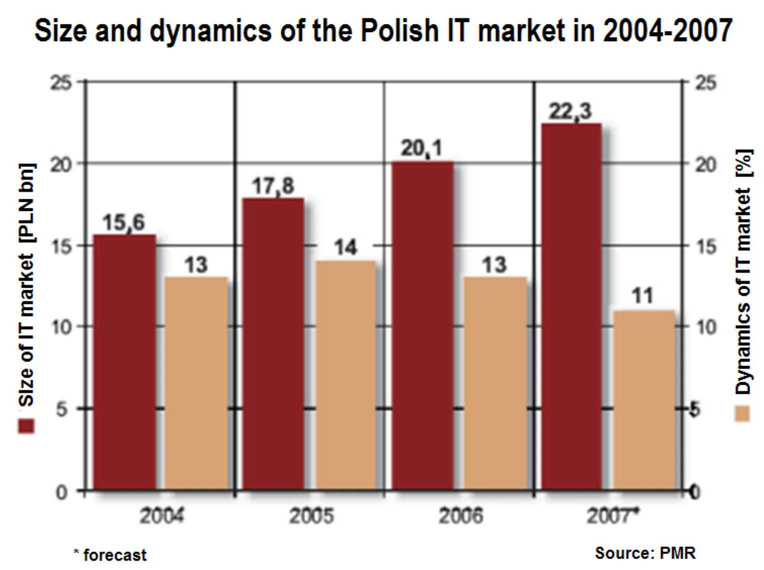
Shareholders of Asseco Poland SA (former Softbank SA) as at 4 January 2007	Number of shares and votes at GMS	% of share capital owned and voting interest at GMS
Prokom Software SA	11,834,791	25.66%
Adam Góral	8,083,000	17.53%
ING TFI SA (investment funds)	4,154,579	9.00%
Other Shareholders	22,048,158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

3. Information technology market in 2006 and its future outlook

General information about the IT market

In its report *"Worldwide IT Spending 2006-2010"* the company IDC estimated that in 2006 worldwide end customers purchased software, computer infrastructure and IT services for the total amount of USD 1.16 trillion. In the coming years this spending is forecasted to grow approximately by 6.3% annually.

The year 2006 was quite successful for the Polish IT sector as enterprises showed much interest in information technology solutions. This resulted both from the economic growth and from an opportunity to use EU funding for making investments in new technologies. Higher and higher technological awareness of local entrepreneurs as well as the need to gain competitive advantage enabled the Polish IT market to grow by 13%, this is more than double as compared with the European Union average growth of 6.3% (source: PMR). Domestic spending for computer hardware and IT services exceeded the level of PLN 20 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.
Per capita IT spending in Poland amounted to EUR 113, as compared the EU average of EUR 648 (source: EITO, 2005 data), which places Poland low down in the ranking of European countries, bit on the other hand it poses a chance for rapid growth and improvement of financial position of the Polish information technology providers.

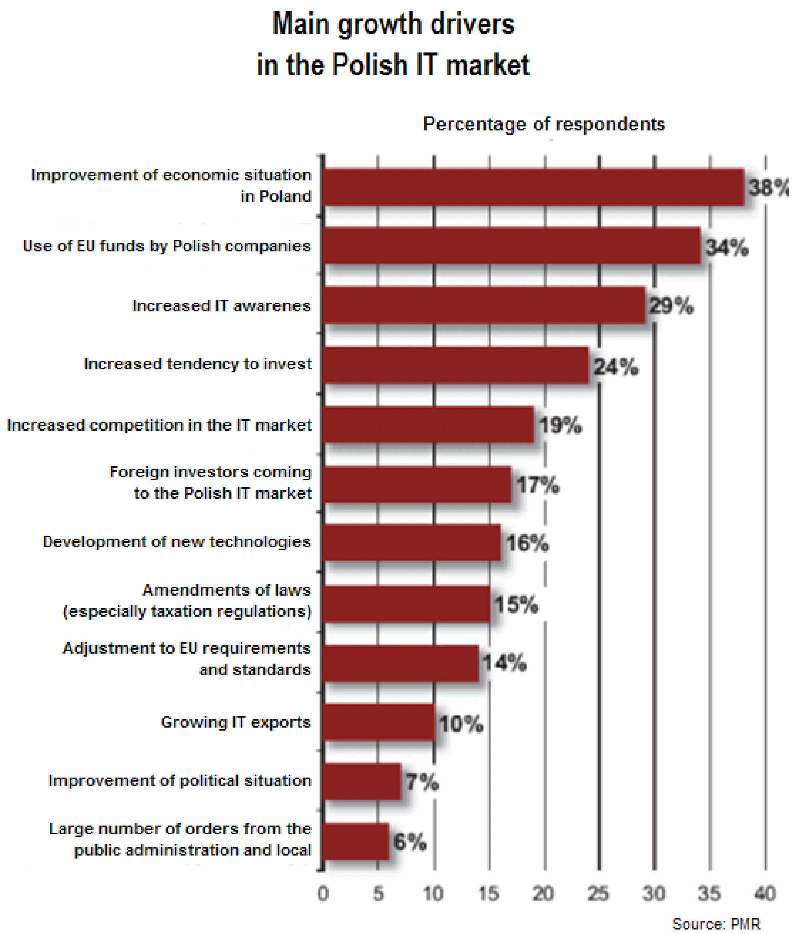


Mergers and acquisitions

Last year was marked by mergers and acquisitions – the market is clearly inclined towards consolidation. The combined companies have stronger position in tendering procedures and are able to create more interesting offers as well as to compete in various market segments and geographic regions. The most significant mergers were carried out between:

- Asseco Poland and Softbank
- ComputerLand and Emax
- ABG SterProjekt and Spin
- Matrix and Infovide

Establishing of groups of companies may become an incentive for those who seek new markets and business opportunities. At present the Polish IT sector is still very fragmented – over 5,000 IT firms.
It is noticeable that foreign giants such as Dell, Toshiba, Microsoft, Google, or Intel are more and more interested in the Polish IT market and believe there is some investment potential here. It is worth considering that IT spending in Poland amounts to 0.5% of GDP, whereas the EU average is 2.2%. Multinational integrators such as Logica, TietoEnator or companies of India are getting ready to enter this marketplace also.



Market trends and prospects

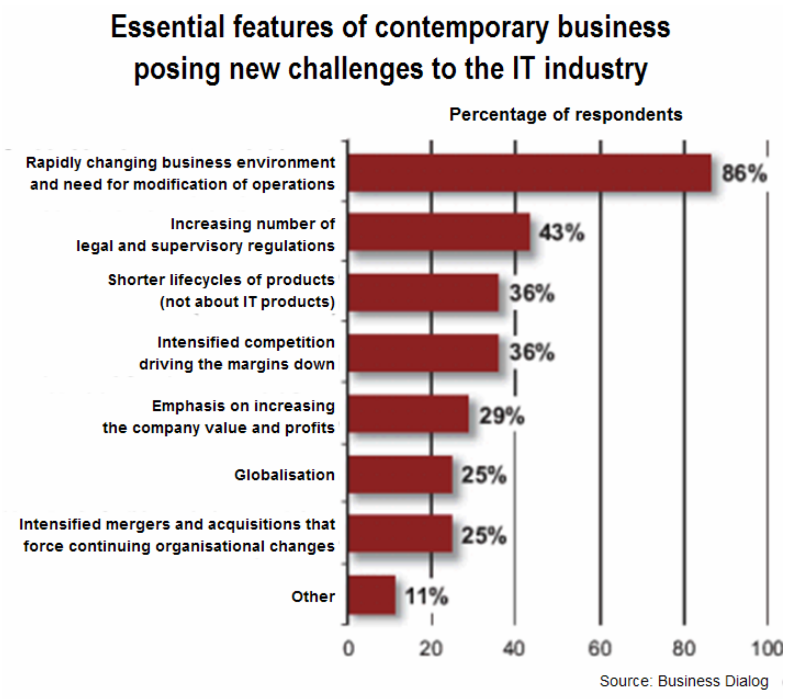
In the opinion of market analysts, the share of hardware in the total value of the Polish IT market tends to shrink whilst services gain in importance. The market share of software has remained on a stable level for several years.

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.

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.

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 GDP and inflation growth, 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.



Market risks

The participants to the PIIT "TeraForum" identified the following areas of the market risk:

- high overheads of the companies executing large projects,
- capital restraints on the pace of development of information infrastructure,
- unfavourable law, excessive number of regulations enforced by the state,
- specialization in the sectors of economy, staff training, education of society.

Banking information technology market

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 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.

The DiS analysts assessed the value of the Polish IT sales to banks to have reached PLN 2,179.3 million in 2005, i.e. 14.5% of the total IT market. According to the analytical company IDC, in 2005 the banking and financial sector spent USD 830 million. 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).

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, organisational 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 services 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".

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.

The contracts anxiously awaited by the sector are: the Bank PKO BP SA contract for provision of security-related services; implementation of the IT system for Gospodarczy Bank Wielkopolski, and numerous contracts for co-operative banks.

Public administration market

After two lean years in informatization of this sector, the experts believe the information technology investments will take off substantially. In the years 2007-2010 the Government plans to spend over PLN 3.3 billion for bringing information technology to the public administration, which has already been included in the *"State Informatization Plan"*. Only in 2007, IT companies may earn as much as PLN 2.2 billion in 16 tenders, which will be financed to a large extent from the EU funds. In the opinion of market researchers, the most benefits will be taken by the groups of Prokom and Sygnity (former Computerland).

The largest public administration projects will include: the platform of medical events, electronic ID, administration services platform, e-Taxes, the cadastral system, corporate tax settlements, new system of the population records, or informatization of the land register.

About 40% of this market will be taken by big suppliers in the following order: HP, Prokom Software SA, Asseco Poland SA, Sygnity, Techmex, ABG Ster Projekt, Simens, ComArch, Optimus, Koncept. The remaining 60% shall be shared among over 450 firms.

Among the strengths of the IT market for public administration in Poland are the 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, small acceptance for savings, aversion to organisational and personnel changes, weak integration of applications and data, incomplete informatization in many areas.

Market analysts see the market opportunities such as 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 at the offices, fund-wasting investment projects, dishonesty and corruption among public officials, 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:

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

IT market for the public administration sector is very fragmented with more or less 470 active participants. 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. Public administration sector accounts for a considerable portion of the entire IT market, 20% in 2006. Analysts anticipate further dynamic growth of this sector 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.

ERP market

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.

Integration services market

According to IDC report, the aggregated 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 estimated for the years 2005-2010 equals 18.8%; in consequence the market value is forecasted to exceed USD 1 billion in 2010.

4. IT market position of Asseco Poland SA (former Softbank SA) and the Asseco (former Softbank) Group

Asseco Poland SA (former Softbank SA) is classified in the group of the 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 the specialized press, Asseco Poland SA (former Softbank SA) takes top positions among the firms providing solutions for the banking system, ahead of such companies as Oracle Poland or Comarch SA (source: *The Bank* monthly). Another decisive factor for gaining such market position is the Company's unique range of ready-to-implement products which received numerous awards and honourable mentions.

In the Company's development strategy for the years 2004-2006, as published in 2004, the Management Board declared it was the ambition of Asseco (former Softbank) Group to become the number one player in the banking IT market. The target has been attained. This has been confirmed by the prestigious report *Teleinfo 500* in which the Parent Company ranked first out of 100 largest suppliers of IT solutions to Polish banks and financial institutions in 2005.

The following are results achieved under several other categories of the report:

- 2nd place – "50 IT companies with the highest pre–tax earnings in 2005";
- 2nd place – "50 biggest IT companies providing maintenance services in Poland in 2005";
- 2nd place – "50 IT companies with the highest shareholders' equity in 2005";
- 2nd place – "50 IT companies with the highest net income in 2005";
- 2nd place – "25 IT companies with the highest net income per employee in 2005";
- 3rd place – "50 biggest software integrators in Poland in 2005";
- 3rd place – "50 software integrators with the highest profitability in 2005"
- 4th place – "150 software integrators with the highest revenues from integration contracts Poland in 2005";
- 10th place – "100 largest providers of IT solutions for the Polish public administration in 2005";
- 12th place – "200 largest IT companies operating in the Polish market".

5. The Group sales structure in 2006

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 (83% in total).

Breakdown of the Asseco (former Softbank) Group sales, by sectors

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000	12 months ended 31 Dec. 2006 %	12 months ended 31 Dec. 2005 %
Banking and finance	311,282	324,095	63%	61%
Public institutions	100,273	142,382	20%	27%
Other sectors	86,132	66,757	17%	12%
TOTAL	**497,687**	**533,234**	**100%**	**100%**

Banking and finance sector

In 2006 the Group revenues from the banking sector reached PLN 311,282 thousand, which accounted for 63% of the total turnover. Such high sales to the banking sectors are achieved thanks to implementation of over a dozen significant agreements that were signed in 2005 or earlier. The largest executed contract concerns construction of the Integrated Information System (ZSI) for Bank PKO BP SA, which was entered into in August 2003. The revenues generated therefrom, in 2006 alone, amounted to PLN 106,029 thousand.

Moreover, in 2006 the Group executed the following contracts: supply of hardware and software for Zorba-3000 System, implementation and modification work on other systems being implemented for Bank PKO BP (such as the Central Support System or Bankart System), implementation and maintenance of the Cash Circulation Monitoring System at Bank Pekao SA, as well as contracts for implementation of bank risk management systems, implementation of the Debt Collection System at ING Bank Śląski, or development of Bank Integration Platform for Bank BGŻ SA.

Also the Group's subsidiaries generated sales to the banking sector. Here, the most considerable results were achieved by the companies of Novum Sp. z o.o. and Gladstone Consulting Ltd. In 2006, Novum Sp. z o.o. reported PLN 16,776 thousand in sales to the banking sector. This company implemented proprietary information systems within its comprehensive IT services provided to co-operative banks.

Whereas, the 2006 sales to banks generated by Gladstone Consulting Ltd amounted to USD 7,270 thousand (i.e. PLN 22,463 thousand).

Public administration sector

During 2006, the Asseco Group recorded sales to the public administration sector in the amount of PLN 100,273 thousand. This sector accounted for 20% of the Group's total turnover. One of the largest items within the public administration domain was the contract for implementation of the Central Register of Vehicles and Drivers ("CEPiK") performed for the Ministry of Internal Affairs and Administration, which added PLN 38,498 thousand in revenue. In 2006 the Asseco (former Softbank) Group developed an application for district authorities, provided a new functionality in the CEPiK Database enabling analysis of data gathered within the system, and implemented an application for the City Guards and debt collectors giving access to the CEPiK data through an Internet portal. Concurrently the Company launched the Temporary Backup Centre in order to extend the availability of the CEPiK information system to institutional users (Police, Polish Security Printing Works etc.), and it executed a pilot implementation of the application for Vehicle Inspection Stations. The Group's subsidiaries also played an important role in generating sales to the public administration sector. Here, the highest sales were reported by Softbank Serwis Sp. z o.o. (PLN 45,813 thousand before consolidation eliminations in 2006).

Breakdown of sales revenues by nature

In 2006 by far the largest portion (69%) of revenues from sales of products and services was generated by software and implementation of IT systems. The main IT implementation contracts included: Integrated Information System for Bank PKO BP SA, and the Central Register of Vehicles and Drivers for the Ministry of Internal Affairs and Administration. Maintenance services on the already implemented systems constituted as much as 29% of the total sales of products and services.

Breakdown of the Asseco Group sales of products and services, by type

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000	12 months ended 31 Dec. 2006 %	12 months ended 31 Dec. 2005 %
Software and implementations	255,622	133,898	69%	55%
Maintenance services	108,388	106,168	29%	43%
Computer hardware	8,813	4,259	2%	2%
Other	0	92	0%	0%
TOTAL	**372,823**	**244,417**	**100%**	**100%**

As far as the Group's sales of merchandise and materials are concerned, computer hardware contributed the most (80%) within this group. However, sales of computer hardware only amounted to PLN 100,004 thousand, and they dropped by half from the year-ago level. Such deterioration resulted from the lack of contracts for delivery of hardware for computer workrooms at schools. In 2006 the Ministry of National Education did carry out any supply tenders, the finalization of which was postponed to 2007.

Breakdown of the Asseco Group sales of merchandise and materials, by type

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000	12 months ended 31 Dec. 2006 %	12 months ended 31 Dec. 2005 %
Computer hardware	100,004	208,729	80%	72%
Software	24,860	80,088	20%	28%
TOTAL	**124,864**	**288,817**	**100%**	**100%**

6. 2006 financial results of the Asseco Group

In 2006 the Asseco Group sales revenues amounted to PLN 496,687 thousand and they decreased by 7% as compared with the prior year. Such decline resulted from lower sales of computer hardware and third-party software (-57% year on year). On the other hand, sales of own products and services increased by 53% thanks to which in 2006 the Group achieved higher profitability and posted stronger profits.

Consolidated financial results of the Asseco (former Softbank) Group

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000	Change
Sales revenues	497,687	533,234	(7%)
Gross profit on sales	116,450	96,287	21%
Net profit on sales	48,275	42,408	14%
Operating profit	45,198	51,848	(13%)
Net profit attributable to the Shareholders of Asseco Poland SA (former Softbank SA)	**74,565**	**43,985**	**70%**

Gross profit on sales for 2006 amounted to PLN 116,450 thousand, this is 21% more than for the year 2005. Hence, the gross margin rose from 18% in 2005 to 23% in 2006. In the period reported selling expenses and general administrative costs aggregated at PLN 68,175 thousand. These costs increased as a result of consolidation of three new companies that were taken over in the second half of 2005.

The Group operating profit decreased by 13% over a year due to the very high level of operating profit in 2005, which was then a consequence of the received reimbursement of withholding income tax of PLN 11,294 thousand. Had the above-mentioned tax reimbursement been not recognized, the Group's operating profit would show an increase of 11% y/y.

W 2006 net profit (attributable to the Shareholders of Asseco Poland SA – former Softbank SA) amounted to PLN 74,565 thousand and exceeded the last year's earning by 70%. Such an eye-catching increase in net profit resulted from favourable operating results across the entire Group, but also thanks to recognizing a gain on the call option for shares of Asseco Poland SA in the amount of PLN 11,276 thousand, and due to consolidation, under the equity method, of an associated company, namely Asseco Poland SA (the acquired company), which increased the profits by additional PLN 11,258 thousand.

7. Analysis of financial ratios achieved by the Group

Analysis of the Consolidated Balance Sheet

The structure of assets of the Asseco (former Softbank) Group as at 31 December 2006 was quite similar to that of 2005. As at the end of 2006, fixed assets constituted 42% of the Group's balance sheet total. The following are the most important changes in fixed assets:

- lower values of both fixed tangible assets and intangible assets resulted from reclassification of real estate to assets held for sale, and from making revaluation write-downs on intangible assets,
- decrease in goodwill on consolidation resulted from revaluation write-downs on goodwill,
- decrease in long-term receivable due to transferring some amounts to short-term receivables, according to their maturity periods,
- higher investments in associated companies valued under the equity method.

Current assets accounted for 56% of the Group's balance sheet total. The following are the most important changes in current assets:

- decrease in trade accounts receivable thanks to payments effected by the clients,
- decrease in cash and cash equivalents by PLN 14,785 thousand related to repayment of financial liabilities (bank credits and debt securities),
- increase in short-term financial assets held to maturity resulted from investing the spare cash in corporate bonds and Treasury bonds,
- increase in short-term financial assets carried at fair value resulted from measurement of the currency forward transactions and the call option for shares of Asseco Poland SA (the acquired company).

Structure of assets

	31 December 2006 PLN '000	31 December 2005 PLN '000	31 December 2006 %	31 December 2005 %
Fixed assets	**289,510**	**311,889**	**42%**	**45%**
Property, plant and equipment	29,315	37,215	4%	5%
Intangible assets	5,727	14,206	1%	2%
Consolidation goodwill	74,050	84,715	11%	12%
Investments in associated companies valued under the equity method	97,360	86,308	14%	12%
Long-term financial assets carried at fair value	917	3,575	0%	1%
Long-term receivables	54,932	57,734	8%	8%
Long-term deferred income tax assets	25,975	20,617	4%	3%
Long-term deferred expenses	1,234	7,519	0%	1%
Current assets	**392,607**	**385,084**	**56%**	**55%**
Inventories	16,900	20,171	2%	3%
Deferred expenses	15,564	13,940	2%	2%
Trade accounts receivable	146,179	166,296	21%	24%
Other receivables	48,216	53,100	7%	8%
Financial assets held to maturity	34,313	17,388	5%	2%
Financial assets carried at fair value	84,080	52,049	12%	7%
Cash and short-term deposits	47,355	62,140	7%	9%
Assets classified as held for sale	**3,450**	**0**	**2%**	**0%**
TOTAL ASSETS	**685,567**	**696,973**	**100%**	**100%**

Also the structure of equity and liabilities of the Asseco (former Softbank) Group as at 31 December 2006 did not change much from the last year. Here, the percentage of shareholders' equity increased from 41% to 50%, whereas the portion of declined from 42% to 34%. The following are the most important changes in liabilities:

- net profit for the year 2006 in the amount of PLN 75,307 thousand,
- decrease in financial liabilities due to repayment of bank credits and debt securities,
- decrease in trade accounts payable due to payments made,
- increase in the value of other liabilities resulted from measurement of the currency forward transactions and valuation of the IT contracts.

Structure of equity and liabilities

	31 December 2006 PLN '000	31 December 2005 PLN '000	31 December 2006 %	31 December 2005 %
Shareholders' Equity	**343,674**	**286,374**	**50%**	**41%**
Long-term liabilities	**107,245**	**117,501**	**16%**	**17%**
Current liabilities	**234,648**	**293,098**	**34%**	**42%**
Interest-bearing bank credits and debt securities – current portion	7,186	40,194	1%	6%
Trade accounts payable	61,235	141,359	9%	20%
Other current liabilities	166,227	111,545	24%	16%
Liabilities directly related to assets classified as held for sale	**0**	**0**	**0%**	**0%**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**685,567**	**696,973**	**100%**	**100%**

As at 31 December 2006 the balance sheet total of the Asseco (former Softbank) Group equalled PLN 685,567 thousand, a decrease of PLN 11,406 thousand as compared with the prior year end.

In July 2006, the International Financial Reporting Interpretations Committee ("IFRIC") issued its opinion concerning presentation in the consolidated financial statements of the Parent Company of obligations to acquire shares in subsidiary companies from minority shareholders. In accordance with IAS 32 paragraph 23, the Parent Company should recognize a financial liability to purchase shares in subsidiary companies from the minority shareholders already at the moment such liability arises, irrespective of the fact whether the payment depends upon future occurrences and decisions of the holders of put options for sale of shares.

In October 2005 the Company signed an agreement for acquisition of the 51% stake of shares in the company Gladstone. This agreement also contains call and put options concerning acquisition of a further stake of shares (the remaining 49%).

Based on the said IFRIC opinion and as a result of analyzing the acquisition of shares in Gladstone, the Management Board of Asseco Poland SA (former Softbank SA) decided to make a retrospective adjustment of the consolidated financial statements.

Following this decision and in accordance with the above-described methodology, the Company introduced the following adjustments to the comparable data (i.e. as at 31 December 2005):

Description	**Value PLN '000**
Increase in goodwill due to acquisition of shares in Gladstone Consulting Ltd	24,345
Increase in foreign currency translation differences on subsidiary companies	221
Decrease in the value of minority interests capital	(1,734)
Increase in the prior years' retained earnings due to recognizing additional 49% stake in the Gladstone's share capital	2,559
Increase (decrease) in retained earnings due to accounting (at the amortized cost) for the liability to be paid for the 49% stake of shares in Gladstone and determining foreign currency differences on that liability	(641)
Recognizing (at present value) the financial liability expected to be paid for the 49% stake of shares in Gladstone	23,940

Further information on the above-described adjustment has been provided in Notes 11, 21 and 22 to the consolidated financial statements.

Analysis of the Consolidated Statement of Cash Flows

In 2006, **operating activities** conducted by the Asseco (former Softbank) Group provided net cash in the amount of PLN 27,622 thousand, which was still lower by PLN 14,080 thousand than during the prior year. The observed deterioration of operating cash flows resulted chiefly from payments of trade accounts payable.

Investing activities provided net cash flows of PLN 2,619 thousand, whereas in the previous year PLN 16,255 thousand was used in those activities. In 2006, the Asseco (former Softbank) Group invested considerable funds in financial assets held to maturity (PLN 28,773 thousand), and made capital expenditures for tangible and intangible assets (PLN 8,849 thousand in total).

In the period reported, cash flows from investing activities were increased by the amount of PLN 26,933 thousand provided by realization of the currency forward transactions.

Cash Flow Statement

	12 months ended 31 Dec. 2006 PLN '000	**12 months ended 31 Dec. 2005 PLN '000**
Net cash provided by operating activities	27,622	41,702
Net cash provided by (used in) investing activities	2,619	(16,255)
Net cash provided by (used in) financing activities	(45,026)	(10,651)
Net increase (decrease) in cash and cash equivalents	**(14,785)**	**14,796**

In 2006, the Group repaid the bank credits and redeemed its debt securities issued for the aggregate amount of PLN 34,424 thousand, and also used PLN 16,111 thousand for payment of the dividend. Due to the above-mentioned outflows, **financing activities** resulted in a negative cash flow of PLN 45,026 thousand.

In 2006, the total balance of cash and cash equivalents of Asseco (former Softbank) Group dropped by PLN 14,785 thousand.

Analysis of financial ratios

Profitability ratios

In 2006 the Group managed to improve its profitability ratios. Gross profit margin increased to 23% from 18% thanks to the higher added value contracts for sale of proprietary software and services. EBITDA and operating profit margins remained unchanged as compared with the prior year. Net profit margin amounted to 15%, an increase of 7 percentage points from the year-ago level. Here it should be reminded that such improvement was achieved despite the fact that the Parent Company recognized a reimbursement of the excess amount of withholding income tax in the amount of PLN 11,294 thousand as other operating income in fiscal 2005. If not for the above-mentioned single-time event, improvement in the Group profitability would be even higher, i.e. 9 percentage points.

PROFITABILITY RATIOS	12 months ended 31 Dec. 2006 in %	12 months ended 31 Dec. 2005 in %
Gross profit margin	23 %	18 %
EBITDA margin	12 %	12 %
Operating profit margin	9 %	10 %
Net profit margin	15 %	8 %
Return on equity (ROE)	24 %	21 %
Return on assets (ROA)	11 %	7 %

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 the Shareholders of the Parent Company / average annual equity attributable to the Shareholders of the Parent Company
Return on assets (ROA) = net profit attributable to the 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 2006 the return on capital invested by the shareholders was 24%.
ROA ratio (reflecting how much profit is generated on assets) increased by 4 percentage points up to 11%, over a year's time.

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 2006 it amounted to PLN 157,959 thousand. This is an improvement from the 2005 year-end level.

LIQUIDITY RATIOS	31 December 2006	31 December 2005
Working capital (PLN '000)	157,959	91,986
Current liquidity ratio	1.67	1.31
Quick liquidity ratio	1.53	1.20
Absolute liquidity ratio	0.35	0.27

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 2006 the liquidity ratios remained at a relatively safe level, much better than as at the end of 2005. The current liquidity ratio above 1.0 indicates that 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. Whereas, the absolute liquidity ratio reveals that the Group might pay 35% of its short-term liabilities immediately. The optimum value of this measure falls between 10 and 20%.

Debt ratios

The Group's general debt ratio as at the end of 2006 decreased to 50% from 59% in 2005. Interest-bearing debt (credits, notes payable, loans) to shareholders' equity ratio is observed at very low level of 2%, a drop from the last year's 14%. This considerable reduction resulted from repayment of financial liabilities. Such a low measure indicates that the Group operations are financed basically from equity.

DEBT RATIOS	31 December 2006	31 December 2005
	%	%
Debt ratio	50 %	59 %
Debt / equity ratio	2 %	14 %
Debt / (debt + equity) ratio	2 %	12 %

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 with the company Asseco Poland SA, take-over of Asseco Czech Republic, a.s. (former PVT a.s.) and an organized part of the Prokom Software SA enterprise operating as the Building Automation Department

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).

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

In connection with the registration of merger, the share capital of Asseco Poland SA was increased by the amount of PLN 17,735,815 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, Asseco Poland SA (former Softbank SA) concluded with Mr. Adam Góral the agreement for conditional termination of the stock option agreement for purchase of shares of Asseco Poland SA (the acquired company), 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 (the "EGMS") of Asseco Poland SA (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.

In order to carry out the EGMS decisions, on 30 November 2006, the Company signed with Prokom Software SA the agreement for making a non-cash contribution and acquisition of shares, as described below.

The companies of Softbank and Asseco Poland merged 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 ones were:

- Change of the Company's name from Softbank SA to Asseco Poland SA,
- Shifting 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 Management Board was supplemented with the following members:
        - Mr. Marek Panek,
        - Mr. Zbigniew Pomianek,
        - Mr. Adam Rusinek.
- Changes to the composition of the Supervisory Board:
    - the following members were dismissed from 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.

The essential objective of the Merger was to establish the largest company within the Polish IT industry producing proprietary software for the financial and banking sector. The concentration of capital, resulted from the merger, will enable the Company to expand internationally, increase its competitiveness, and improve the quality of products and services offered. Thanks to the companies merger the Company's development strategy will be enhanced with elements, the implementation of which would not be feasible if both the companies acted as separate market players.

Furthermore, the Company will be able to develop diversified products, enter new segments of the market, and increase its share the segments it operates right now.

The essential benefits resulting from the merger are as follows:

- Laying foundations for international expansion by setting up the Software Centre to operate in Central and Eastern Europe. The development plans anticipate establishing of Asseco Czech Republic in 2007 which will serve as the Company's Czech pillar created on the foundation of PVT company. It is assumed that Asseco Czech Republic will be the largest IT company in the country, providing its services to most of the vertical markets. At further stage of development (years 2007/2008), the Group intends to establish Asseco Romania and Asseco Adria in the form of a holding operating on several markets such as: Romania, Serbia, Croatia, Slovenia, Macedonia, Bosnia and Herzegovina, and Bulgaria.
- Diversification of the products and services portfolio thanks to accumulation of both the companies' resources and professional experience. The new Group will provide comprehensive services for the following sectors: banking, public administration, enterprises, telecommunications, and public facilities. Its services shall include both implementation of proprietary solutions and complex integration works.
- Increasing the market share in the existing areas of operation, and especially in the sector of commercial banks, co-operative banks, insurance institutions, public administration, outsourcing, and e-Learning.
- Reduction of operating costs, among others due to moving the headquarters to Rzeszów, creation of the joint marketing and sales department, streamlining of production processes, and more efficient human resources management.
- Upgrading the level of provided maintenance services by combining the competence and enlarging the Company's service locations.
- Founding of the Asseco Business Solutions Group through the merger of subsidiary companies, namely Wa-pro, Softlab and Incenti, in order to put together their competence within the business management software (ERP), outsourcing and e-Learning services.
- Establishing of Asseco Systems by combining the company Softbank Serwis with the Building Automation Department, in order to concentrate competence on information and communications networks, building wire installations, IT services, and supply of hardware.
- The Company became more attractive to equity investors thanks to increasing its market capitalization and higher liquidity of its shares.

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

Concurrently to 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)). The issue price of 1 share equalled PLN 37.70, and its total value amounted to PLN 121,017 thousand.
The 100% equity interest in Asseco Czech Republic a.s. (former PVT a.s.) was paid up with 2,140,000 shares, representing PLN 80,678 thousand in terms of the issuance value.

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

Over 50 years of its operations in the Czech market, the company gained 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 a.s. (former PVT a.s.) are the largest Czech bank CSOB, mobile telephony operator T-Mobile, the Czech Ministry of Internal Affairs. At present Asseco Czech Republic a.s. (former PVT a.s.) executes an extensive and prestigious contract in consortium with an Austrian company KAPSCH. The companies develop a system for electronic collection of road tolls in the territory of Czech Republic.
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 out of the issuance value.

The Building Automation Department concentrates the employees specialized in all the automation technologies applied in modern buildings. This enables performing the most complicated multi-sector projects whilst maintaining coherence and compatibility of the solutions proposed to the clients. The DAB team is a partner of the leading manufacturers of building automation systems such as Honeywell (Gold Partner status), TAC (Gold Partner status), Siemens, Bosch Security Systems, Schrack, and GE Security. The concluded partner co-operation agreements guarantee that DAB receives the highest available discounts for the provided equipment and services. DAB team has already executed several dozen projects and installations acting as a subcontractor for the largest Polish construction companies, but also as a direct contractor for the investors.

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

9. Major events and financial performance of the Asseco (former Softbank) Group companies in 2006

Asseco Poland SA (former Softbank SA)

Major events in 2006

Banking sector

- Execution of the Integrated Information System for Bank PKO BP SA (construction of the Central Database of Clients – transfer of data on the bank clients from all the installations of ZORBA to the ALNOVA System)
- Execution of an IT system, namely the Central Support System, for Bank PKO BP SA.
- Continued implementation of the insurance handling system for PZU SA and the finance and accounting system for PZU Life SA
- Continued implementation of the CMS Merchant system for eService (a subsidiary of PKO BP)
- Extension (by an annex) of the maintenance services contract with Nordea Bank Poland
- Signing an annex for extension of work related to implementation of the Cash Circulation Monitoring System for Bank Pekao SA

Public administration sector

- Execution of the contract for implementation of an information system, namely the Central Register of Vehicles and Drivers (CEPiK), for the Ministry of Internal Affairs and Administration (MSWiA):
    - construction of the CEPiK Internet Portal including modules for submitting data on conducted technical inspections to the register of vehicles, as well as for disclosing to citizens selected information on the registered vehicles,
    - creation of the module for exchanging electronic mail between the users of the CEPiK information system and for managing mass correspondence,
    - development of the application enabling on-line access by district authorities,
    - launching the Temporary Backup Centre in order to extend the availability of the CEPiK

information system to institutional users (Police, Polish Security Printing Works etc.) as well as running a pilot implementation of the application for Vehicle Inspection Stations.

- Provision of operating and maintenance services of the software implemented for the Social Insurance Institution (ZUS)

Financial results of Asseco Poland SA (former Softbank SA) for 2006

In 2006 Asseco Poland SA (former Softbank SA) generated the bulk of the Group's consolidated sales revenues (approximately 65% - before consolidation eliminations).

In 2006 the Company's turnover reached PLN 301,117 thousand, yet it dropped by the amount of PLN 22,774 thousand or 7% as compared with the prior year. Such a decrease in revenues resulted from lower sales to the banking and financial sector, which was not offset by the relatively small increase of sales to the public administration sector.

Financial results of Asseco Poland SA (former Softbank SA)

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000	Change %
Sales revenues	301,117	323,891	(7%)
Gross profit on sales	88,984	77,872	14%
Net profit on sales	51,594	44,842	15%
Operating profit	48,640	55,761	(13%)
Net profit	**57,761**	**53,650**	**8%**

Gross profit on sales for 2006 amounted to PLN 88,984 thousand, this is 14% more than for the year 2005. Gross profit on sales increased owing to higher margins realized on the Company‘s contracts which resulted from strong sales of proprietary software and services.

In 2006 selling expenses and general administrative costs aggregated at PLN 37,390 thousand, and they increased by 13% year on year. Such increase was observed due to sponsoring of the basketball team Prokom Trefl, higher recruitment and legal counsel expenses, but also due to taking over the entire operating resources of Sawan Grupa Softbank SA and part of the operating resources of Softbank Serwis Sp. z o.o.

Other operating income and expenses decreased the Company‘s operating profit by the amount of PLN 2,954 thousand, chiefly as a result of establishing a restructuring reserve of PLN 2,866 thousand in connection with the Company's merger with the former Asseco Poland SA. Hence, in 2006 operating profit declined by 13%; such change arose partially due to reimbursement of the excess amount of withholding income tax of PLN 11,294 thousand, which was recognized as other operating income in 2005.

In 2006 the Company managed to improve its bottom line by 8%; although, if not for the last year's reimbursement of taxes, the net profit would rise by 36%.

Softbank Serwis Sp. z o.o.

Major events in Softbank Serwis Sp. z o.o. in 2006

- Outsourcing of hardware and services for ING Bank Śląski.
- Commencement of technical support and maintenance services for P4, a cellular telephony operator.
- Agreement for outsourcing of information technology, maintenance and technical support services for the locations of Dominet Bank.
- Delivery, installation and launching IT infrastructure for statistical purposes, as well as creation of an internet portal for the Central Statistical Computing Centre.

- The first in Poland accreditation as HP ABSP authorizing to render installation and maintenance services of matrices and UNIX servers of Hewlett-Packard.

Financial results of Softbank Serwis Sp. z o.o. for 2006

	12 months ended 31 December 2006* PLN '000	12 months ended 31 December 2005** PLN '000	Change %
Sales revenues	143,892	220,331	-35%
Gross profit on sales	29	10,210	-99%
EBIT	(13,775)	(4,873)	-
Net profit	(11,221)	(5,775)	-

*data for Softbank Serwis + Koma Nord
**data for Softbank Serwis + Koma + Koma Nord

2006 was just the first period of joint operations of the companies of Softbank Serwis Sp. z o.o. and Koma. Following the merger with Koma, Softbank Serwis Sp. z o.o. became one of the leading providers of technical maintenance and network construction services, and suppliers of hardware on the Polish IT market. Moreover, the company's offer includes solutions of mobile software and eHR technologies. In effect of the integration and conducted restructuring process, the company's areas of competence and the organisational structure were streamlined. However, despite creating a company with country-wide operations which was desired, those activities did not bring any positive financial effects yet and the company incurred losses at particular levels of its operations. Additionally, lower margins achieved on one of the large contracts executed by Softbank Serwis Sp. z o.o. also increased the loss for the entire year 2006.

Asseco Business Solutions SA (former Incenti SA)

Major events in Asseco Business Solutions SA in 2006

- Bank BPH - organization turnaround management training, 2 thousand users.
- Bank Handlowy in Warsaw – hosting of the Citibank platform
- MetLife TU Life – e-Learning trainings
- Wrocław In–Service Teacher Training Centre – implementation of the want2learn platform
- West Pomeranian Business School – e-Learning trainings for students, platform hosting
- TP – signing an agreement for Oracle application training; development and implementation of application for the employee periodic assessment and career planning

Financial results of Asseco Business Solutions SA for 2006

	12 months ended 31 December 2006 PLN '000	12 months ended 31 December 2005 PLN '000	Change %
Sales revenues	29,438	25,696	15%
Gross profit on sales	6,636	6,345	5%
EBIT	1,476	(583)	-
Net profit	3,069	1,897	62%

Asseco Business Solutions SA (former Incenti SA) is specialized in infrastructural outsourcing, leasing of e-Learning platforms and Data Centre management. In 2006 the company executed contracts for provision of trainings, hosting services and administration of data processing centres. The largest clients included TP SA and PZU SA (work subcontracted by Prokom Software SA). In the year reported, the company managed to increase its sales revenues by 15% as well as net profit by 62%. The net profit margin is growing up systematically and in 2006 it equalled 10%.

Gladstone Consulting Ltd

Major events in Gladstone Consulting Ltd in 2006

- Execution of the agreement with Bank Pekao SA for consulting as well as services related to modification and operation of the transaction system Systematics.

Financial results of Gladstone Consulting Ltd for 2006

	12 months ended 31 December 2006 PLN '000
Sales revenues	22,463
Gross profit on sales	10,725
EBIT	9,668
Net profit	8,559

In 2006 Gladstone Consulting Ltd., which is based in Nicosia, Cyprus, continued to execute its main contract for Bank Pekao SA by providing consulting services and modifications to the bank's central IT system. During 2006 the company generated total sales of PLN 22,789 thousand, whereas its net profit margin amounted to 38%.

ZUI NOVUM Sp. z o.o.

Major events in ZUI Novum Sp. z o.o. in 2006

- More users of implementation and maintenance services for the e-Banking system at the Co-operative Banks, which are the company's clients,
- Increase in the number of new users of the basic banking system NOVUM-BANK.

Financial results of ZUI Novum Sp. z o.o. for 2006

	12 months ended 31 December 2006 PLN '000	12 months ended 31 December 2005 PLN '000	Change %
Sales revenues	16,776	13,092	28%
Gross profit on sales	3,871	3,003	29%
EBIT	1,879	1,227	53%
Net profit	1,515	979	55%

In the period reported, sales revenues of ZUI Novum Sp. z o.o. increased by 28% in comparison with the previous year. Concurrently, the company's net profit improved by almost 55%. In 2006 the company offered solutions, merchandise and services related to comprehensive projects carried out for the co-operative banking market.

AWiM Mediabank SA (Radio PiN)

On 28 April 2006 Softbank SA concluded the agreement for sale of its 100% equity stake in AWiM Mediabank SA. The transaction was executed on 28 September 2006.

10. Information about the Group workforce

As at 31 December 2006 the Asseco Group employed 1,041 persons, a slim decrease from the last year level. Both Asseco Poland SA (former Softbank SA) and Asseco Business Solutions SA (former Incenti SA) reported slight increases in their workforce; whereas, Softbank Serwis Sp. z o.o. reduced the number of its employees. The Group's employment dropped also due to disposal of the company AWiM Mediabank SA in September 2006.

Employment in the Asseco (former Softbank) Group companies

	As at 31 December 2006	As at 31 December 2005
Asseco Poland SA (former Softbank SA)	642	620
Softbank Serwis Sp. z o.o. (1)	275	302
Asseco Business Solutions SA (former Incenti SA)	77	65
ZUI Novum Sp. z o.o.	38	36
Koma Nord Sp. z o.o.	9	10
Sawan Grupa Softbank SA	0	3
bezpieczeństwo.pl Sp. z o.o.	0	0
Gladstone Consulting Limited	0	0
AWiM Mediabank SA (2)	0	19
NetPower SA	0	0
Total	**1,041**	**1,055**

(1) In 2006 the companies Softbank Serwis Sp. z o.o. and Koma SA merged and thereafter they have operated under the name of Softbank Serwis Sp. z o.o.
Their 2005 data have been presented in aggregate.
(2) On 28 September 2006 Softbank SA effected the transaction of sale of 100% equity stake in the company Mediabank SA.

The structure of workforce in the Asseco Group remained similar to the levels as at the end of 2005.

Employment in the Asseco (former Softbank) Group

	Average in 2006	Average in 2005	As at 31 December 2006	As at 31 December 2005
Management Board of the Parent Company	5	5	5	5
Management Boards of the Group companies	10	13	7	9
Production departments	593	586	597	614
Maintenance services departments	234	186	233	204
Sales departments	70	82	69	75
Administration departments	146	156	130	148
Total	**1,058**	**1,028**	**1,041**	**1,055**

11. Corporate officers of Asseco Poland SA (former Softbank SA) and the Group companies

As at 31 December 2006, 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. - 31.12.2006	Krzysztof Korba	01.01. - 31.12.2006
Marek Jakubik	01.01. - 31.12.2006	Przemysław Borzestowski	01.01. - 31.12.2006
Stanisław Janiszewski	01.01. - 31.12.2006	Piotr Jeleński	01.01. - 31.12.2006
Piotr Mondalski	01.01. - 31.12.2006	Przemysław Sęczkowski	01.01. - 31.12.2006

Maria Zagrajek	01.01. - 31.12.2006	Robert Smułkowski	01.01. - 31.12.2006

As at the date of publication of this annual report, this is at 13 April 2007, the compositions of the Company's Management Board and Supervisory Board were as follows:

Supervisory Board	Period of service	Management Board	Period of service
Ryszard Krauze	01.01.2007 – present	Adam Góral	04.01.2007 – present
Jacek Duch	04.01.2007 – present	Przemysław Borzestowski	01.01.2007 – present
Dariusz Górka	04.01.2007 – present	Piotr Jeleński	01.01.2007 – present
Stanisław Janiszewski	01.01.2007 – present	Marek Panek	04.01.2007 – present
Grzegorz Maciąg	04.01.2007 – present	Zbigniew Pomianek	04.01.2007 – present
Piotr Mondalski	01.01.2007 – present	Adam Rusinek	04.01.2007 – present
Adam Noga	04.01.2007 – present	Przemysław Sęczkowski	01.01.2007 – present
		Robert Smułkowski	01.01.2007 – present

As at 31 December 2006, the compositions of the Management Boards and Supervisory Boards of the Asseco subsidiary companies were as follows:

Supervisory Board	Period of service	Management Board	Period of service
Softbank Serwis Sp. z o.o.			
Przemysław Borzestowski	01.01. - 31.12.2006	Lech Cabaj	01.01. - 31.12.2006
Piotr Jeleński	01.01. - 31.12.2006	Rafał Gutkowski	01.01. - 31.12.2006
Jarosław Adamski	01.01. - 31.12.2006	Tadeusz Kij	23.10. - 31.12.2006
		Witold Wiliński	01.01. - 31.12.2006
ZUI NOVUM Sp. z o.o.			
Zbigniew Wierzbicki	01.01. - 31.12.2006	Przemysław Balewski	01.01. - 31.12.2006
Elżbieta Żukowska	01.01. - 31.12.2006	Grzegorz Józefiak	01.01. - 31.12.2006
Marek Olekszyk	01.01. - 31.12.2006	Małgorzata Wojtak	01.01. - 31.12.2006
		Zbigniew Forenc	01.01. - 31.12.2006
Sawan Grupa Softbank SA			
Marek Olekszyk	01.01. - 31.12.2006	Rafał Kozłowski	01.01. - 31.12.2006
Michał Kostrow	23.06. - 31.12.2006	Mariusz Gąsowski	01.01. - 31.12.2006
Jarosław Adamski	01.01. - 31.12.2006		
Gladstone Consulting Ltd.		**Board of Directors**	
No Supervisory Board		Maro Americanou	01.01. - 31.12.2006
		Arta Antoniou	01.01. - 31.12.2006
		Spyroulla Papaeracleous	01.01. - 31.12.2006
Asseco Business Solutions SA (former Incenti SA)			
Przemysław Borzestowski	01.01. - 31.12.2006	Wiktor Ząbek	01.01. - 31.12.2006
Piotr Jeleński	01.01. - 31.12.2006		
Jarosław Adamski	01.01. - 31.12.2006		
NetPower SA			
Piotr Jakubowski	01.01. - 31.12.2006	Jarosław Adamski	01.01. - 31.12.2006
Beata Romanowska	01.01. - 31.12.2006	Michał Kostrow	01.01. - 31.12.2006
Małgorzata Pelczar	01.01. - 31.12.2006		
Kinga Guzek	01.01. - 31.12.2006		
Marek Olekszyk	01.01. - 31.12.2006		
bezpieczeństwo.pl Sp. z o.o.			
No Supervisory Board		Adam Dąbkowski	01.01. - 31.12.2006

12. Strategy and development outlook of the Asseco (former Softbank) Group

The Mission of the Asseco Group is to build an international group of profitable companies producing and providing IT solutions.

Domestic strategy

Achieving and maintaining the leading position in each market served

The Group's strategy is to achieve the leading position (in the top three) in each market served in terms of sales revenues while keeping at least the present profit margins. Thanks to mutual transfer of knowledge, skills and competence the Group's flagship products and services will be marketed across all the countries of our operations.

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 is turning into the largest Polish company operating in this market. Asseco Business Solutions has been established on the basis of Incenti (which changed its name to Asseco Business Solutions in February 2007) that will soon incorporate the companies of Softlab, Wa-Pro and SAFO. Asseco Poland does not preclude a scenario in which Asseco Business Solutions acquires further undertakings.

Higher expenditures for research and development

By increasing its R&D outlays the Group plans to develop the existing and brand new products and solutions. The combined companies of Asseco and Softbank will take advantage of their mutual experience and thereby be able to achieve higher margins on the products and services offered.

Gaining additional market share by marketing of new products

Cost reduction

The Group will be able to reduce its operating costs by optimizing its production processes and management of human resources.

Foreign strategy

Expansion through acquisitions

Dynamic development of Asseco Poland SA as well as the Group companies will be achieved through sustained organic growth on one hand, and on the other hand through take-overs. Not only will further acquisitions broaden the range of our competence within new and proprietary systems, but they will strengthen the Group's market position owing to new areas of business activities.

- Acquisitions in the Czech Republic – the Group's Czech pillar shall comprise of 2 to 3 companies engaged in integration services, production of ERP systems as well as passporting systems.
- Acquisitions in the Balkans – the Group's Balkan pillar shall be established on the basis of 2 to 3 information technology companies.
- Acquisitions in Romania – the Romanian pillar of the Asseco Group shall be established on the basis of 2 to 4 companies developing software, providing integration services as well as supplying hardware.

Orders portfolio

The table below presents the Asseco Group's orders portfolio as at 22 February 2007, assuming that the current schedules for performance of long-term contracts are not changed.

	2007	2007-2011
	PLN millions	PLN millions
Orders portfolio of the Asseco Group	676	1,068

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.
- Amendments of the regulations, interpretations and application of legislative acts might have a negative impact on the Group's operations, future prospects, operating results and financial position.
- Unfavourable changes in foreign currency exchange rates might have adverse effects on the Group's operations, future prospects, operating results and financial position.
- 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.

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 co-operation 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.
- The Group's operations depend upon several large clients, 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, Co-operative 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

It is characteristic of IT products that at the stage of their development there is no guarantee they will be up-to-date or innovative when launched into the market, or that they will be warmly accepted by their potential users. This is because there is always some likelihood that competitors develop more innovative solutions at the same time. 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. 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 local currency within the domestic market.

Affiliation with the Prokom Group

Affiliation with the Prokom Group is an important external factor affecting the Group's operations. Despite implementation of its own strategy, the Group falls under the overall strategy of its major shareholder, namely Prokom Software SA. Within the framework of such strategy the Group serves as one of the pillars of the Prokom Group operations in the banking and financial sectors. On the other hand, the Asseco Group is given an opportunity to utilize the foreign resources of the Prokom Group in order to support its activities in such markets.

The company Prokom Software SA expressed its intention to invest in IT companies of Romania and the Balkans together with Asseco.

Internal factors essential to the Company's development

Implementation 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 co-operation with Prokom Software SA.

Quality and comprehensiveness of the Group's offer

Quality and comprehensiveness 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 marketplace 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

Risk factors involved in the operations of Asseco Poland SA (former Softbank SA) and its Group of Companies

Risk involved in becoming dependent on the key customers

In 2006, large portion (52.8%) of the Group sales revenues was generated by working for the two largest clients, of which 44.6% from Bank PKO BP SA and 8.2% from the Ministry of Internal Affairs and Administration. Implementation of the contracts concluded with these clients (especially for execution of the Central IT System for Bank PKO BP SA and execution of the CEPiK System) will have a heavy influence on the sales revenues to be realized by the Group in the coming years. A loss of any of the above-mentioned clients or deterioration of the terms of payment for the services provided would certainly have an adverse impact on the operations, financial position and financial performance of the Group, as well as on its prospective 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 that considerable financial outlays are 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, which is experienced especially in the case of the CEPiK System. Such circumstances may impair the Group's financial liquidity.

The 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 any 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. Such circumstances might have a negative impact on the Group's operations, financial position and thereby on its financial results.

The specificity of complex IT projects requires that due estimations are made. The assumptions are made based on experience of managers responsible for implementation of such projects, and they are subject to periodic verifications. However, during the following stages of contract execution it may appear that the estimated costs are changed as a result of which the Group's financial results may fluctuate. Such circumstances might have a negative impact on the Group's operations, financial position as well as on its financial results.

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. 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.

Risk related to the Group's operations being under influence of the Prokom Group

The Asseco Group constitutes a part of the Prokom Group, the largest group of companies operating in the Polish IT industry. As at December 2006, Prokom Software SA was the largest shareholder in the Asseco Poland SA (former Softbank SA) with a 34.26% equity interest, which entitled them to the proportional voting interest at the General Meeting of Shareholders. According to the Articles of Association of Asseco Poland SA, Prokom Software SA is entitled appoint four out of seven members of the Company's Supervisory Board. In such situation Prokom Software SA may exert a considerable impact on the outcome of voting at the General Meeting of Shareholders of Asseco Poland SA, and may decide about election of the Supervisory Board, which in turn appoints all the members of the Management Board. Hence, all the significant decisions taken by the Company's authorities may be influenced by Prokom Software SA.

The strategy of the Asseco Group was prepared with reference to and in agreement with the strategy of the Prokom Group. Changes to the Prokom's strategy may require modification of the Asseco Group strategy. Such changes might concern the segments of operations, directions of development as well as investment intents of the Asseco Group. A necessity to change the strategy of the Asseco Group in the above-mentioned or other areas of activities might have a negative impact on the Group's operations, financial position as well as on its financial results.

Risk involved in gaining new contracts

It is characteristic of the IT business that most of contracts are awarded under tendering procedures. As at 22 February 2007, the Group's orders portfolio for the coming years amounted to PLN 1,068 million of which, according to the management estimates, about PLN 676 million should be realized in 2007, provided that the adopted implementation schedules for the Group's long-term contracts are not changed. 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. Failure to gain such contracts might have an adverse impact on the operations, financial position and financial performance of the Group, as well as on its prospective development.

Risk factors involved in the Group's business environment

Risk related to intensified competition in the domestic market

The Group's operations are under the pressure of more and more severe competition both with the local players and international IT corporations, which is observed especially when it comes to execution of large and prestigious contracts. The consolidation process of the Polish IT companies and 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 the largest foreign companies is getting stronger. They have got better 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 as well as its financial results.

Foreign currency risk

Execution of long-term agreements and settlement of contracts in foreign currencies, both with suppliers and customers, bring 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. The Parent 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 Polish zloty versus foreign currencies might have some adverse effects on the operations, financial position and financial performance of the 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. 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, foreign currency exchange rates versus 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 as well as on its financial results.

Risk of regulatory changes

Frequent amendments, lack of cohesion and uniform interpretation of the provisions of law, in particular of the tax regulations, law on public trading in securities as well as the commercial companies code, give rise to the regulatory environment risk which is incurred by the Company. Especially, the tax regulations and their interpretations are subject to often changes. Practices of the internal revenue administration and the court judicature are not uniform in this domain. In the event that taxation authorities take a different position from the Group's interpretation of tax regulations, the Group's economic situation and financial results may be exposed to negative consequences thereof.

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. There is a risk of new products coming to the market, which will cause the products and services offered by the Group to become less attractive, and eventually not as profitable as expected. Additionally, it cannot be taken for granted that the new solutions which are, or will be, created or developed by the Group will satisfy the assumed 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 a negative impact on the Group's operations, financial position and thereby on its financial performance.

Risk related to carrying out of public tenders

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 demand for IT services of the local enterprises.

Risk related to "Offshoring"

Improving quality of information technology services provided under international offshore outsourcing, inclusive of investments in the Polish market, may eventually result in a loss of human resources as well as increase the local market competition.

Risk related to market 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.

15. The Group's expansion policy

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. Asseco Poland will concentrate its efforts on production of proprietary software, inclusive of the def3000 system designed for banks. The Group will noticeably reinforce its position in the enterprises sector. By consolidation of the Polish producers of ERP software, Asseco Poland builds the Poland's largest company offering business management solutions, namely Asseco Business Solutions. Initially, Asseco Business Solutions shall incorporate four undertakings: Incenti, Softlab, Wa-Pro and Safo. It is possible that Asseco Business Solutions will acquire further undertakings in the future. The next move in the local market is to establish Asseco Systems, a large integration company created on the basis of Softbank Serwis. Also in this case, Asseco Poland sees some opportunities to consolidate the domestic IT market through acquisitions of healthy and profitable integration companies by Asseco Systems.

The Asseco Group intends to expand internationally as well. Nowadays the Group's companies are present in Slovakia (Asseco Slovakia) and in the Czech Republic (Asseco Czech Republic, established on the foundations of PVT company which was contributed by Prokom Software SA after the merger). Asseco Czech Republic will be joined by another 2 or 3 companies producing software for the banking sector, enterprises and the public administration. Thereby Asseco Czech Republic is expected to become the largest IT company in the country, providing its services to most of the vertical markets. It is an objective in the Group's strategy for 2007 to establish the Romanian pillar (Asseco Romania) which shall be created on the basis of 2 to 4 companies engaged in development of software, provision of integration services as well as in supply of hardware. The Balkan Republics are the next region the Asseco Group wants to enter. Asseco Adria will comprise of 2 or 3 IT companies operating in Serbia and Bulgaria. In 2008 Asseco will start to survey western markets – Germany and Austria will be the first markets in this research.

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

In 2006 the Asseco Group saw minor changes of its management practices, which basically included improving the management tools in order 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 productions activities, human resources and competences, and to provide support to sales force. The above-mentioned modifications resulted in better organisation 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.

17. Changes in the Group organisational structure and rationale behind them

On **4 January 2006**, following the decision of the District Court in Gdańsk, the companies of Softbank Serwis Sp. z o.o. and Koma SA merged. The merger was executed pursuant to art. 492 § 1 item 1 of the Polish Commercial Companies Code. As a result of the court registration of this merger, the company Koma was taken over by Softbank Serwis. Hence, the Group completed a successive stage in its restructuring and development strategy, with the objective to establish a strong, country-wide provider of maintenance services, and in consequence to benefit from synergy effects of the two companies operating on the same market.

On **28 April 2006** Asseco Poland SA (former Softbank SA) concluded an agreement for sale of 100,265 shares of AWiM Mediabank SA owner of the radio station PiN 102 FM. The disposed shares constituted 100% of the share capital and voting interest at the General Meeting of Shareholders of AWiM Mediabank SA. The buyer was Prokom Investments SA based in Gdynia, Poland. The transaction was finalized on 28 September 2006. The decision on disposal of the Mediabank shares was required due to reorganisation of the Group competencies and focusing on the information technology activities.

On **18 May 2006** Asseco Poland SA and Softbank SA concluded an agreement concerning merger of both the companies, and subsequently the Merger Plan was signed on 31 August 2006. The companies' merger was registered by the court on 4 January 2007. The essential objective of the merger is to establish the largest company within the Polish IT industry producing proprietary software for the financial and banking sector. The concentration of capital, which resulted from the merger, will enable the Company to expand internationally, increase its competitiveness, and improve the quality of products and services offered. Thanks to such merger, the combined companies' development strategy will be enhanced with elements, implementation of which would not be feasible if both the undertakings acted as separate market players. More information on the merger has been presented in item 8 of this report.

On **21 September 2006** the District Court for Kraków-Śródmieście issued a decision on registration of the share capital increase of Sawan Grupa Softbank SA, with the seat in Zabierzów. The share capital of Sawan Grupa Softbank SA was increased by PLN 226,160, through issuance of 20,560 shares of series F with a par value of PLN 11 each, at the issue price of PLN 11 per share. The issuance total value amounted to PLN 226,160. As a result the present share capital of Sawan Grupa Softbank SA amounts to PLN 500,005 and it is divided into 45,455 shares with a par value of PLN 11 each. Asseco Poland SA (former Softbank SA) holds 45,455 shares representing 100% equity interest in the above-mentioned undertaking. The share capital of Sawan Grupa Softbank SA was increased in order to adjust its amount to the requirements set forth by the Polish Commercial Companies Code.

On **27 October 2006** Asseco Poland SA (former Softbank SA) and Prokom Software SA, based in Warsaw, signed an agreement for acquisition of shares and making a non-cash contribution. Under this agreement Prokom Software SA agreed to acquire 3,210,000 of the Company's ordinary bearer shares of series B in exchange for the non-cash contribution in the form of: 1,313 (one thousand three hundred and thirteen) shares of Asseco Czech Republic a.s. (former PVT a.s.), seated in Prague, with a par value of CZK 100,000.00 (one hundred thousand Czech korunas) per share, representing 100% of the share capital of Asseco Czech Republic a.s. (the "PVT Contribution"); and a group of assets comprising an organized part of the Prokom's enterprise operating as the Building Automation Department ("DAB") (the "DAB Contribution"). The agreement for acquisition of the above-mentioned shares was signed on 30 November 2006.

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 Softbank Serwis Sp. z o.o. in order to supplement the business offer of the later.
Further information on the said transaction has been presented in item 8 of this report as well as in the consolidated financial statements.

18. Changes in the Group organisational or capital relations

Par value of the related companies' shares held directly by Asseco Poland SA (former Softbank SA) as at 31 December 2006

No.	Name of company	Equity interest held by the Parent Company	Par value of shares in PLN thousands
1	Asseco Business Solutions SA (former Incenti SA)	100%	50,000
2	Asseco Poland SA	22%	127
3	bezpieczeństwo.pl Sp. z o.o.	100%	1,174
4	Gladstone Consulting Ltd.	51%	4
5	NetPower SA	100%	3,506
6	SAWAN Grupa Softbank SA	100%	500
7	Softbank Serwis Sp. z o.o.	100%	34,298
8	NOVUM IT Services Ltd.	51%	319

On **4 January 2006**, following the decision of the District Court in Gdańsk, the companies of Softbank Serwis Sp. z o.o. and Koma SA merged. The merger was executed pursuant to art. 492 § 1 item 1 of the Polish Commercial Companies Code. As a result of the court registration of this merger, the company Koma was taken over by Softbank Serwis. Hence, the Group completed a successive stage in its restructuring and development strategy, with the objective to establish a strong provider of maintenance services operating nationwide.

On **28 April 2006** Asseco Poland SA (former Softbank SA) concluded the agreement for sale of 100,265 shares of AWiM Mediabank SA, owner of the radio station PiN 102 FM. The disposed shares constituted 100% of the share capital and voting interest at the General Meeting of Shareholders of AWiM Mediabank SA. The buyer was Prokom Investments SA based in Gdynia, Poland. The transaction was finalized on 28 September 2006.

On **18 May 2006** Asseco Poland SA and Softbank SA concluded an agreement concerning merger of both the companies, and subsequently the Merger Plan was signed on 31 August 2006. The companies' merger was registered by the court on 4 January 2007. More information on the merger has been presented in item 8 of this report.

On **21 September 2006** the District Court for Kraków-Śródmieście issued a decision on registration of the share capital increase of Sawan Grupa Softbank SA, with the seat in Zabierzów. The share capital of Sawan Grupa Softbank SA was increased by PLN 226,160, through issuance of 20,560 shares of series F with a par value of PLN 11 each, at the issue price of PLN 11 per share. The issuance total value amounted to PLN 226,160. As a result the present share capital of Sawan Grupa Softbank SA amounts to PLN 500,005 and it is divided into 45,455 shares with a par value of PLN 11 each. Asseco Poland SA (former Softbank SA) holds 45,455 shares representing 100% equity interest in the above-mentioned undertaking.

On **27 October 2006** Asseco Poland SA (former Softbank SA) and Prokom Software SA, based in Warsaw, signed an agreement for acquisition of shares and making a non-cash contribution. Under this agreement Prokom Software SA agreed to acquire 3,210,000 of the Company's ordinary bearer shares of series B in exchange for the non-cash contribution in the form of: 1,313 (one thousand three hundred and thirteen) shares of Asseco Czech Republic a.s. (former PVT a.s.), seated in Prague, with a par value of CZK 100,000.00 (one hundred thousand Czech korunas) per share, representing 100% of the share capital of Asseco Czech Republic a.s. (the "PVT Contribution"); and a group of assets comprising an organized part of the Prokom's enterprise operating as the Building Automation Department ("DAB") (the "DAB Contribution"). Further information on the said transaction has been presented in item 8 of this report. The agreement for acquisition of the above-mentioned shares was signed on 30 November 2006.

On **4 January 2007**, in consequence of registration of the merger between Softbank SA and Asseco Poland SA, which is further described in item 8 herein, the Group faced both organisational and capital relation changes.

Following the merger, as at 4 January 2007 Asseco Poland SA held shares directly in the following undertakings:

No.	Name of company	Equity interest held by the Parent Company
1	Asseco Business Solutions SA (former Incenti SA)	100%
2	Asseco Slovakia a.s.	42%
3	Asseco Czech Republic a.s. (former PVT a.s.)	100%
4	bezpieczeństwo.pl Sp. z o.o.	100%
5	Gladstone Consulting Ltd.	51%
6	NetPower SA	100%
7	SAWAN Grupa Softbank SA	100%
8	Softbank Serwis Sp. z o.o.	100%
9	Softlab Sp. z o.o.	96%
10	Softlab Trade Sp. z o.o.	96%
11	WA-PRO Sp. z o.o.	70%
12	NOVUM IT Services Ltd.	51%

19. Information on substantial agreements

During 2006, in its current reports Asseco Poland SA (former Softbank SA) informed about the following substantial agreements:

- On 9 March 2006 the Company signed an annex to the subcontracting agreement with COMP SA. The annex concerned delivery of computer hardware and services with the total value of PLN 220 thousand. The original subcontracting agreement was concluded with COMP SA on 4 December 2003. The subject matter of this agreement was creation of a Security Subsystem for the needs of the Central Register of Vehicles and Drivers.
- On 28 April 2006 the Company concluded the agreement for sale of 100,265 shares of AWiM Mediabank SA, owner of the radio station PiN 102 FM. The disposed shares constituted 100% of the share capital and voting interest at the General Meeting of Shareholders of AWiM Mediabank SA. The buyer was Prokom Investments SA based in Gdynia, Poland. Entering into this agreement was preceded by review of other bids for acquisition of AWiM Mediabank SA, the most beneficial of which was the offer submitted by Prokom Investments SA. The transaction was effected on 28 September 2006, after obtaining all the necessary permissions from the Office of Competition and Consumers Protection and the National Broadcasting Council.

- On 1 June 2006 the Company signed an annex to the credit agreement of 25 May 2005 (current report 18/2005) with the bank DnB Nord Polska SA (former name: Nord/LB Bank Polska Norddeutsche Landesbank SA), based in Warsaw. The Bank granted to the Company a credit facility up to the total maximum amount of PLN 35 million (the "Limit"). The Limit may be drawn in the form of current account credit up to the amount of PLN 20 million as well as in the form of term credit up to PLN 15 million. The Limit was granted for the period till 31 May 2007. The credit interest rate equals: 1M WIBOR rate plus the Bank margin.
- On 30 June 2006 the Company signed with Bank BPH SA an annex to the credit agreement of 11 September 2003 (current report 41/2003). The annex extends the crediting period till 30 June 2007. The credit limit amounts to PLN 50 million. The credit interest rate equals: 1M WIBOR rate plus the Bank margin.
- On 24 October 2006 the Company signed with Mr. Adam Góral the agreement for conditional termination of the stock option agreement of 10 October 2005, about which the Company informed in its current report 50/2005.
- On 27 December 2006 the Company signed an annex to a substantial agreement with the Bank PKO BP SA. The agreement was originally concluded on 7 September 2005, which was disclosed by the Company in its current report no. 40/2005. The agreement value amounted to PLN 22.9 million. The subject matter of the agreement was to supply and implement an information technology system, namely the "Central Support IT System", and to provide maintenance services relating to the said application for a period of 3 years. According to the annex to the agreement, functionality of the "Central Support IT System" shall be extended and the contractor's remuneration for development of software shall be increased by PLN 3.3 million.

20. Transactions with related companies

Transactions with related companies have been presented in Note 26 to the consolidated financial statements of the Asseco (former Softbank) Group for the year 2006.

21. Bank credit, loans, sureties, guarantees and off-balance-sheet liabilities

Bank credits

The table below presents the list of bank credits taken by the companies of the Asseco (former Softbank) Group as at 31 December 2006.

Creditor	Amount of credit granted in PLN '000	Currency	Maturity of the credit	Amount of credit drawn in PLN '000
Bank DnB NORD Polska SA [1]	0	PLN	2007-05-31	0
BPH SA [2]	50,000	PLN	2009-11-30	0
ING Bank Śląski SA	10,000	PLN	not specified	0
PKO BP SA	70,000	PLN	2007-07-31	2,446
Raiffeisen Bank Polska SA	10,000	PLN	2007-10-31	0
Bank Millennium SA	5,000	PLN	2007-04-14	4,710
TOTAL	**145,000**			**7,156**

[1] On 4 December 2006 an annex to the credit agreement was signed, which released the pledge on shares of Asseco Poland SA that had served as security for the credit from Bank DnB NORD Polska SA. Until a new security is established, the credit in the amount of PLN 35,000 thousand was frozen.

[2] On 29 December 2006 an annex to the credit agreement was signed, which increased the amount of credit granted by Bank BPH SA from PLN 50,000 thousand to PLN 100,000 thousand. However, until a pledge is established on shares of Asseco Slovakia a.s., the credit shall be available in the amount of PLN 50,000 thousand.

Loans granted by Asseco Poland SA (former Softbank SA) to subsidiary companies

By the agreement of 10 April 2006 Asseco Poland SA (former Softbank SA) granted a loan in the amount of PLN 200 thousand to AWiM Mediabank SA. The loan interest rate equalled 3M WIBOR rate plus a margin of 2.5 percentage points per annum. The original loan repayment date was 31 May 2006. However, by the annex of 29 May 2006, the loan maturity was extended till 7 January 2007.

By the agreement of 20 October 2005 Asseco Poland SA (former Softbank SA) granted a loan in the amount of PLN 22,000 thousand to the company Softbank Serwis Sp. z o.o. The loan interest rate equals 1M WIBOR rate plus a margin of 2.5 percentage points per annum. The loan shall be repaid in accordance with the schedule specified in the agreement, where the last portion of the loan has been scheduled for repayment till 31 December 2008. By the annex of 2 January 2006 the loan interest rate was changed to 1M WIBOR rate plus a margin of 1.6 percentage points per annum, and also the schedule for repayment of particular portions of the loan was amended, yet the final repayment date of 31 December 2008 remained unchanged.

As at 31 December 2006, receivables of the Parent Company by virtue of loans granted aggregated at PLN 14,200 thousand, plus interest on the loans granted in the amount of PLN 278 thousand.

Bank guarantees and letters of credit

Within its commercial activities, the Asseco (former Softbank) Group uses bank guarantees, guarantee bonds and letters of credit as forms of securing its business transactions with various organisations, companies and administration entities.

	31 December 2006 PLN '000	31 December 2005 PLN '000
Liabilities due to bank guarantees and guarantee bonds extended to secure due performance of commercial contracts and any warranty period claims	7,326	10,107
Liabilities due to bank guarantees and guarantee bonds extended to secure payments and tender deposits	5,977	5,993
Total	**13,303**	**16,100**

The table below presents off-balance-sheet liabilities concerning related companies.

	31 December 2006 PLN '000	31 December 2005 PLN '000
Surety for repayment of a bank credit	0	1,200
Surety for bank guarantees	4,500	0
Surety for the contract for construction of a structural network	6,896	6,948
Total	**11,396**	**8,148**

As at 31 December 2006 Softbank SA did not have any liabilities due to guarantees and sureties extended to secure credits contracted by its related companies.

Sureties issued by Asseco Poland SA (former Softbank SA) to secure other liabilities as at 31 December 2006 were as follows:

- surety for the contract for construction of a structural network concluded between **Softbank Serwis Sp. z o.o.** and Tyco Sp. z o. o. on 26 February 2004. The surety value as at 31 December 2006 was estimated at PLN 6,896 thousand.
- surety granted to Bank Millennium SA for liabilities of **Softbank Serwis Sp. z o.o.** by virtue of bank guarantees, which were extended by the bank on behalf of that company. The surety value as at 31 December 2006 was estimated at PLN 4,500 thousand.

Both as at the end of 2006 and 2005, the Asseco (former Softbank) Group held a number of concluded forward agreements for rental of offices and other space, for lasing of transportation vehicles and equipment, and other agreements of similar nature, under which the following future payments shall be made:

Liabilities under lease of space	**31 December 2006**	**31 December 2005**
	PLN '000	**PLN '000**
Up to 1 year	4,105	5,880
From 1 to 5 years	11,365	10,227
Over 5 years	1,183	1,915
Total	**16,653**	**18,022**

Liabilities under other leasing agreements	**31 December 2006**	**31 December 2005**
	PLN '000	**PLN '000**
Up to 1 year	674	921
From 1 to 5 years	1,182	1,241
Over 5 years	0	0
Total	**1,856**	**2,162**

22. Opinion on feasibility of the 2006 financial forecasts published by the Management Board

In 2004 the Management Board of Asseco Poland SA (former Softbank SA) presented the Company's development strategy for the years 2004–2006 that assumed focusing on provision of IT services for the financial sector, with special regard to banking, as well as for public administration sector.
As part of the Strategy, the Management Board of Asseco Poland SA (former Softbank SA) determined several financial objectives to be achieved by the Group in 2006. Sales to the banking and financial sector were assumed to reach PLN 360 million with a 28% gross margin, whereas sales to the public administration sector were planned to reach PLN 150 million with a 10% gross margin. Furthermore, the goal for the Group's total net sales revenues was set at PLN 550 million. The turnover generated by the Group in 2006 was slightly under the forecast basically due to weaker sales of hardware and third-party software. First of all the public administration sector did not invite tenders for delivery of IT systems and computer hardware, as preannounced by the State Treasury. On the other hand the Asseco Group posted higher revenues from sale of own products and services, which increased by 53% in 2006. Owing to that the Group was able to achieve high EBITDA margin, slightly over the projected 12%.

The Management Board of Asseco Poland SA (former Softbank SA) did not publish any financial forecasts for the next periods.

23. Opinion on financial resources management

In 2006, just as in the prior years, the Asseco (former Softbank) Group invested its spare cash in financial instruments available on the Polish interbank market, which offered the highest returns.

These instruments included commercial papers, Treasury bills, and bank deposits. When deciding to purchase commercial papers, the Group's companies may only consider the instruments with a high degree of security. Most frequently these are bonds, preferably guaranteed by a parent company with a high credit rating. Should an investment in bonds be chosen, despite security reasons the Group takes into account also their liquidity.

The Asseco Group pays its trade liabilities, settles the regulatory State charges, and fulfils its investment obligations on a timely basis. The Group maintains credit facilities at various banks and issues debt securities. Owing to such policy, our sources of financing are well diversified. The Group companies pay their liabilities from current operating revenues which may be supplemented with outside financing, such as short-term credit facilities within their current accounts, term credits and loans, capital contributions.

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

The 2006 favourable financial results and cash flows, as well as optional use of external financing shall certainly allow implementing the Group's investment plans.

During 2007 the Asseco Group is going to invest mainly in further acquisitions of companies, which would expand its areas of competence. The Management Board 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 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 Group also intends to spend approximately PLN 230 million for capital investments.

25. Agreements with the entity authorized to audit financial statements

On 15 September 2006 the Company concluded with Ernst&Young Audit Ltd. an agreement to carry out an audit of the unconsolidated financial statements of Asseco Poland SA (former Softbank SA) and the consolidated financial statements of the Asseco (former Softbank) Group for the 6 months ended 30 June 2006, as well as to audit the unconsolidated financial statements of Asseco Poland SA (former Softbank SA) and the consolidated financial statements of the Asseco (former Softbank) Group for the period of 12 months ended 31 December 2006.

The table below discloses the total remuneration payable to the entity authorized to audit financial statements under the above-mentioned agreement.

	12 months ended 31 December 2006 PLN '000	12 months ended 31 December 2005 PLN '000
Total (net) remuneration payable or paid for the audit and review of the company financial statements and the consolidated financial statements, per financial year	485	437
Total (net) remuneration payable or paid for services other than the audit and review of the company and consolidated financial statements, per financial year	797	616
Total:	**1,282**	**1,053**

Signatures of all the Members of the Management Board of Asseco Poland SA (former Softbank SA) under the Management Board Report of the Operations of the Asseco (former Softbank) Group in the year 2006.

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

Robert Smułkowski
Member of the Management Board

Warsaw, 13 April 2007

Statement by the Management Board of Asseco Poland SA (former Softbank SA) on reliability of preparation of the Consolidated Financial Statements of the Asseco (former Softbank) Group for the year 2006

The Management Board of Asseco Poland SA (former Softbank SA) hereby declares, to the best of its knowledge, that the Consolidated Financial Statements for the year 2006, made as at 31 December 2006 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 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 (former Softbank) Group. The Management Board Report presents fairly the development, achievements and economic position of the Asseco (former Softbank) 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

Robert Smułkowski
Member of the Management Board

Warsaw, 13 April 2007

Statement by the Management Board of Asseco Poland SA (former Softbank SA) on the entity authorized to audit the Consolidated Financial Statements of the Asseco (former Softbank) Group for the year 2006

The Management Board of Asseco Poland SA (former Softbank SA) hereby declares that the entity authorized to carry out an audit of the Consolidated Financial Statements of the Asseco (former Softbank) Group for the year 2006, namely Ernst&Young Ltd., seated in Warsaw, was chosen in accordance with the regulations of 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
Member of the Management Board

Adam Rusinek
Member of the Management Board

Przemysław Sęczkowski
Member of the Management Board

Robert Smułkowski
Member of the Management Board

Warsaw, 13 April 2007

Statement by the Management Board of Asseco Poland SA (former Softbank SA) on adhering to the corporate governance standards

The Management Board of Asseco Poland SA (former Softbank SA) hereby declares that the Company observes the corporate governance standards, as stipulated in the document entitled *"Best Practices in Public Companies 2005 – corporate governance standards for issuers of shares, convertible bonds or privileged bonds admitted to public trading in the official market"*, within the scope decided by the Company's Extraordinary General Meeting of Shareholders that was held on 9 August 2005.

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

Robert Smułkowski
Member of the Management Board

Warsaw, 13 April 2007

ASSECO POLAND SPÓŁKA AKCYJNA

(FORMER SOFTBANK SPÓŁKA AKCYJNA)

CONSOLIDATED FINANCIAL STATEMENTS
OF THE ASSECO (FORMER SOFTBANK) GROUP
INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS

FOR THE YEAR ENDED 31 DECEMBER 2006

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONSOLIDATED FINANCIAL STATEMENTS
OF THE ASSECO (FORMER SOFTBANK) GROUP
INCLUDING OPINION OF INDEPENDENT CERTIFIED AUDITORS

FOR THE YEAR ENDED 31 DECEMBER 2006

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These financial statements comprise 102 pages numbered consecutively from 1 to 102.

These condensed consolidated financial statements were approved by the Management Board of Asseco Poland SA (former Softbank SA) on 13 April 2007.

Management Board:

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
Robert Smułkowski	Member of the Management Board

Person responsible for maintaining the accounting books:

Mirosława Janusz	Chief Accountant

OPINION OF INDEPENDENT CERTIFIED AUDITORS

For the General Meeting of Shareholders

1. We have audited the consolidated financial statements of the Asseco (former Softbank) Group of Companies (the "Group"), the parent company of which is Asseco Poland SA (former Softbank SA) (the "Company") with the registered seat at Al. Armii Krajowej 80, Rzeszów, Poland, for the year ended 31 December 2006, including:
   - Consolidated Balance Sheet made as at 31 December 2006, which equates the total assets with the shareholder's equity and liabilities at PLN 685,567 thousand,
   - Consolidated Profit and Loss Account for the period from 1 January 2006 to 31 December 2006, which shows the net profit of PLN 75,307 thousand,
   - Consolidated Statement of Shareholders Equity for the period from 1 January 2006 to 31 December 2006, which reveals an increase in shareholders' equity by the amount of PLN 57,705 thousand,
   - Consolidated Statement of Cash Flows for the period from 1 January 2006 to 31 December 2006, which discloses a net decrease in cash and cash equivalents by the amount of PLN 14,785 thousand,
   - Supplementary information and explanations (collectively the "the attached consolidated financial statements").
2. The Management Board of the Company is responsible for reliability, accuracy and fairness of the attached consolidated financial statements as well as for accuracy of the accounting evidence for consolidation. Our assignment was to audit the attached consolidated financial statements and, on the basis of such audit, to express an opinion on their reliability, accuracy and fairness in all material aspects.
3. We have conducted our audit of the attached consolidated financial statements:
   - in compliance with the International Standards of Auditing,
   - and pursuant to the following regulations legally binding in Poland:
     - Chapter 7 of the Accounting Act of 29 September 1994 (the "Accounting Act")
     - the professional standards for auditors set forth by the National Council of Statutory Auditors,

   and in such a way as to obtain reasonable and sufficient confidence that the financial statements do not contain any material faults. In particular, the audit included checking, mostly at random, of the accounting evidence and book entries supporting the amounts and disclosures revealed in the attached consolidated financial statements. Furthermore, the audit comprised assessment of correctness of the accounting principles adopted and applied by the Group, verification of significant estimates performed by the Company's Management Board as well as overall evaluation of presentation of the attached consolidated financial statements. We believe that our audit provided a sufficient basis to issue an opinion on the attached consolidated financial statements viewed as a whole.

OPINION OF INDEPENDENT CERTIFIED AUDITORS (continued)

4. In our opinion the attached consolidated financial statements, in all material aspects:
   - presents true and fair information which is essential for assessing the Group's financial result on business activities for the period from1 January 2006 to 31 December 2006, as well as property and financial position of the Group as at 31 December 2006;
   - were prepared correctly, this is in accordance with the International Financial Reporting Standards adopted by the European Union;
   - comply with the legal regulations pertaining to preparation of financial statements, inclusive of their form and contents.
5. Whilst making no reservations, we draw your attention to the following issue:

   As at 31 December 2006, in the attached consolidated financial statements the Group disclosed goodwill in the amount of PLN 14,224 thousand arising from acquisition of the company Koma SA ("Koma") and net assets of the subsidiary company Softbank Serwis Sp. z o. o. ("Softbank Serwis") in the amount of PLN 39,291 thousand. In January 2006 the companies Koma and Softbank Serwis merged. Softbank Serwis generated net losses both for 2005 and 2006. As presented in Note 11 to the attached consolidated financial statements, the Company's Management Board analyzed and measured the value of Softbank Serwis using the method of discounted cash flows, and consequently made a partial write-down on goodwill. Taking into account that the valuation was to a large extent based on forecasted operating and financial results of Softbank Serwis, in our opinion there is some uncertainty about the above-mentioned results and assets being realized.
6. We have examined the Management Board report on the Group's operations conducted in the period from 1 January 2006 to 31 December 2006 and on the principles for preparation of the annual consolidated financial statements (the "report on the Group's operations"), and deemed it is consistent with the information provided in the attached consolidated financial statements. The contents of the report on the Group's operations comply with relevant provisions of the Regulation of the Minister of Finance, dated 19 October 2005, on current and periodic information to be submitted by issuers of securities (Journal of Laws No. 209, entry 1774).

On behalf of
Ernst & Young Audit Sp. z o.o.
Rondo ONZ 1, 00-124 Warszawa
Registry no. 130

Sebastian Łyczba
Certified Auditor
Licence no. 9946/7392

Jacek Hryniuk
Certified Auditor
Licence no. 9262/6958

Warsaw, 13 April 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT
THE ASSECO (former SOFTBANK) GROUP

	No. of note to financial statements	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 comparable data PLN '000
Continued operations			
Sales revenues		**497,687**	**533,234**
Sales of products and services	1	372,823	244,417
Sales of merchandise and materials	1	124,864	288,817
Cost of sales		**(381,237)**	**(436,947)**
Cost of products and services sold (-)	2	(269,129)	(174,512)
Cost of merchandise and materials sold (-)	2	(112,108)	(262,435)
Gross profit on sales		**116,450**	**96,287**
Selling expenses (-)	2	(15,522)	(12,710)
General administrative expenses (-)	2	(52,653)	(41,169)
Net profit on sales		**48,275**	**42,408**
Other operating income	3	1,263	11,584
Other operating expenses (-)	3	(4,340)	(2,144)
Operating profit		**45,198**	**51,848**
Financial income	4	79,067	60,176
Financial expenses (-)	4	(60,729)	(59,592)
Share in profits of associated companies		11,258	
Pre-tax profit		**74,794**	**52,432**
Corporate income tax (current and deferred portions)	5	(3,606)	(5,213)
Net profit on ordinary activities		**71,188**	**47,219**
Discontinued operations			
Profit (loss) on discontinued operations for the financial year	6	4,119	(2,589)
Profit for the period reported		**75,307**	**44,630**
Attributable to:		**75,307**	**44,630**
Shareholders of the Parent Company		**74,565**	**43,985**
Minority Shareholders		742	645
Consolidated earnings per share attributable to Shareholders of Asseco Poland SA (former Softbank SA) (in PLN)			
Basic EPS from consolidated net profit on continued operations for the period reported attributable to Shareholders of Asseco Poland SA (in PLN)	7	2.96	1.97
Diluted EPS from consolidated net profit on continued operations for the period reported attributable to Shareholders of Asseco Poland SA (in PLN)	7	2.96	1.97

Supplementary information and explanations to the consolidated financial statements presented on the pages from 14 to 102 constitute an integral part thereof.

CONSOLIDATED BALANCE SHEET
THE ASSECO (former SOFTBANK) GROUP

	No. of note to financial statements	31 December 2006 PLN '000	31 December 2005 comparable data PLN '000
ASSETS			
Fixed assets		**289,510**	**311,889**
Property, plant and equipment	9	29,315	37,215
Intangible assets	10	5,727	14,206
Consolidation goodwill	11	74,050	84,715
Investments in associated companies valued under the equity method	12	97,360	86,308
Financial assets valued at fair value through profit or loss	15	917	3,575
Long-term receivables	19	54,932	57,734
Deferred income tax assets	5	25,975	20,617
Long-term deferred expenses	16	1,234	7,519
Current assets		**392,607**	**385,084**
Inventories	17	16,900	20,171
Deferred expenses	16	15,564	13,940
Trade accounts receivable	19	146,179	166,296
Corporate income tax recoverable		238	286
Receivables from the State budget		143	101
Other receivables	19	47,625	52,713
Financial assets held to maturity	14	34,313	17,388
Financial assets valued at fair value through profit or loss	15	84,080	52,049
Loans granted		210	0
Cash and short-term deposits	20	47,355	62,140
Assets classified as held for sale	**6**	**3,450**	**0**
TOTAL ASSETS		**685,567**	**696,973**

CONSOLIDATED BALANCE SHEET
THE ASSECO (former SOFTBANK) GROUP
(continued)

	No. of note to financial statements	31 December 2006 PLN '000	31 December 2005 comparable data PLN '000
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY (attributable to Shareholders of the Parent Company)		**340,283**	**283,725**
Share capital	21	25,175	25,175
Share premium		253,151	253,151
Unrealized net profit on financial assets available for sale	21	0	0
Capital from bonds convertible to shares issued due to payments in shares	21	2,498	801
Foreign currency translation differences on subsidiary and associated companies		(3,118)	475
Retained earnings (deficit) and current net profit		62,577	4,123
MINORITY INTERESTS	21	3,391	2,649
TOTAL SHAREHOLDERS' EQUITY		**343,674**	**286,374**
Long-term liabilities		**107,245**	**117,501**
Long-term reserves	24	645	973
Long-term financial liabilities	22	103,185	99,978
Long-term deferred income	25	3,415	11,635
Other long-term liabilities	25	0	4,915
Current liabilities		**234,648**	**293,098**
Interest-bearing bank credits, loans and debt securities	23	7,186	40,194
Trade accounts payable	25	61,235	141,359
Corporate income tax payable		5,207	3,404
Liabilities to the State budget	25	13,447	10,466
Financial liabilities	22	32,236	20,363
Other liabilities	25	81,037	47,753
Reserves	24	3,880	692
Accrued expenses	25	19,841	17,162
Deferred income	25	10,579	11,705
Liabilities directly related to assets classified as held for sale	6	**0**	**0**
TOTAL LIABILITIES		**341,893**	**410,599**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**685,567**	**696,973**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
THE ASSECO (former SOFTBANK) GROUP

for 12 months ended 31 December 2006 and for 12 months ended 31 December 2005 (comparable data)

	Share capital	Share premium	Unrealized net profit on financial assets available for sale	Capital from bonds convertible to shares issued due to payments in shares	Foreign currency translation differences on subsidiary and associated companies	Retained earnings (deficit) and current net profit	Total	Minority interests	Total Shareholders Equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at 1 January 2006	**25,175**	**253,151**	**0**	**801**	**254**	**2,205**	**281,586**	**4,383**	**285,969**
Change due to recognizing the "put" option					221	1,918	**2,139**	(1,734)	**405**
As at 1 January 2006 (comparable data)	**25,175**	**253,151**	**0**	**801**	**475**	**4,123**	**283,725**	**2,649**	**286,374**
Net profit for the period from 1 January 2006 to 31 December 2006						74,565	**74,565**	742	**75,307**
Foreign currency translation differences on subsidiary companies					(3,593)		**(3,593)**		**(3,593)**
Cost of employee benefits in the form of own shares recognized by the associated company				1,091			**1,091**		**1,091**
Cost of employee benefits in the form of own shares				606			**606**		**606**
Dividend paid-out for the year 2005						(16,111)	**(16,111)**		**(16,111)**
As at 31 December 2006	**25,175**	**253,151**	**0**	**2,498**	**(3,118)**	**62,577**	**340,283**	**3,391**	**343,674**
As at 1 January 2005	**20,951**	**148,525**	**6,826**	**801**	**0**	**(39,862)**	**137,241**	**3,497**	**140,738**
Issuance of shares	4,224	104,626	0	0	0	0	**108,850**	0	**108,850**
Reclassification of financial assets from available for sale to investments in associated companies			(6,826)				**(6,826)**		**(6,826)**
Net profit for the period from 1 January 2005 to 31 December 2005						43,985	**43,985**	645	**44,630**
Foreign currency translation differences on subsidiary companies					475		**475**		**475**
Acquisition of shares in Sawan Grupa Softbank SA								(1,493)	**(1,493)**
As at 31 December 2005 (comparable data)	**25,175**	**253,151**	**0**	**801**	**475**	**4,123**	**283,725**	**2,649**	**286,374**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY THE ASSECO (former SOFTBANK) GROUP (continued)

In July 2006, the International Financial Reporting Interpretations Committee ("IFRIC") issued its opinion concerning presentation in the consolidated financial statements of the Parent Company of obligations to acquire shares in subsidiary companies from minority shareholders. The Parent Company should recognize a financial liability to purchase shares in subsidiary companies from the minority shareholders already at the moment such liability arises, irrespective of the fact whether the payment depends upon future occurrences and decisions of the holders of put options for sale of shares.

In October 2005 the Company signed an agreement for acquisition of the 51% stake of shares in the company Gladstone. This agreement also contains call and put options concerning acquisition of a further stake of shares (the remaining 49%).

Relying on the said IFRIC opinion and as a result of analyzing the acquisition of shares in Gladstone, the Management Board of Asseco Poland SA (former Softbank SA) decided to make a retrospective adjustment of the consolidated financial statements.

Following this decision and in accordance with the above-described methodology, the Company introduced the following adjustments to the comparable data (i.e. as at 31 December 2005):

Description	**Value PLN '000**
Increase in goodwill due to acquisition of shares in Gladstone Consulting Ltd	24,345
Increase in foreign currency translation differences on subsidiary companies	221
Decrease in the value of minority interests capital	(1,734)
Increase in the prior years' retained earnings due to recognizing additional 49% stake in the Gladstone's share capital	2,559
Increase (decrease) in retained earnings due to accounting (at the amortized cost) for the liability to be paid for the 49% stake of shares in Gladstone and determining foreign currency differences on that liability	(641)
Recognizing (at present value) the financial liability expected to be paid for the 49% stake of shares in Gladstone	23,940

Further information on the above-described adjustment has been provided in Notes 11, 21 and 22 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS THE ASSECO (former SOFTBANK) GROUP

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 comparable data PLN '000
Cash flows – operating activities		
Pre-tax profit on continued operations and profit (loss) on discontinued operations	78,913	49,843
Total adjustments:	**(43,634)**	**89**
Share in net profit of companies valued under the equity method	(11,258)	0
Depreciation and amortisation	12,768	9,818
Change in inventories	3,230	1,398
Change in receivables	33,219	(36,497)
Change in liabilities	(51,016)	18,755
Change in deferred and accrued expenses	(3,408)	6,624
Change in reserves	4,025	(6,098)
Interest income and expense	1,354	4,559
Gain (loss) on foreign exchange differences	(28,430)	(2,778)
Gain (loss) on investing activities	(4,137)	3,523
Other	19	785
Net cash generated from operating activities	**35,279**	**49,932**
Interest paid	(2,438)	(5,821)
Income tax paid	(5,219)	(2,409)
Net cash provided by operating activities	**27,622**	**41,702**
Cash flows – investing activities		
Disposal of tangible fixed assets	930	469
Disposal of investments in real estate	0	1,700
Disposal of intangible assets	0	1,893
Proceeds from redemption of financial assets held to maturity	9,597	8,498
Disposal of financial assets valued at fair value through profit or loss	547	0
Disposal of shares in subsidiary companies	0	11,958
Acquisition of tangible fixed assets	(6,975)	(6,409)
Acquisition of intangible assets	(1,874)	(10,390)
Acquisition of financial assets held to maturity	(28,773)	0
Acquisition of subsidiary companies less cash taken over	(82)	(18,293)
Acquisition of associated companies	0	(28,791)
Loans collected	0	5,028
Loans granted	0	(5,356)
Interest received	1,004	766
Dividends received	1,245	657
Other items	67	497
Cash provided by forward transactions	26,933	21,518
Net cash provided by (used in) investing activities	**2,619**	**(16,255)**
Cash flows – financing activities		
Issuance of shares	0	30,581
Finance lease commitments paid	0	(49)
Bank credits and loans paid back	(23,877)	(16,403)
Bank credits and loans contracted	5,509	3,599
Dividends paid to Shareholders of the Parent Company	(16,111)	0
Redemption of debt securities issued	(10,547)	(28,376)
Other	0	(3)
Net cash used in financing activities	**(45,026)**	**(10,651)**
Net increase (decrease) in cash and cash equivalents	(14,785)	14,796
Cash and cash equivalents as at 1 January	62,140	47,344
Cash and cash equivalents as at 31 December	**47,355**	**62,140**

SUPPLEMENTARY INFORMATION AND EXPLANATIONS

I. INFORMATION ON THE BUSINESS SEGMENTS THE ASSECO (former SOFTBANK) GROUP

For 12 months ended 31 December 2006 and as at 31 December 2006	Implementation operations - continued PLN '000	Media operations – discontinued PLN '000	Total operations PLN '000
Sales revenues			
for 12 months ended 31 December 2006			
External sales	497,687	4,992	**502,679**
Intersegment sales	0	0	**0**
Total segment's revenue	**497,687**	**4,992**	**502,679**
Profit (loss)			
Segment's profit (loss)	48,275	(1,475)	**46,800**
Other net operating income (expenses)	(3,077)	64	**(3,013)**
Net financial income (expenses)	18,338	(17)	**18,321**
Share in profits of associated companies	11,258	0	**11,258**
Gain on disposal of media operations			**5,546**
Pre-tax profit			**78,913**
Corporate income tax			**(3,606)**
Net profit (loss) for the financial year			**75,307**
Assets and liabilities			
as at 31 December 2006			
Segment's assets	588,207	0	**588,207**
Investments in associated companies	97,360	0	**97,360**
Segment's liabilities	341,893	0	**341,893**
Other information on the segments			
for 12 months ended 31 December 2006			
Capital expenditures	(8,837)	(234)	**(9,071)**
Depreciation and amortisation	(12,768)	(123)	**(12,891)**
Revaluation write-downs	(11,786)	0	**(11,786)**

I. INFORMATION ON THE BUSINESS SEGMENTS THE ASSECO (former SOFTBANK) GROUP (continued)

For 12 months ended 31 December 2005 and as at 31 December 2005 (comparable data)	Implementation operations - continued	Media operations – discontinued	Total operations
	PLN '000	PLN '000	PLN '000
Sales revenues for 12 months ended 31 December 2005 (comparable data)			
External sales	533,252	6,457	**539,709**
Intersegment sales	(18)	(19)	**(37)**
Total segment's revenue	**533,234**	**6,438**	**539,672**
Profit (loss)			
Segment's profit (loss)	42,408	(2,551)	**39,857**
Other net operating income (expenses)	9,440	33	**9,473**
Net financial income (expenses)	584	(84)	**500**
Pre-tax profit			**49,843**
Corporate income tax			**(5,213)**
Net profit (loss) for the financial year			**44,630**
Assets and liabilities			
as at 31 December 2005			
Segment's assets	608,733	1,932	**610,665**
Investments in associated companies	86,308	0	**86,308**
Segment's liabilities	408,674	1,925	**410,599**
Other information on the segments for 12 months ended 31 December 2005 (comparable data)			
Capital expenditures	(34,998)	(94)	**(35,092)**
Depreciation and amortisation	(9,818)	(298)	**(10,116)**

I. INFORMATION ON THE BUSINESS SEGMENTS THE ASSECO (former SOFTBANK) GROUP (continued)

In the current reporting period and in the corresponding period of the previous year, the Asseco (former Softbank) Group generated over 99% of its sales revenues on the Polish market, with exports accounting for only a marginal part of the Group's turnover. Therefore, the division of the Group's operations by geographic regions was not presented.
An industry segment is a separate area of business within which the Company distributes its products and provides its services, or groups of related products or services, and which is characterized by different degree of risk and different rates of return on capital expenditures than those inherent for other industry segments. The products and services are deemed related taking into account their type. The Asseco (former Softbank) Group classifies its activities into specific industry based on their type.
Division of the Group's activities by industry is as follows:

Implementation operations - consulting services and supply of software and hardware:
- software provided under own and third-party licences,
- implementation of own products and third-party software,
- maintenance of own and third-party software and hardware,
- supply of hardware.

Media operations:
- operating a radio station.

In 2006 the Management Board of Asseco Poland SA (former Softbank SA) decided to dispose of the subsidiary undertaking AWiM Mediabank SA.
On 28 April 2006 the Company concluded the agreement for sale of 100% of shares in AWiM Mediabank SA, which was executed on 28 September 2006. In accordance with IFRS, all the profit and loss account items related to AWiM Mediabank SA were shifted to and disclosed under the item "Profit (loss) on discontinued operations for the financial year" which is further described in Note 6 to the consolidated financial statements.

II. MERGER WITH ASSECO POLAND SA AND ISSUANCE OF SHARES

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).

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

In connection with the registration of merger, the share capital of Asseco Poland SA (former Softbank SA) 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, Asseco Poland SA (former Softbank SA) 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 Asseco Poland SA (former Softbank SA) passed the resolutions on the merger, on approving the non-cash contributions, on conditional changes to the composition of the Management Board and Supervisory Board, as well as on conditional increasing of the share capital.

The companies' merger was registered in the National Court Register on 4 January 2007, hence the companies merged on the same day.

As at 31 December 2006 Asseco Poland SA (former Softbank SA) held a 21.92% interest in the share capital and total vote at the General Meeting of Shareholders of Asseco Poland SA (the acquired company), which is further described in Note 12 to the consolidated financial statements.

II. MERGER WITH ASSECO POLAND SA AND ISSUANCE OF SHARES (continued)

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 ones were:

- Change of the Company's name from Softbank SA to Asseco Poland SA,
- Shifting 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.

The new group of companies will employ approximately 3 thousand persons.

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

Concurrently to the merger, the Company increased its share capital by issuing Series B shares allocated in exchange for 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)). The issue price of 1 share equalled PLN 37.70, and its total value amounted to PLN 121,017 thousand.

All figures in PLN thousands

II. MERGER WITH ASSECO POLAND SA AND ISSUANCE OF SHARES (continued)

The 100% equity interest in Asseco Czech Republic a.s. (former PVT 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 (former Softbank SA) to Softbank Serwis Sp. z o.o.

Subscription warrants

Furthermore, 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 295,000 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 per share.

The objective of such conditional increase of share capital is to vest the right to acquire series D shares of Asseco Poland SA (former Softbank SA) in the holders of registered subscription warrants of Asseco Poland SA (the acquired company), which will be issued by the Company.

At the date of approving these financial statements, the total share capital of Asseco Poland SA (former Softbank SA) amounts to PLN 46,121 thousand and is divided into 46,120,528 ordinary shares.

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%
Total	**46,120,528**	**100%**

III. GENERAL INFORMATION

The Parent Company of the Asseco (former Softbank) Group is Asseco Poland SA (former Softbank SA). (the "Parent Company", the "Company") seated at Al. Armii Krajowej 80 in 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 been operating 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, and previously the Company had been entered into 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 the Issuer changed its name from Softbank SA to Asseco Poland SA, and moved its headquarters from ul. 17 Stycznia 72a, Warsaw to Al. Armii Krajowej 80, Rzeszów.

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.

Asseco Poland SA (former Softbank SA) is the parent company of the Asseco (former Softbank) Group. Prokom Software SA is the parent company of Asseco Poland SA; this results from exercising control over the Issuer's operating activities. As at 31 September 2006, Prokom Software SA held 34.26% of Asseco Poland SA (former Softbank SA) shares which entitled them to the proportional voting interest at the General Meeting of Shareholders.

The business profile of Asseco Poland SA (former Softbank SA) includes software and hardware consultancy, production of software as well as supply of software and hardware. According to the Polish Classification of Business Activities, the 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 Issuer's business activity is classified as "information technology".

Other undertakings of the Group conduct similar activities, with the exception of AWiM Mediabank SA, which was disposed during Q3 2006, and whose business includes radio activities, public relations as well as media services.

In addition to rendering 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.

These consolidated financial statements provide a description of the Asseco (former Softbank) Group’s core business broken down by relevant segments.

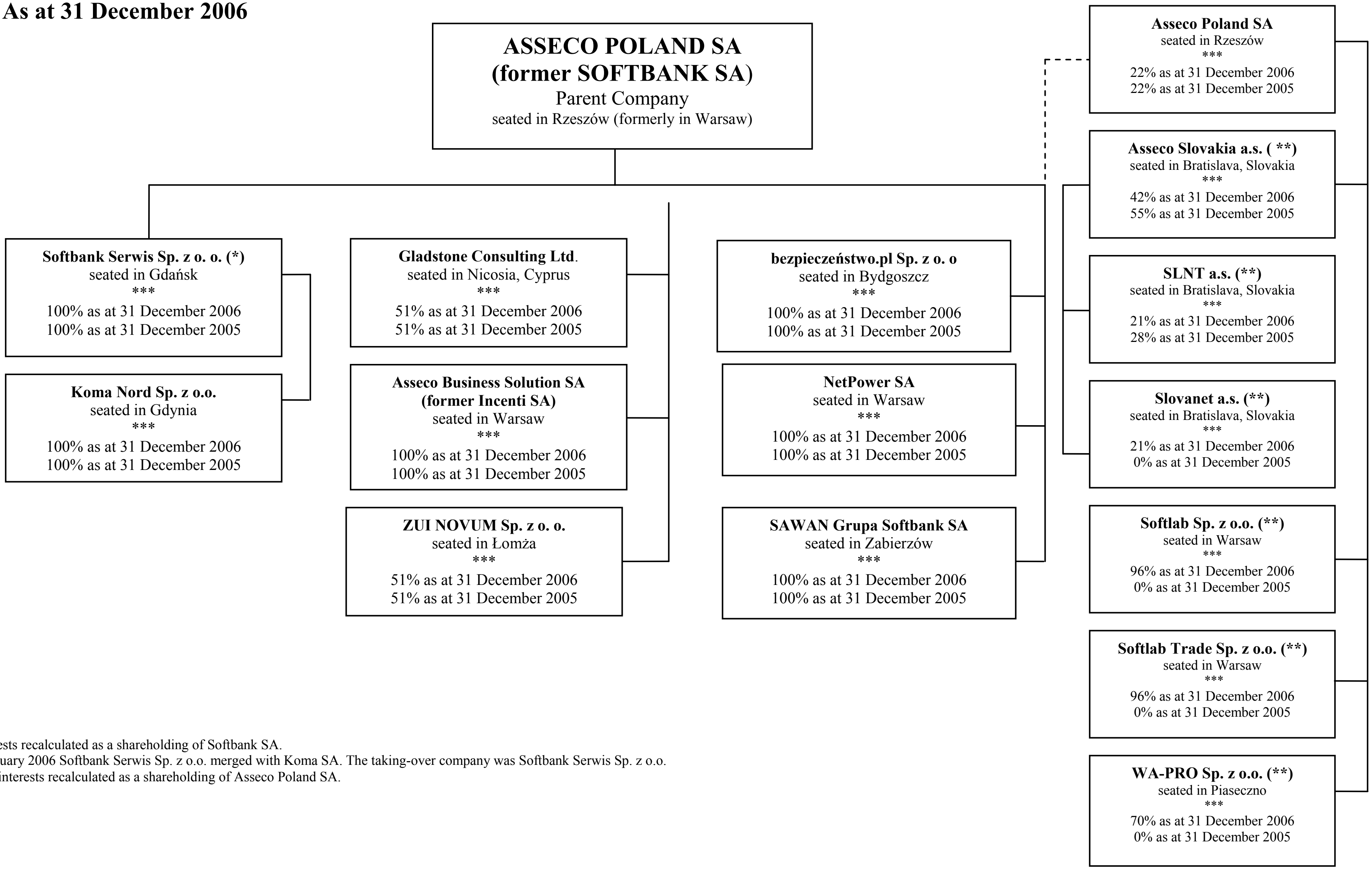
These consolidated financial statements cover the period of 12 months ended 31 December 2006 and contain comparable data for the period of 12 months ended 31 December 2005.

The Company draws up its financial statements in accordance with the International Financial Reporting Standards ("IFRS") approved by the European Union for the current and comparable period. Asseco Poland SA (former Softbank SA) has begun to apply the IFRS since the year 2005.

The Company paid out a dividend for 2005. By the decision of the Ordinary General Meeting of Shareholders, 30% of net profit for the year 2005 was distributed as payment of a dividend of PLN 0.64 per share. The remaining part of net profit for the year 2005 appropriated for increasing the Company's reserve capital.

III. GENERAL INFORMATION (continued)

Parent Company and subsidiary, co-subsidiary and associated companies along with related undertakings.
As at 31 December 2006



Equity interests recalculated as a shareholding of Softbank SA.
(*) On 4 January 2006 Softbank Serwis Sp. z o.o. merged with Koma SA. The taking-over company was Softbank Serwis Sp. z o.o.
(**) Equity interests recalculated as a shareholding of Asseco Poland SA.

III. GENERAL INFORMATION (continued)

Composition of the Management Board and Supervisory Board of the Parent Company

As at publication of these financial statements, i.e. on 13 April 2007, the Company's Management Board was composed of the following persons:

First name and surname	Position
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
Robert Smułkowski	Member of the Management Board

As at 31 December 2006, the Company's Management Board was composed of the following persons:

First name and surname	Position
Krzysztof Korba	President of the Management Board
Przemysław Borzestowski	Member of the Management Board
Piotr Jeleński	Member of the Management Board
Przemysław Sęczkowski	Member of the Management Board
Robert Smułkowski	Member of the Management Board

As at publication of these financial statements, i.e. on 13 April 2007, the Company's Supervisory Board was composed of the following persons:

First name and surname	Position
Ryszard Krauze	Chairman of the Supervisory Board
Jacek Duch	Member of the Supervisory Board
Dariusz Górka	Member of the Supervisory Board
Stanisław Janiszewski	Member of the Supervisory Board
Grzegorz Maciąg	Member of the Supervisory Board
Piotr Mondalski	Member of the Supervisory Board
Adam Noga	Member of the Supervisory Board

As at 31 December 2006, the Company's Supervisory Board was composed of the following persons:

First name and surname	Position
Ryszard Krauze	Chairman of the Supervisory Board
Marek Jakubik	Member of the Supervisory Board
Stanisław Janiszewski	Member of the Supervisory Board
Piotr Mondalski	Member of the Supervisory Board
Maria Zagrajek	Member of the Supervisory Board

All figures in PLN thousands

III. GENERAL INFORMATION (continued)

Major Shareholders and Changes in the Ownership of Significant Stakes of Shares

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

Major shareholders in Asseco Poland SA (former Softbank SA) according to information available at 31 December 2006

Name of shareholder	Number of shares and votes at GMS	% of share capital owned and voting interest at GMS
Prokom Software SA	8,624,791	34.26%
ING TFI SA (investment funds)	1,570,000	6.24%
Pioneer Pekao Investment Management SA	1,324,711	5.26%
Other shareholders	13,655,211	54.24%
Total	**25,174,713**	**100.00%**

As at 31 December 2006, the share capital of Asseco Poland SA (former Softbank SA) amounted to PLN 25,174,713 and was divided into 25,174,713 ordinary shares with a par value of PLN 1 each.

Major shareholders in Asseco Poland SA (former Softbank SA) according to information available at 31 December 2005

Name of shareholder	Number of shares and votes at GMS	% of share capital owned and voting interest at GMS
Prokom Software SA	8,309,791	33.01 %
ING TFI SA (investment funds)	1,306,307	5.19 %
Other shareholders	15,558,615	61.80 %
Total	**25,174,713**	**100.00 %**

As at 31 December 2005, the share capital of Asseco Poland SA (former Softbank SA) amounted to PLN 25,174,713 and was divided into 25,174,713 ordinary shares with a par value of PLN 1 each.

All figures in PLN thousands

III. GENERAL INFORMATION (continued)

Changes in the numbers of Asseco Poland SA (former Softbank SA) shares held by the Company's managing and supervisory staff

Members of the Supervisory Board	Number of shares held at 31 December 2006	Number of shares held at 31 December 2005
Ryszard Krauze	0	0
Jacek Duch (*)	n/a	n/a
Dariusz Górka (*)	n/a	n/a
Marek Jakubik (**)	0	0
Stanisław Janiszewski	1,600	1,600
Grzegorz Maciąg (*)	n/a	n/a
Piotr Mondalski	0	0
Adam Noga	0	0
Maria Zagrajek (**)	0	0

(*) Appointed as member of the Supervisory Board on 4 January 2007.
(**) Dismissed from the position of member of the Supervisory Board on 4 January 2007.

Members of the Management Board	Number of shares held at 31 December 2006	Number of shares held at 31 December 2005
Adam Góral (*)	n/a	n/a
Krzysztof Korba (**)	0	0
Przemysław Borzestowski	0	0
Piotr Jeleński	0	0
Marek Panek (***)	n/a	n/a
Zbigniew Pomianek (***)	n/a	n/a
Adam Rusinek (***)	n/a	n/a
Przemysław Sęczkowski	0	0
Robert Smułkowski	1,500	1,500

(*) Appointed as President of the Management Board on 4 January 2007.
(**) Dismissed from the position of President of the Management Board on 4 January 2007.
(***) Appointed as member of the Management Board on 4 January 2007.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO (former SOFTBANK) GROUP

Basis for Preparation of Consolidated Financial Statements

The consolidated financial statements were prepared in accordance with the historical cost principle, except for derivative financial instruments and financial assets available for sale that were disclosed at their fair value.

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

These consolidated financial statements were prepared on the going-concern basis. It was assumed that the Parent Company as well as its subsidiary undertakings will continue their business activities in the foreseeable future.

Till the date of approving these financial statements, there have been observed no circumstances indicating a threat to continuing business activities by the Softbank Group.

Compliance Statement

These consolidated financial statements were prepared in compliance with the International Financial Reporting Standards ("IFRS") adopted by the European Union ("EU"). IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Group is reporting under IFRS applicable to financial statements for the fiscal years started after 1 January 2006.

As at the date of approving publication of these financial statements, given the ongoing process of implementing the IFRS standards in the EU as well as the Group’s operations, there is no difference between the IFRS applied by the Group and the IFRS adopted by the European Union.

Some of the Group’s companies maintain their accounting books in accordance with the accounting policies (principles) set forth in the Polish Accounting Act of 29 September 1994 and the provisions issued thereunder ("Polish Accounting Standards"). The condensed consolidated financial statements include adjustments not disclosed in the accounting books of the Group’s companies, which were introduced to adjust the financial statements of those companies to the IFRS.

Estimates

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

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

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

The Group executes a number of contracts for construction and implementation of information technology systems. Additionally, some of those contracts are denominated in foreign currencies. Valuation of IT contracts requires that future operating cash flows are determined in order to arrive at the fair value of sales revenues and costs, as well as to provide the fair value of the embedded currency derivatives. The assumed operating cash flows are not always consistent with the agreements with customers or suppliers due to modifications of the implementation schedules of IT projects involved.

The progress of contract execution shall be measured as a percentage of the total estimated contract execution costs incurred from the date of agreement till the day when the related revenues are being determined (to a degree such execution costs correspond to the progress of work) or as a portion of completed work out of the total work-effort required.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

As at 31 December 2006, receivables from the valuation of IT contracts amounted to PLN 34,058 thousand, while liabilities due to such valuation equalled PLN 72,439 thousand. As at 31 December 2006, the results of valuation of embedded financial derivatives were disclosed under financial liabilities and financial assets, which amounted to PLN 112,472 thousand and PLN 887 thousand, respectively. In case of contracts denominated in foreign currencies deemed to be functional currencies, embedded financial derivatives are not indicated separately. Revenues and expenses relating to such contracts are determined on the basis of spot exchange rates.

Rates of depreciation and amortisation

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

Deferred income tax assets (net of deferred income tax reserve)

In 2006, the Group did not recognise the entire balance of deferred income tax assets (net of deferred income tax reserve). This resulted from the verification of estimates of the planned taxable income to be achieved in the future.

Based on the current financial plan and the provisions of the Law on corporate income tax, the Group's management believes that future realisation of deferred tax assets recognized in the amount of PLN 25,975 thousand is very likely.

Goodwill – impairment test

At the end of 2006, the Management Board of the Parent Company performed an impairment test on goodwill that resulted from acquisition of subsidiary companies. This required an estimate of the value in use of the cash generating centres, to which such goodwill is attributed. Such estimation requires determining the future cash flows provided by the cash generating centre and the discount rate to be applied for computation of the net present value of these cash flows. At the balance sheet date, goodwill resulted from acquisition of subsidiary companies amounted to PLN 74,050 thousand. In case of the associated company, the book value was compared against its market value in order to carry out an impairment test. As at 31 December 2006 the value of that associated company, as disclosed in the consolidated financial statements, amounted to PLN 97,360 thousand.

Liability to pay for the 49% stake of shares in Gladstone Consulting Limited

As at 31 December 2005 (in effect of adjusting the comparable data as described under the Consolidated Statement of Shareholders' Equity) as well as at 31 December 2006, the Group reported a recognized a financial liability due to the payment to the minority shareholders of Gladstone to be effected in the future. Determination of the amount of the said financial liability required estimation of the Gladstone financial results in the years 2006 – 2008 and applying a discount rate on that liability. As 31 December 2006, such liability to pay for 49% of shares in Gladstone Consulting Limited amounted to PLN 22,949 thousand.

Professional judgement

The Group concluded a number of contracts for leasing of transportation vehicles, classified as operating leasing contracts. The lessor keeps all the material risks and benefits resulting from ownership of those assets.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

The embedded derivatives, which are strictly related to the principal agreements, are accounted for separately as other derivatives, not classified as securing instruments. Gains/losses on changes in fair value of those derivatives are reflected in the profit and loss account for the period in which they actually occurred.

In case of some types of transactions, embedded derivatives are not detached from the principal agreement and are not accounted for separately, especially if those transactions are carried out in the currency deemed as applied customarily in such type of transactions in the given economic environment. Such, commonly Euro-denominated agreements, include contracts for rent of property and, starting from 1 January 2005, also contracts for IT services due to the increasing popularity and scale of dealing in Euro. The principles of determining the impact exerted on subsidiary, jointly controlled and associated companies were presented in further section of the accounting principles used for preparation of the consolidated financial statements.

Changes in accounting principles applied

In 2006, within the comparable data the Group shifted long-term portion of valuation of the concluded currency forward contracts to short-term items in the amount of PLN 31,758 thousand. Such transfer resulted from a change in approach to presentation of financial derivatives.

Such change did not affect the amounts of profits at particular levels of the consolidated profit and loss account, nor did it alter the value of assets.

During the year 2006 the following new standards, interpretation and amendments to the existing standards came into force:

- amendment to IAS 19 *Employee Benefits* – this revision introduces a possibility of alternative recognition of actuarial gains and losses in shareholders' equity. The standard sets forth additional requirements for certain multi-employer plans. The amendment also introduces new disclosure requirements. Because the Company is not engaged in any multi-employer plans, applying the revised IAS 19 did not affect these consolidated financial statements.
- amendment to IAS 39 *Fair Value Measurement Option* – this revision restricts usage of options for valuation of financial instruments to fair value through profit or loss. As the financial instruments measured at fair value through profit or loss designated by the Company included only financial instruments available for sale, the amendment to IAS 39 did not affect the disclosed values of assets and liabilities.
- amendments to IAS 39 and IFRS 4 *Financial Guarantee Contracts* – this revision imposes an obligation that a liability due to issuing financial guarantees shall be initially recognized at fair value, and subsequently measured at the higher of the unsettled balance of received and deferred provisions, and the amount needed to settle such liability. This amendment has no effect upon the Company.
- amendment to IAS 39 *Accounting for cash flow hedging in case of anticipated intragroup transactions* – this revision allows to qualify the foreign currency risk of a highly probable forecast intragroup transaction as a hedged item in consolidated financial statements, provided the transaction is denominated in a currency other than the functional currency of each of the parties entering into that transaction and that the foreign currency risk will affect consolidated profit or loss. The said amendment to IAS 39 does not apply to these consolidated financial statements.
- IFRS 6 *Exploration for and evaluation of mineral resources* – this standard applies to entities engaged in the exploration industry and has no effect upon the Company;

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

- IFRIC interpretation 4 *Determining whether an arrangement contains a lease* – this interpretation imposes an obligation to verify whether the existing arrangements which do not contain the legal form of lease, actually do not entitle to use some assets. The Management Board reviewed the concluded agreements and determined the above interpretation does not apply to the Company.
- IFRIC interpretation 5 *Rights to interests arising from decommissioning, restoration and environmental funds* – this interpretation is not applicable to the Company's operations or transactions.
- IFRIC interpretation 6 *Liabilities arising from participating in the market of electrical and electronic equipment* – this interpretation is not applicable to the Company's operations or transactions.

New standards and interpretations published but not in force yet

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

- amendment to IAS 1 *Presentation of Financial Statements, Capital Disclosures* (effective from 1 January 2007),
- amendment to IAS 23 *Borrowing costs* (effective from 1 January 2009),
- IFRS 7 *Financial Instruments: Disclosures* (effective from 1 January 2007),
- IFRS 8 *Operating Segments* (effective from 1 January 2009),
- IFRIC interpretation 7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies* (effective for annual periods beginning on or after 1 March 2006),
- IFRIC interpretation 8 *Scope of IFRS 2* (effective for annual periods beginning on or after 1 May 2006),
- IFRIC interpretation 9 *Reassessment of Embedded Derivatives* (effective for annual periods beginning on or after 1 June 2006),
- IFRIC interpretation 10 *Interim Financial Reporting and Impairment* (effective for annual periods beginning on or after 1 November 2006),
- IFRIC interpretation 11 *IFRS 2 – Group and Treasury Share Transactions* (effective for annual periods beginning on or after 1 March 2007),
- IFRIC interpretation 12 *Service Concession Arrangements* (effective from 1 January 2008).

Until the time of preparation of these consolidated financial statements the standard IFRS 8, amendments to IAS 23, and IFRIC interpretations 10, 11 and 12 have not yet been adopted for use by the European Union.

The standards and interpretations, that were published and whose application will be obligatory or possible in the future reporting periods, will have no an impact on the Group's financial results as presented in these financial statements.

At present the Management Board of Asseco Poland SA (former Softbank SA) analyses those requirements in order to make adequate disclosures in the financial statements for the reporting periods beginning on or after 1 January 2007.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

Consolidation rules

The consolidated financial statements include the financial statements of the Parent Company – Asseco Poland SA (former Softbank SA) as well as financial statements of its subsidiary companies prepared as at the given balance sheet date (end of quarter, half-year, year).

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

Combinations of business entities under common control are accounted for using the purchase method in accordance IFRS 3, provided such transaction is economically justified.

Annual financial statements and interim financial data of subsidiary companies are prepared for the same reporting period as in the case of the Parent Company, and using coherent accounting principles. If needed, accounting principles of subsidiary companies are modified in order to assure their compliance with the principles adopted by the Group. In order to determine any divergent accounting principles, adjustments have to be made.

Subsidiary companies are consolidated for the period in which they were controlled by the Group (from the beginning of such control to its end). Should the Group lose control over a subsidiary company, the consolidated financial statements shall include the results of such subsidiary for the part of the year during which it was controlled by the Group. Acquisitions of subsidiary companies are entered in the accounting books using the purchase method. The purchase price comprises the fair value of assets acquired, shares issued and liabilities assumed as at the acquisition date as well as expenses directly related to the transaction. The surplus of the purchase price over the fair value of acquired assets, liabilities and contingent liabilities of the subsidiary company is accounted for as goodwill.

In the event stock put options or shares of a subsidiary company are owned by minority shareholders, the Group recognizes a financial liability at present value of the anticipated future payment for such minority interests, while the difference between the amount of such liability and the value of those minority interests is recorded as goodwill.

Should the minority interests be taken over, the difference between their purchase price and the book value of the acquired share in net assets of the subsidiary company shall be recognized as goodwill.

All balances and transactions between the Group's companies, including unrealized profits resulting from transactions within the Group, were fully eliminated during the consolidation.

Investments in associated companies

The Group's investments in associated companies are valued under the equity method. Associated companies are entities in which the Group holds between 20 and 50% of votes at the general meeting of shareholders and on which the Group exerts a significant influence, however, without the ability to control them. This means they are neither subsidiary companies nor joint ventures. Financial statements of associated companies are the basis for valuation of shares in these companies owned by the Group using the equity valuation method. The balance sheet dates used by the Group and its associated companies are the same; furthermore, all Group's subsidiary and associated companies apply coherent accounting principles. In order to determine any divergent accounting principles, adjustments have to be made.

Investments in associated companies are presented on the balance sheet at purchase price increased by any subsequent changes of the Group's share in net assets of these entities, and decreased by any eventual impairment write-downs. The profit and loss account reflects the Group's share in the results of associated companies. In the case of changes booked directly in equity of associated companies, the Group recognizes its share in each such change and, if applicable, discloses this in its statement of shareholders' equity.

According to the equity valuation method, the Group's share in the profits/losses or reserves of associated companies after the acquisition date is reported under the corresponding items of the Group's

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

own profit and loss account or balance sheet. Accumulated changes after the acquisition date correct the purchase price. Unrealized profits/losses on transactions carried out between the Group and its associated companies are subject to consolidation eliminations, to the equivalent of the Group's stake in associated companies. Unrealized losses are also eliminated unless it is obvious from transactions that impairment of transferred assets took place. Investment in an associated company comprises goodwill created at the acquisition date. Should the Group's participation in losses of an associated company equal or exceed the investment value, the Group does not recognise any further losses unless it committed itself to settle the liabilities of or to make payments to such associated company.

Goodwill

Goodwill shall be defined as a positive difference between the purchase price and fair value of the Group's share in identifiable net assets of subsidiary or associated companies at the acquisition date. Goodwill relating to subsidiary companies is presented on the Balance Sheet in a separate item of fixed assets, whereas goodwill relating to associated companies is disclosed as investments in associated companies valued under the equity method.

Having been initially entered into the accounting books, goodwill is reported at the purchase price less any accumulated impairment charges. At every balance sheet date, the Group verifies goodwill concerning possible impairment. Impairment charges shall be made if the book value exceeds recoverable value. Irrespective of any indications of goodwill impairment, a test on goodwill impairment has to be made once a year. Impairment write-downs are accounted for as operating expenses.

Disposal of subsidiary and associated companies

Gain/loss on disposal of a subsidiary and/or associated company is the difference between the selling price and the net value of assets/investments plus goodwill of the involved entity.

Participation in a joint venture

The Group's participation in a joint venture is accounted for under the proportionate consolidation method whereby a venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's consolidated financial statements. Jointly controlled companies are entities that are neither subsidiary nor associated companies, in which the Group is entitled to no more than 50% of votes at the general meeting, or otherwise is able to control the financial and operating policy of these entities together with other shareholders based on the concluded agreements.

Translation of items expressed in foreign currencies

The functional currency (used for valuation) and the presentation currency of the Parent Company and its subsidiary companies in Poland is Polish zloty (PLN). Transactions denominated in foreign currencies are first recognized at the functional currency exchange rate of the transaction date. Assets and liabilities expressed in foreign currencies are restated at the functional currency exchange rate of the balance sheet date. Non-cash items valued at historical cost in foreign currencies are translated using the exchange rate as of the original transaction date. Non-cash items valued at fair value in foreign currencies are restated using the exchange rate as of the date of determining such fair value.

The functional currency of Gladstone Consulting Limited, a foreign subsidiary, is American dollar (USD). Assets and liabilities of this foreign subsidiary as at the balance sheet date have been restated in the presentation currency of Asseco (former Softbank) Group at the exchange rate as of the balance sheet date, whereas profit and loss account item have been restated using the average weighted exchange rate during the financial year involved.

All figures in PLN thousands

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

Foreign currency translation differences resulting from such restatement are reported as separate line items under own equity. In the event a foreign subsidiary is disposed, the accumulated deferred differences on foreign currency translation, related to such entity, so far disclosed in shareholders' equity, should be reported in the profit and loss account.

Property, plant and equipment

Property, plant and equipment are disclosed at the purchase price/production cost decreased by accumulated depreciation and any impairment write-downs. Costs incurred after commissioning of property, plant and equipment, such as costs of repairs and inspections, or operating fees, are expensed in the reporting period in which they were incurred. Tangible fixed assets are depreciated using the straight-line method over their expected useful lives, which are:

Type	Depreciation rate	Depreciation period
Buildings and structures	2.5% - 3.5%	29 – 40 years
Machinery and technical equipment	20% -30.0%	3.3 - 5 years
Transportation vehicles	20.0%	5 years
Computer hardware	30.0%	3.3 years
Investments in third-party tangible assets [1)]	10.0%	10 years

[1)] *as per the period of use*

Correctness of the applied useful lives and depreciation rates is subject to annual verification which results in relevant adjustments to depreciation charges to be made in the next years.

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

A tangible asset may be derecognized from the balance sheet after it is disposed or when no economic benefits are expected from its further use. Gain/loss on disposal of a tangible fixed asset shall be assessed by comparing the income from such disposal with the present book value of such asset, and it shall be accounted for as operating income/expense. Any gain or loss resulting from removal of a tangible asset from the balance sheet (calculated as the difference between the net cash obtained from sales and the book value of such item) shall be disclosed in the profit and loss account for the period in which such derecognition was effected.

Costs of external financing

Borrowing costs are recognised as an expense in the period in which they are incurred as prescribed by IAS 23.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

Investment property

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

An investment property shall be removed from the balance sheet after it is disposed or definitely withdrawn from use, when no future economic benefits are expected from its sale. Any gain or loss resulting from removal of an investment property from the balance sheet shall be disclosed in the profit and loss account for the period in which such derecognition was effected.

Intangible assets

Purchased separately or as a result of merger of companies

Intangible assets purchased in a separate transaction shall be capitalized at purchase price. Intangible assets acquired as a result of a company take-over shall be capitalized at fair value as at the take-over date.

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

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

Impairment tests shall be performed every year for intangible assets with an indefinite period of useful life and those which are no longer used. The remaining intangible assets shall be tested for impairment if there are indications of a possible impairment in value. If the balance sheet value exceeds the estimated recoverable value (the greater of net selling price or value in use), the value of such assets shall be reduced to the recoverable amount.

Research and development work

Intangible assets created as a result of development work (or completion of a development stage of a project executed by the company on its own) may be capitalized only if the company is able to demonstrate:

- the technical ability to finish the construction of such intangible asset so that it could be used or sold,
- the intention of finishing the construction of such intangible asset and the intention to use or sell the item,
- the ability to use or sell such intangible asset,
- how such intangible asset is going to generate probable future economic benefits; first of all the company should demonstrate there is a market for products made with the use of the given intangible asset, or that such intangible asset may itself be sold, or that such intangible asset is useful if it is to be used by the company,
- the availability of relevant technical, financial and other resources required to finish the development work and to make the intangible asset ready for use or sale,
- the possibility of reliable determination of expenditure for the development work allocated to such intangible asset.

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Costs of development work which do not satisfy the above criteria shall be expensed in the profit and loss account.

Costs of development work that fulfil the above criteria shall be capitalized at the purchase price less any accumulated amortisation and accumulated impairment charges. All the expenditures carried forward to future periods shall be subject to amortisation during the estimated period in which the related project generates income. The costs of development work shall be amortized over the period of economic use of an intangible asset, but not longer than for 5 years.

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

All the intangible assets subject to amortisation are amortized under the straight-line method. The amortisation rates applied for intangible assets are as follows:

Type	Amortisation rate	Amortisation period
Cost of development work	20.0% - 33.0%	3 – 5 years
Computer software	33.0%	3 years
Patents and licences	20.0%	5 years
Other	20.0%	5 years

Any gain or loss resulting from removal of an intangible asset from the balance sheet (calculated as the difference between the net cash obtained from sales and the book value of such item) shall be disclosed in the profit and loss account for the period in which such derecognition was effected.

Recoverable value of non-financial assets

At every balance sheet date, the Group carries out valuation of its assets concerning any possible impairment. Should there be any indications of the impairment, the Group estimates the recoverable value. If the book value of an asset exceeds its recoverable value, impairment write-downs are made in order to reduce the value of such asset to the recoverable amount. The recoverable value is the higher of the following two values: fair value of an asset or cash-generating centre less selling expenses, or value in use determined for an asset if such asset generates cash flows significantly independent from cash flows generated by other assets, groups of assets or cash-generating centres.

Financial instruments

Financial instruments are divided into the following categories:

- financial assets held to maturity,
- financial instruments valued at fair value through profit and loss,
- loans and receivables,
- financial assets available for sale, and
- financial liabilities.

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

Financial assets held to maturity are investments with identified or identifiable payments and with a fixed maturity date, which the Group intends and is able to hold till maturity. Financial assets held to maturity are valued at amortized cost using the effective interest rate.

Financial instruments acquired in order to generate profits owing to short-term price fluctuations shall be classified as financial instruments valued at fair value through profit and loss. Financial instruments valued at fair value through profit and loss are measured taking into account their market value as at the balance sheet date. Changes in these financial instruments shall be disclosed as financial income or expenses.

Loans and receivables are valued at amortized cost.

Any other financial assets are financial assets available for sale. Financial assets available for sale are recognized at fair value, without deducting the transaction-related costs, taking into consideration their market value as at the balance sheet date. If financial instruments are not quoted on an active market and if it is impossible to determine their fair value in a reliable way using any alternative methods, such financial assets available for sale shall be valued at the purchase price adjusted by impairment charges. Provided financial instruments have a market price determined in a regulated active market or it is possible to determine their fair value in other reliable way, the positive and negative differences between the fair value and the purchase price of such assets available for sale (after deducting any deferred tax charges) shall be disclosed in the revaluation capital. A decrease in the value of assets available for sale, resulting from their impairment, shall be disclosed as a financial expense in the profit and loss account. Financial assets held to maturity shall be classified as fixed assets if their maturity exceeds 12 months from the balance sheet date. Financial assets valued at fair value through profit and loss shall be classified as current assets, provided the Management Board intends to dispose them within 12 months from the balance sheet date. This does not apply to currency forward contracts that need to be classified as short-term items irrespectively of their term of maturity.

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

Financial liabilities to acquire shares in subsidiary companies from minority shareholders are measured at present value of the anticipated future payment for such minority interests.

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

A financial instrument shall be removed from the balance sheet if the Group no longer controls the contractual rights arising from such instrument; this usually takes place when the instrument is sold or when all the cash flows attributed to this instrument are transferred to an independent third party.

Removal of financial instruments from the balance sheet

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

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

Impairment of financial assets

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

Financial assets carried at amortized cost

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. Such reversal of the impairment write-down shall be recognized in profit or loss to the extent that the carrying amount of the financial asset does dot exceed its amortised cost at the date the impairment is reversed.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative instrument that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets.

Financial assets available for sale

When there is objective evidence that an available-for-sale financial asset is impaired, then the amount of difference between such asset acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset as previously recognised in profit or loss, shall be removed from equity and recognised in the profit and loss account. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, then the amount of such impairment loss shall be reversed in the profit and loss account.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

Inventories

Inventories are valued at the lower of the following two values: purchase price/production cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Company measures the cost of consumed inventories by using specific identification method. Valuation write-downs of inventories shall be recognized as other operating expenses.

Deferrals and accruals

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

In particular, deferred expenses may include the following items:

- rent paid in advance,
- insurances,
- subscriptions,
- prepaid third-party services which shall be provided in future periods,
- expenses for purchase of investment items prior to a formal acquisition of shares, which shall increase the value of such shares after their purchase is completed,
- other incurred costs that relate to future periods.

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

Revenues and expenses related to completion of implementation contracts

Sales of services, being subject of a contract, which as at the balance sheet date are not completed but provided to a considerable extent shall be determined proportionally to the progress of completion of such service, if making such determination in a reliable way is possible. The progress of contract execution shall be measured as a percentage of the total estimated contract execution costs incurred from the date of agreement till the day when the related revenues are being determined (to a degree such execution costs correspond to the progress of work) or as a portion of completed work out of the total work-effort required. When determining the contract execution costs incurred till the balance sheet date, any expenses for future activities related to the contract shall not be taken into account. These are disclosed as deferred expenses.

Should it be impracticable to reliably estimate the progress of an unfinished service as at the balance sheet date, the revenues shall be determined in the amount of costs incurred in the reporting period; such costs may not exceed the costs that are likely to be covered by the ordering party in the future. In case it is probable that the total contract execution costs exceed the total contract revenues, the anticipated loss shall be recognized as cost in the reporting period in which it has been detected. Production costs of unfinished services shall comprise the costs incurred since the date of the relevant agreement till the balance sheet date. Production costs that have been incurred prior to concluding the agreement and are related to the subject matter thereof, shall be capitalized, provided they are likely to be covered with future revenues received from the ordering party. Should the proportion of incurred costs, decreased by expected losses and increased by profits included in the profit and loss account, exceed the percentage progress of the invoiced sales, the amount of non-invoiced sales resulting from such difference shall be disclosed as receivables in the balance sheet. On the other hand, if the progress of invoiced sales exceeds the proportion of costs incurred, decreased by expected losses and increased by profits included in the profit and loss account, future-related (unearned) revenues resulting from such difference shall be disclosed as other liabilities.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

Trade accounts receivable

Trade accounts receivable, usually with a payment term between 7 and 90 days, shall be recognized and disclosed at the amounts initially invoiced, less any allowances for uncollectible receivables. Such allowance for doubtful accounts shall be determined if it is no longer probable that the entire amount receivable will be exacted. Doubtful accounts shall be expensed in the profit and loss account at the time when they are deemed uncollectible.

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

Cash and cash equivalents, reserved cash

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

The balance of cash and cash equivalents disclosed in the consolidated cash flow statement consists of the above-defined cash and cash equivalents. For the purpose of the cash flow statement, the Group decided not to present current account credits and reserved cash in the balance of cash and cash equivalents. Reserved cash is presented as other short- and long-term receivables in the balance sheet.

Interest-bearing bank credits, debt securities and loans

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

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

The difference between the cash received (net of costs related to obtaining a credit or loan, or issuing a debt security) and the repayment amount shall be presented in the profit and loss account during the term of the liability involved. Any gains or losses shall be recognized in the profit and loss account after the liability has been removed from the balance sheet, but also if the discount is reversed. All servicing costs for bank credits, loans and debt securities shall be recognized in the profit and loss account for the period they relate to.

Transactions and items in foreign currencies

Transactions denominated in currencies other than Polish zloty are translated to Polish zlotys at the exchange rate of the transaction date.

As at the balance sheet date, assets and liabilities denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rates of such currencies as published by the National Bank of Poland and in effect on the last day of the period reported. Foreign currency differences resulting from such translation are reported respectively as financial income (expenses) or in shareholders' equity.

Non-cash assets and liabilities carried at historical cost expressed in a foreign currency are disclosed the historical exchange rate of the transaction date. Non-cash assets and liabilities carried at fair value expressed in a foreign currency are reported at the exchange rate from the date when fair value measurement was carried out.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

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

Currency	31 December 2006	31 December 2005
EUR	3.8312	3.8598
USD	2.9105	3.2613

Reserves

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

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

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

Retirement benefits, other post-employment benefits and provision for untaken holiday leaves

The Group creates a provision for the present value of liabilities relating to future payments of termination benefits. According to the remuneration plans applied by the Group companies, employees are entitled to receive a one-time termination benefit when going retired. The amount of such payment depends upon the length of service and the average monthly remuneration. Furthermore, the Group recognizes a provision for untaken holiday leaves, which relate to the periods prior to the balance sheet date and which will be used in future periods. The provision for untaken holiday leaves is presented as accrued expenses. Here the amount of related payment depends on the average monthly remuneration and the number of due but untaken leave days as at the balance sheet date.

Costs of both termination benefits and untaken leaves are based on estimates and recognized in accordance with the accrual accounting.

Leasing

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

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

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

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

Shareholders' equity

Shareholders' equity shall be presented in the nominal value. Equity consists of the following items:

- share capital, disclosed in the amount of contributions made and paid up,
- share premium from the sale of shares over their nominal value,
- own shares in treasury, held either for sale or retirement, presented as a negative amount in equity,
- unrealized net profits on valuation of financial assets available for sale,
- foreign currency translation differences on subsidiary companies,
- capital part of convertible bonds,
- retained earnings (accumulated deficit)
- minority interests.

Capital part of convertible bonds constitutes the surplus of fair value of unrealized payments for acquisition of assets or services over the face value of bonds.

Minority interests represent the value of the Group's assets attributable to its minority shareholders, according to their respective equity stakes in individual companies of the Group, limited to the amounts guaranteed thereby. The Group may increase the stake of share capital held in any of its subsidiary companies and this shall not be deemed a merger of companies. Assets and liabilities of the subsidiary company shall not be measured to fair value as at the date when such additional equity stake is acquired by the Group. The difference between the purchase price of minority interests and book value of net assets taken over shall be capitalized as goodwill in the consolidated financial statements of the Group.

Share-based payments

Employee benefits

Employees of the Parent Company receive the Company's own shares as bonuses, i.e. they provide services in exchange for shares or rights to shares. The costs of transactions with employees settled in equity instruments is are determined in relation to fair value as at the date such rights are granted. Valuation of equity-settled transactions does not take into account any conditions relating to productivity/effects other than those connected with the price of Company's shares.

The costs of transactions settled in equity instruments are recognized including the increase in own equity over the period in which vesting conditions relating to productivity/effects are fulfilled. The vesting period shall end when certain employees become fully entitled to the benefits (the "rights vesting date"). At every balance sheet date prior to the rights vesting date, accumulated costs relating to equity-settled transactions shall reflect the portion of the right vesting period that has already passed, and the number of equity instruments the rights to which will be finally vested (in the Management Board opinion based on the best estimates of the number of equity instruments).

No costs shall be actually recognized for equity bonuses the rights to which will not finally vested, except for equity bonuses that shall be granted depending on the market conditions, which shall be treated as vested irrespective of whether the market conditions are fulfilled, yet provided all other conditions relating to productivity are satisfied.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

Acquisition of assets

Acquisitions of assets by the Company are often settled with its own shares. The costs of such acquisitions shall be determined in relation to fair value of the assets acquired. Should shares (or convertible bonds) be granted subsequent to the date when the right to control the acquired assets is obtained, the difference between the issue price of shares (or convertible bonds) and fair value of the acquired assets shall be recognized in other reserve capital until the time those shares (or convertible bonds) are distributed.

Fixed assets held for sale and discontinued operations

In line with IFRS 5, any activities shall be classified as discontinued operations if these activities satisfy the criteria to be classified as held for sale or if the Issuer actually abandoned these activities. Any operations or assets shall be appropriated for sale in case the book value of such operations or assets may be recovered as a result of a sale transaction, but not through continuation of such operations. Assets held for sale are measured at the lower of the book value, and the fair value decreased by any related selling expenses.

Sales revenues

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

The Group presents its sales revenues in breakdown to products and merchandise. Such presentation reflects the division of achieved economic benefits. Revenues from sale of merchandise and materials are part of typical trading activities, whereas proceeds from sale products and services result from the executed information technology projects, which include development of IT systems and maintenance services.

Recognition of sales shall also take into account the following criteria:

Sales of merchandise

Revenues shall be recognized if the significant risks and benefits resulting from ownership of the merchandise have been transferred to the buyer and when the amount of revenue can be measured reliably. Revenues form the sale of computer hardware and licenses manufactured by third parties shall be recognized at the moment they are delivered to the customer, unless the sale of computer hardware is associated with implementation services. In such situations, a percentage-of-completion method is used.

Sales of products

Revenues shall be recognized if the significant risks and benefits resulting from ownership of the products have been transferred to the buyer and when the amount of revenue can be measured reliably. Revenues form the sale of implementation services shall be recognized according to the percentage of their completion. Whereas, sales of computer software licenses are recognized systematically during the term of relevant contracts.

Sales of services

Revenues from the sale of implementation services are recognized based on the percentage of their completion. Sales of services, being subject of a contract, which as at the balance sheet date are not completed but provided to a considerable extent shall be determined proportionally to the progress of completion of such service, if making such determination in a reliable way is possible. The progress of contract execution shall be measured as a percentage of the total estimated contract execution costs incurred from the date of agreement till the day when the related revenues are being determined or as a portion of completed work out of the total work-effort planned. Should it be impossible to estimate reliably the result of the contract, the revenues shall only be recognized in the amount of costs incurred which the Group expects to recover. Revenues relating to licensing fees shall be recognized when invoiced.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

Interest revenues

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

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

Dividend revenues

Dividends shall be recognized when the shareholder right to receive payment is established.

Operating expenses

The Group companies maintain accounting for costs both by cost nature and function. The cost of merchandise, products and services sold comprises the costs directly associated with the purchase of merchandise sold or production of products and services sold. Selling expenses comprise the costs of distribution related activities. General administrative expenses include the costs of the Company's management and administration activities.

Income tax and value added tax

For the purpose of financial reporting, deferred income tax is calculated applying the balance sheet liability method to all temporary differences that exist, at the balance sheet date, between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax reserve is recognised in relation to all positive temporary differences, except for the situations when deferred tax reserve arises from initial recognition of goodwill or initial recognition of an asset or liability from a transaction other than merger of companies (which at the time its conclusion has no influence upon pre-tax profit, taxable profit or tax loss), or arises from positive temporary differences due to investments in subsidiary, jointly controlled or associated companies, in which cases the timing of reversal of such temporary differences is subject to control by the investor and when it is probable that such temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised in relation to all negative temporary differences, unutilized deferred tax assets or unutilized tax losses carried forward, in the amount reflecting probable future taxable profit, against which the above-mentioned temporary differences, assets or losses can be utilised. This does not apply to situations when deferred tax assets arise from negative temporary differences due to initial recognition of an asset or liability from a transaction other than merger of companies (which at the time its conclusion has no influence upon pre-tax profit, taxable profit or tax loss), or arise from negative temporary differences due to investments in subsidiary, jointly controlled or associated companies, in which cases deferred tax assets are recognized in the balance sheet in such amount only that it is probable that the above-mentioned temporary differences will reverse in the foreseeable future and that sufficient taxable profit will be available to offset such negative temporary differences.

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

Both deferred tax assets and deferred tax reserves shall be measured using the tax rates that, as anticipated, may be applicable when those deferred tax assets are utilized or deferred tax reserve are reversed. The basis for estimation of such tax rates shall be the tax rates (and tax regulations) that are legally or factually in force at the balance sheet date.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

Income tax relating to items disclosed directly in shareholder' equity shall be presented under equity as well, but not in the profit and loss account.

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

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

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

Derivative financial instruments

The Group operations are exposed to different kinds of financial risk – including the risk of changes in market prices of debt and equity instruments, fluctuations of currency exchange rates and official interest rates. The Group's general risk management program concentrates on unpredictability of financial markets and attempts to minimise their potential negative influence on the financial performance of the Group. To some extent, the Group uses financial derivatives, such as currency forward contracts in order to minimise its financial risks.

Financial derivatives are initially recognized at the purchase price, and subsequently measured at fair value. Changes in fair value of financial derivatives are immediately disclosed in the profit and loss account, because the Group does not use instruments which could be classified as hedging instruments in line with IAS 39. Derivative financial instruments are presented as financial assets or financial liabilities in the balance sheet and are measured at fair value through profit and loss.

Fair value of financial derivatives traded on regulated markets shall be determined on the basis of actual market quoted prices as at the balance sheet date. Fair value of currency forward contracts shall be determined on the basis of future market exchange rates as at the balance sheet date.

In order to measure the fair value of financial derivatives which are not traded on regulated markets, the Group uses various methods and assumptions based on the market conditions as at each balance sheet date. Market quotations and quotations of dealers for certain or similar instruments are usually applied. Other techniques, such as models for valuation of options or discounted value of future estimated cash flows, are used to determine fair value of other financial instruments.

For the purpose of presentation in the financial statements, the fair value of financial liabilities is estimated by discounting future contractual cash flows using interest rates available for the Group for similar financial instruments.

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

- economic nature of the embedded instrument and the related risks are not closely connected with the nature of the principal agreement and the risks resulting therefrom,
- the separated instrument, which has the nature of an embedded financial derivative, would meet the definition of a derivative financial instrument,
- the hybrid (joint) instrument including the embedded financial derivative is not valued at fair value through profit and loss for the reporting period.

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

For some types of transactions, embedded derivatives, which are not strictly related to the principal agreements, are accounted for just as other derivative instruments. Gains/losses on changes in fair value of derivatives are reflected in the profit and loss account for the period in which they actually occurred.

IV. ACCOUNTING PRINCIPLES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

For some types of transactions, embedded derivatives are not detached from the principal agreement and are not accounted for separately, especially if the transaction is carried out in the currency deemed as applied customarily in such type of transactions in the given economic environment. This type of transactions comprises (among others) real estate lease agreements and, as from 1 January 2005, also IT services contracts because applying Euro rates becomes more and more common.

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

Fair value of currency forward contracts is determined on the basis of the forward exchange rates available currently for contracts with similar maturity, as the Group believes they are the best approximation of the future currency exchange rates. Fair value of interest rate swap contracts is determined in relation to the market value of similar instruments.

In the period reported and in 2005, the Group did not apply accounting principles related to hedging instruments.

Net profit (loss) attributable to minority interests
This item represents the Group's net profit for the period reported, attributable to its minority shareholders.

Earnings (loss) per share (basic and diluted)

Basic earnings per share for each reporting period shall be computed by dividing the net profit on continued operations for the period reported, attributable to shareholders of the Parent Company, by the average weighted number of shares outstanding in the given reporting period.

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

1. Breakdown of sales revenues

Sales of products and services

	12 months ended 31 Dec. 2006	12 months ended 31 Dec. 2005
	PLN '000	PLN '000
Proprietary software and implementations	255,622	133,898
Maintenance services	108,388	106,168
Computer hardware	8,813	4,259
Other	0	92
Total	**372,823**	**244,417**

Sales of merchandise and materials

	12 months ended 31 Dec. 2006	12 months ended 31 Dec. 2005
	PLN '000	PLN '000
Computer hardware	100,004	208,729
Software and licences	24,860	80,088
Total	**124,864**	**288,817**

The Group presents its sales revenues in breakdown to products and merchandise. Such presentation reflects the division of achieved economic benefits. Revenues from sale of merchandise and materials are part of typical trading activities, whereas proceeds from sale products and services result from the executed information technology projects, which include development of IT systems and maintenance services.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

2. Breakdown of operating expenses

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Cost of merchandise and materials sold (-)	(112,108)	(262,435)
Materials and energy used (-)	(20,585)	(11,560)
Third party work (-)	(129,415)	(94,493)
Salaries (-)	(105,005)	(85,563)
Employee benefits (-)	(14,033)	(12,088)
Depreciation and amortisation (-)	(12,768)	(9,818)
Taxes and charges (-)	(1,600)	(1,700)
Business trips (-)	(2,650)	(2,473)
Other (-)	(7,166)	(4,757)
Cost of software purchased in connection with implementation of IT systems (-)	(36,855)	(2,875)
Cost of hardware purchased for implementation of IT systems (-)	(8,907)	(2,567)
Total	**(451,092)**	**(490,329)**
Changes in inventories, products and deferred expenses	(1,680)	988
Cost of work and services for own needs (-)	0	(491)
Selling expenses (-)	(15,522)	(12,710)
General administrative expenses (-)	(52,653)	(41,169)
Cost of products sold (-)	(269,129)	(174,512)

In 2006 expenses incurred by the Group due to operating leasing of tangible assets amounted to PLN 1,187 thousand as compared with PLN 1,489 thousand a year ago. Such costs have been disclosed under third party services.

In the period reported the Group made a number of revaluation write-downs. The most important ones include:

- goodwill revaluation write-down in the amount of PLN 7,000 thousand, which resulted form the impairment test performed on goodwill, as further described in Note 11 to the consolidated financial statements.
- revaluation write-down on intangible assets in the amount of PLN 5,426 thousand, as further described in Note 10 to the consolidated financial statements.
- write-down on merchandise in inventory in the amount of PLN 757 thousand.

Also in 2006 the Group reduced its allowances for accounts receivable by the amount of PLN 711 thousand.

The aforementioned revaluation write-downs have been included under other costs by nature.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

3. Other operating income and expenses

Other operating income

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Reimbursement of excess amount of withholding tax	0	11,294
Gain on disposal of tangible fixed assets	293	0
Reserves for liabilities	0	276
Reimbursement of taxes overpaid	129	0
Other	841	14
Total other operating income	**1,263**	**11,584**

Other operating expenses

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Charitable contributions for unrelated companies (-)	(334)	(155)
Loss on disposal of tangible fixed assets (-)	0	(97)
Reserves for tax arrears (-)	(413)	(61)
Other reserves established (-)	(2,866)	(1,103)
Reserves for liabilities (-)	0	(1,103)
Restructuring reserve (-)	(2,866)	0
Other operating expenses (-)	(727)	(589)
Chargeback invoices (-)	0	(139)
Total other operating expenses	**(4,340)**	**(2,144)**

In 2006 the Company's Management Board made the decision on merger with Asseco Poland SA (the acquired company). The merger was finalized on 4 January 2007, as further explained in the section "Merger with Asseco Poland SA and issuance of shares" of these consolidated financial statements.

Following the merger, in 2006 the Parent Company initiated a restructuring process with the main objective to reduce the job positions that were doubled within the merging companies. According to the Management Board's current estimates, the costs related to the above-mentioned restructuring shall aggregate at PLN 2,866 thousand. In 2006 all of those costs have been reported under other operating expenses.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

4. Financial income and expenses

Financial income

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Interest income on loans granted, debt securities and bank deposits	1,640	2,659
Other interest income	5,602	8,294
Gain on foreign exchange differences	2,724	257
Dividends received from unrelated companies	0	811
Gain on disposal of equity investments in related companies		399
Gain on disposal of other capital investments	91	0
Gain on valuation of capital investments	166	46
Other financial income	81	592
Financial income (at historical value)	**10,304**	**13,058**
Gain on change in fair value of embedded currency derivatives	6,308	12,805
Gain on exercise of currency derivatives - forward contracts	26,933	21,518
Gain on change in fair value of currency derivatives - forward contracts	24,246	9,965
Change in valuation of the stock option for acquisition of Asseco Poland SA	11,276	2,830
Total financial income	**79,067**	**60,176**

Financial expenses

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Interest expense on bank credits and current account credits (-)	(1,146)	(2,356)
Other interest expenses (-)	(5,154)	(2,314)
Interest on short-term commercial papers (-)	(200)	(2,461)
Loss on foreign exchange differences (-)	(25,768)	(9,421)
Loss on valuation of capital investments	(134)	(444)
Financial expenses of financial leasing and lease agreements with purchase option (-)	0	(14)
Other financial expenses (-)	(308)	(275)
Financial expenses (at historical cost)	**(32,710)**	**(17,285)**
Loss on change in fair value of embedded currency derivatives (-)	(21,601)	(22,414)
Loss on change in fair value of currency derivatives - forward contracts (-)	(6,418)	(19,893)
Total financial expenses	**(60,729)**	**(59,592)**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

4. Financial income and expenses (continued)

Financial expenses (continued)

Both in 2006 and 2005, the Group held a number of concluded forward contracts for purchase or sale of Euro or US dollars. As at 31 December 2006, the fair value of the related financial assets equalled PLN 69,077 thousand, while as at 31 December 2005 they amounted to PLN 51,249 thousand. In 2006 valuation of the concluded forward contracts increased the Group's financial income by the amount of PLN 24,246 thousand, and concurrently it increased the financial expenses by PLN 6,418 thousand. Whereas, in 2005 due to valuation of forward contracts the Group's financial income increased by the amount of PLN 19,893 thousand while the related financial expenses increased by PLN 9,965 thousand.
In 2006 gain on execution of the concluded forward contracts amounted to PLN 26,933 thousand up from PLN 21,518 thousand a year ago.

Just as in the prior year, in 2006 the Group held a number of embedded financial derivatives under the commercial agreements denominated in Euro or US dollars. As at 31 December 2006, the value of the related short- and long-term financial liabilities equalled PLN 112,472 thousand, while as at 31 December 2005 they amounted to PLN 96,401 thousand. Whereas, the value of current and fixed financial assets due to valuation of the embedded financial derivatives amounted to PLN 887 thousand and PLN 110 thousand as at the end of 2006 and 2005, respectively. In the period reported valuation of the embedded derivatives increased the Group's financial income by the amount of PLN 6,308 thousand, and concurrently it increased the financial expenses by PLN 21,601 thousand. Whereas, in 2005 valuation of the embedded derivatives increased the Group's financial expenses by PLN 22,414 thousand, while the financial increased by the amount of PLN 12,805 thousand.

In October 2005 the Company concluded with Mr. Adam Góral the stock option agreement for acquisition of 268 thousand shares of Asseco Poland SA in the period of six months as from 27 September 2006. As at 31 December 2006 the stock option value equalled PLN 14,106 thousand and it increased the 2006 financial income by the amount of PLN 11,276 thousand. The option value was determined based on the mathematical model for valuation of Hawaiian options.

As described in section "Merger with Asseco Poland SA and issuance of shares" of these consolidated financial statements, on 24 October 2006 the Company concluded the agreement for conditional termination of the stock option agreement for purchase of shares of Asseco Poland SA (the acquired company). The condition precedent for termination of the above-mentioned agreement was the registration of the companies' merger.
The companies' merger was registered on 4 January 2007.
The option value was assessed in January 2007, and subsequently expensed entirely as a cost of the companies' merger process. The said stock option value was recognized as an asset transferred in exchange for taking control over Asseco Poland SA (the acquired company), because the Company resigned from exercising the option in connection because it merged with Asseco Poland SA (the acquired company).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

5. Corporate income tax (current and deferred)

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

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Corporate income tax – current portion	**(8,324)**	**(4,293)**
Corporate income tax – deferred portion	**4,718**	**(920)**
Related to occurrence or reversal of temporary differences	**4,718**	**(920)**
Corporate income tax as disclosed in the consolidated profit and loss account	**(3,606)**	**(5,213)**

Regulations applicable to the value added tax, corporate income tax, personal income tax or social security contributions are subject to frequent amendments, thereby often depriving the taxpayers of a possibility to refer to well established regulations or legal precedents. Also the current regulations in force include ambiguities giving rise to different opinions and legal interpretations on the taxation regulations either between companies and public administration, or between the public administration bodies themselves. Taxation and other settlements (for instance customs duty or currency payments) may be controlled by administration bodies that are entitled to impose considerable fines, and the amounts of so determined liabilities must be paid with high interest. Such circumstances lift the tax-related risk in Poland above the level characteristic to countries with better developed taxation systems. Settlement of tax liabilities may come under control in the period of five years. In effect the amounts disclosed in the financial statements may be later changed, after the taxes payable are finally determined by the taxation authorities.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

5. Corporate income tax (current and deferred) (continued)

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

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Pre-tax profit on continued operations	74,794	52,432
Pre-tax profit (loss) on discontinued operations	4,119	(2,589)
Pre-tax profit	**78,913**	**49,843**
Statutory corporate income tax rate	19 %	19 %
Corporate income tax computed at the statutory corporate income tax rate of 19%	(14,993)	(9,470)
Reimbursement of excess amount of withholding tax	0	2,155
Non-taxable financial income and non tax-deductible financial expenses	1,582	380
Other non-taxable income and non tax-deductible expenses	960	(5,026)
Difference between tax depreciation and accounting depreciation	(210)	(153)
Difference due to another rate of corporate income tax paid abroad	850	(695)
Change in assets due to deferred income tax not recognized in the Balance Sheet	8,637	7,639
Deferred income tax asset due to goodwill not recognized in the prior periods (*)	(657)	0
Other	225	(43)
Corporate income tax computed at the effective tax rate of 4.57% in 2006 and 10.46% in 2005	**(3,606)**	**(5,213)**

(*) In 2006 the Group recognized the tax loss of PLN 657 thousand as an adjustment in the value of goodwill, which loss was incurred before the date of take-over but activated/accounted for in 2006 by the company Asseco Business Solutions SA (former Incenti SA).

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Corporate income tax disclosed in the Profit and Loss Account	(3,606)	(5,213)
Corporate income tax disclosed directly in shareholders' equity	0	0
Corporate income tax attributable to discontinued operations in the Profit and Loss Account	0	0
Total corporate income tax on continued operations	**(3,606)**	**(5,213)**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

5. Corporate income tax (current and deferred) (continued)

	CONSOLIDATED BALANCE SHEET		CONSOLIDATED PROFIT AND LOSS ACCOUNT	
	31 December 2006	31 December 2005	12 months ended 31 Dec. 2006	12 months ended 31 Dec. 2005
	PLN '000	PLN '000	PLN '000	PLN '000
Deferred income tax reserve				
Difference between tax depreciation and accounting depreciation (-)	(87)	(98)	11	164
Deferred profits on currency contracts (-)	(13,293)	(9,757)	(3,536)	(2,333)
Financial income on accrued interest (-)	(110)	(64)	(46)	9
Profits due to the balance sheet valuation of long-term IT contracts (-)	(6,916)	(8,198)	1,282	(4)
Difference between accounting value and tax value of fixed assets (-)	(471)	(484)	13	(15)
Other financial income (expenses)	(2,925)	(559)	(2,366)	532
Other (-)	0	(34)	34	144
Deferred income tax reserve, gross	**(23,802)**	**(19,194)**		
Deferred income tax assets				
Difference between tax depreciation and accounting depreciation	1,419	2,878	(1,459)	1,155
Financial expenses due to accrued interest	2	167	(165)	123
Accrued expenses, reserves and other liabilities	4,260	2,633	1,627	298
Revaluation write-downs on receivables	1,300	825	475	(536)
Revaluation write-downs on investments	3,220	5,404	(2,184)	152
Other	102	414	(295)	317
Losses deductible against future taxable income	4,480	9,736	(5,256)	9,567
Revaluation write-downs on non-financial current assets	135	384	(249)	(2)
Revaluation write-downs on non-financial fixed assets	912	0	912	0
Income (expenses) due to the balance sheet valuation of long-term IT contracts	14,629	9,309	5,320	(741)
Embedded financial derivatives	21,369	18,316	3,053	(1,594)
Unrealized financial income (expenses)	249	682	(433)	(517)
Deferred income tax assets, gross	**52,077**	**50,748**		
Write-down due to impossibility to realize a deferred income tax asset [1)]	(2,300)	(10,937)	7,980	(7,639)
Deferred income tax assets, net	**49,777**	**39,811**		
Deferred income tax charge			**4,718**	**(920)**
Deferred income tax assets, net of deferred income tax reserve	**25,975**	**20,617**		

[1)] The difference in the value of write-down due to impossibility to realize a deferred income tax asset as disclosed in the profit and loss account for 2006 is not consistent with the write-down balance change, because in 2006 the Group recognized the tax loss of PLN 657 thousand as an adjustment in the value of goodwill, which loss was incurred before the date of take-over but activated/accounted for in 2006 by the company Asseco Business Solutions SA (former Incenti SA).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

5. Corporate income tax (current and deferred) (continued)

As at 31 December 2006, the total value of potential deferred income tax assets, as computed by the Group, amounted to PLN 52,077 thousand, and net of deferred income tax reserve it equalled PLN 28,275 thousand.
As at 31 December 2005, the total value of potential deferred income tax assets, as computed by the Group, amounted to PLN 50,748 thousand, and net of deferred income tax reserve it equalled PLN 31,554 thousand.

Both in the reported year and the prior year, the major items of deferred income tax assets (net of reserves) included:

- the balances relating to valuation of IT (implementation) contracts,
- the surplus of unrealized financial expenses over unrealized financial income,
- tax losses for the prior years.

As at 31 December 2006, the Group made an estimation of the planned taxable income to be achieved in the future, and concluded that the value of deferred income tax assets (net of reserves) will make it possible to recover the amount of PLN 25,975 thousand.
Based on the forecasts of taxable income for the years 2007-2009 and the corporate income tax regulations in force, the management believes the Group will be able to realize the deferred income tax assets recognized in the above-mentioned amount. The forecast of taxable income anticipates application of the entire tax losses outstanding as at 31 December 2006. The Group management is not in the position to predict the financial results that will be achieved after the forecast period, hence there is no certainty about realization of the total deferred income tax assets. Therefore, a revaluation charge of PLN 2,300 thousand was made.

In the years 2006 and 2005 the Group did not recognize the entire balance of deferred income tax assets related to the investment in Softbank Serwis Sp. z o.o.; the amounts not accounted for equalled PLN 2,189 thousand and PLN 1,239 thousand, respectively.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

6. Discontinued operations and fixed assets held for sale

Consolidated Profit and Loss Account	12 months ended 31 Dec. 2006	12 months ended 31 Dec. 2005
	PLN '000	PLN '000
Sales revenues	4,992	6,438
Operating costs	(6,402)	(7,797)
Operating loss	(1,410)	(2,551)
Gain on disposal of the company Mediabank SA	5,546	0
Pre-tax profit (loss) on discontinued operations	4,119	(2,589)
Net profit (loss) attributable to discontinued operations	**4,119**	**(2,589)**

Consolidated Statement of Cash Flows	12 months ended 31 Dec. 2006	12 months ended 31 Dec. 2005
	PLN '000	PLN '000
Net cash provided by (used in) operating activities	(1,338)	(2,007)
Net cash provided by (used in) investing activities	(234)	(94)
Net cash provided by (used in) financing activities	1,602	2,011
Total net cash provided (used)	**30**	**(90)**
Earnings (loss) per share:		
Basic and diluted earnings (loss) per share on discontinued operations (in PLN)	0.16	(0.12)

In 2006 the Management Board of Asseco Poland SA (former Softbank SA) decided to dispose the shares of AWiM Mediabank SA.
On 28 April 2006 the Company concluded the agreement for sale of 100,265 shares of AWiM Mediabank SA which owns the radio station, namely PiN 102 FM. The disposed shares constitute 100% of the share capital and voting interest at the General Meeting of Shareholders of AWiM Mediabank SA. The buyer is Prokom Investments SA based in Gdynia, Poland.
The sale price equalled PLN 4,500 thousand.
The sale agreement included the following conditions precedent:

- obtaining appropriate approval from the Polish Office of Competition and Consumers Protection,
- obtaining appropriate approval from the Polish National Broadcasting Council.

Entering into this agreement was preceded by review of various bids for acquisition of AWiM Mediabank SA, and the most beneficial one, submitted by Prokom Investments SA, was chosen.
The group KPMG Corporate Finance, part of KPMG Sp. z o.o., prepared an Independent Valuation Report in which they estimated the fair value of all the shares of AWiM Mediabank SA as at 31 December 2005 in the range between PLN 3.9 – 5.1 million. The assessment was based on comparison of the market ratios, and the value range was also confirmed by the method of discounted cash flows (DCF).
Until the date of publication of these consolidated financial statements, the receivables by virtue of sale of the company Mediabank SA have not been paid.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

6. Discontinued operations and fixed assets held for sale (continued)

On 28 September 2006, as a result of satisfying all the conditions precedent and transferring to Prokom Investments SA all the coupons of 100,265 shares in Mediabank SA, this company was sold. The Group's gain realized on disposal of shares in Mediabank SA amounted to PLN 5,546 thousand.

Accounting for the gain on disposal of Mediabank SA

Selling price	**4,500**
Net value of assets disposed, of which:	**(1,097)**
Fixed assets	695
Current assets	1,737
Liabilities	(3,529)
Net goodwill	**51**
Gain on disposal	**5,546**
Cash and cash equivalents as at the date of sale	47

In 2006 the Group took a decision on disposal of an office building located in Zielona Góra. The Group utilized this real estate in order to perform its statutory business activities.
The building shall be sold for the price not lower than its present book value, this is PLN 3,450 thousand, which has been confirmed by the purchase offers submitted by potential buyers.

As at 31 December 2006 the said property was shifted from the tangible fixed assets to fixed assets held for sale.

Fixed assets classified as held for sale	**31 December 2006**
	PLN '000
Real estate	3,450
Total	**3,450**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

7. Earnings per share

Basic earnings per share are computed by dividing net profit on continued operations for the financial year attributable to Shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during this financial year.
Diluted earnings per share are computed by dividing net profit on continued operations for the financial year attributable to shareholders of the Parent Company by the adjusted (due to diluting impact of potential shares) average weighted number of ordinary shares outstanding during this financial year.
The below tables present net profits and numbers of shares used for calculation of basic and diluted earnings per share:

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Net profit on continued operations attributable to Shareholders of Asseco Poland SA (former Softbank SA)	74,565	43,985
Net profit (loss) on discontinued operations attributable to Shareholders of Asseco Poland SA (former Softbank SA)	4,119	(2,589)
Net profit on continued operations attributable to Shareholders of the Parent Company, used for calculation of basic and diluted earnings per share	70,446	46,574

	12 months ended 31 Dec. 2006 number of shares	12 months ended 31 Dec. 2005 number of shares
Average weighted number of ordinary shares outstanding used for calculation of basic earnings per share	25,174,713	22,281,425
Diluting impact of the convertible bonds issued	30,276	32,748
Adjusted average weighted number of ordinary shares used for calculation of diluted earnings per share	25,204,989	22,314,173

The Group's calculation of the average weighted number of ordinary shares during 2006 includes 25,174,713 shares.
In the calculation of the adjusted average weighted number of ordinary shares during 2006, the Group took into account 30,276 convertible bonds issued in 2001.

The basic and diluted earnings per share on continued operations have been presented under the consolidated profit and loss account.
The basic and diluted earnings (loss) per share on discontinued operations have been presented in Note 6 to the consolidated financial statements.

Bonds convertible to shares
Convertible bonds were issued under the incentive program dedicated to the managers of the companies Multinet SA, Pik-Net Sp. z o.o. and Polbox Sp. z o.o., which is described in detail in Note 21 to these consolidated financial statements.
As the conditions of the incentive program had not been met, 16,374 convertible bonds were allocated to shareholders of Multinet SA, Pik-Net Sp. z o.o. and Polbox Sp. z o.o. as a partial payment for these companies, which is further described in Note 21 to these consolidated financial statements.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

7. Earnings per share (continued)

In November 2005 the Management Board of Asseco Poland SA (former Softbank SA) made a decision to award 16,392 bonds convertible to shares to selected employees of the Company. The awarding rules and incentive program criteria were established in March 2006 and they include job seniority, opinion of immediate superiors, competence level and qualifications acquired.

In 2006, pursuant to the conditions of the convertible bonds issuance program, the holders of the above-mentioned bonds submitted requests for conversion of 13,884 bonds in total. The related shares will be registered in the year 2007. The remaining 2,472 convertible bonds, conversion of which was not applied for, were redeemed and retired.

In the period between the balance sheet date and preparation of these consolidated financial statements, there were not conducted any other transactions concerning such shares or potential shares, except for those explained in the section "Merger with Asseco Poland SA and issuance of shares".

8. Dividends

According to the resolution of the General Meeting of Shareholders of Asseco Poland SA (former Softbank SA), 30% of net profit of the Parent Company for the year 2005 was distributed as dividend payment, and the remaining amount was transferred to reserve capital.
The dividend was paid out on 17 July 2006 and it equalled PLN 0.64 per share, or PLN 16,111 thousand in total.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

9. Property, plant and equipment

As at 31 December 2006	**Land and buildings**	**Computers and other office equipment**	**Transport vehicles**	**Other tangible assets**	**Tangible assets under construction**	**Total**
	PLN '000	**PLN '000**	**PLN '000**	**PLN '000**	**PLN '000**	**PLN '000**
As at 1 January 2006 less depreciation	**18,889**	**13,410**	**3,432**	**1,442**	**42**	**37,215**
Additions, of which:	308	5,525	1,595	30	0	**7,458**
Purchases	308	5,480	1,595	21	0	**7,404**
Other changes	0	45	0	9	0	**54**
Reductions, of which:	(4,689)	(8,725)	(1,476)	(426)	(42)	**(15,358)**
Depreciation charge for the period reported (-)	(985)	(5,985)	(1,278)	(391)	0	**(8,639)**
Reclassification to assets held for sale (-)	(3,450)	0	0	0	0	**(3,450)**
Sale of the company Mediabank SA (-)	(163)	(266)	(2)	(17)	0	**(448)**
Reclassification of leasing (-)	0	(2,033)	0	0	0	**(2,033)**
Other changes (-)	(91)	(441)	(196)	(18)	(42)	**(788)**
As at 31 December 2006 less depreciation	**14,508**	**10,210**	**3,551**	**1,046**	**0**	**29,315**
As at 1 January 2006						
Gross value	25,095	42,439	8,954	6,363	42	**82,893**
Depreciation and impairment write-downs (-)	(6,206)	(29,029)	(5,522)	(4,921)	0	**(45,678)**
Net book value as at 1 January 2006	**18,889**	**13,410**	**3,432**	**1,442**	**42**	**37,215**
As at 31 December 2006						
Gross value	18,953	46,755	9,537	5,888	0	**81,133**
Depreciation and impairment write-downs (-)	(4,445)	(36,545)	(5,986)	(4,842)	0	**(51,818)**
Net book value as at 31 December 2006	**14,508**	**10,210**	**3,551**	**1,046**	**0**	**29,315**

As at 31 December 2006, tangible fixed assets with the book value of PLN 7,829 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 December 2006 amounted to PLN 2,446 thousand.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

9. Property, plant and equipment

As at 31 December 2005	Land and buildings	Computers and other office equipment	Transport vehicles	Other tangible assets	Tangible assets under construction	Total
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at 1 January 2005 less depreciation	**18,299**	**7,053**	**2,825**	**950**	**69**	**29,196**
Additions, of which:	1,782	11,960	2,434	1,009	0	**17,185**
Purchases	100	6,416	1,058	744	0	**8,318**
Acquisition of subsidiary companies	1,682	5,544	1,376	265	0	**8,867**
Reductions, of which:	(1,192)	(5,603)	(1,827)	(517)	(27)	**(9,166)**
Depreciation charge for the period reported (-)	(938)	(4,370)	(1,104)	(498)	0	**(6,910)**
Disposal of subsidiary companies (-)	(254)	(532)	(603)	(19)	(27)	**(1,435)**
Other changes (-)	0	(701)	(120)	0	0	**(821)**
As at 31 December 2005 less depreciation	**18,889**	**13,410**	**3,432**	**1,442**	**42**	**37,215**
As at 1 January 2005						
Gross value	23,330	26,349	7,831	4,447	69	**62,026**
Depreciation and impairment write-downs (-)	(5,031)	(19,296)	(5,006)	(3,497)	0	**(32,830)**
Net book value as at 1 January 2005	**18,299**	**7,053**	**2,825**	**950**	**69**	**29,196**
As at 31 December 2005						
Gross value	25,095	42,439	8,954	6,363	42	**82,893**
Depreciation and impairment write-downs (-)	(6,206)	(29,029)	(5,522)	(4,921)	0	**(45,678)**
Net book value as at 31 December 2005	**18,889**	**13,410**	**3,432**	**1,442**	**42**	**37,215**

As at 31 December 2005, tangible fixed assets with the book value of PLN 8,290 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 December 2005 amounted to PLN 7,506 thousand.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

10. Intangible assets

As at 31 December 2006	Cost of development work	Software, patents and licenses	Other	Total
	PLN '000	PLN '000	PLN '000	PLN '000
Purchase price as at 1 January 2006 less amortisation	**733**	**12,513**	**960**	**14,206**
Additions, of which:	0	1,964	7	**1,971**
Purchases	0	1,847	7	**1,854**
Other changes	0	117	0	**117**
Reductions, of which: (-)	(613)	(8,875)	(962)	**(10,450)**
Amortisation charge for the period reported (-)	(286)	(3,823)	(20)	**(4,129)**
Impairment write-downs (-)	(327)	(4,926)	(173)	**(5,426)**
Sale of the company Mediabank SA (-)	0	(126)	0	**(126)**
Other changes (-)	0	0	(769)	**(769)**
As at 31 December 2006 less depreciation	**120**	**5,602**	**5**	**5,727**
As at 1 January 2006				
Purchase price (gross book value)	3,946	29,611	1,027	**34,584**
Amortisation and impairment write-downs (-)	(3,213)	(17,098)	(67)	**(20,378)**
Net book value as at 1 January 2006	**733**	**12,513**	**960**	**14,206**
As at 31 December 2006				
Purchase price (gross book value)	829	27,947	266	**29,042**
Amortisation and impairment write-downs (-)	(709)	(22,345)	(261)	**(23,315)**
Net book value as at 31 December 2006	**120**	**5,602**	**5**	**5,727**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THE ASSECO (former SOFTBANK) GROUP

10. Intangible assets (continued)

In 2006 the Group made revaluation write-downs on intangible assets in the amount of PLN 5,426 thousand. Subject to such revaluation write-downs were mainly licences and software utilized when implementing outside IT projects as well as for internal purposes of the Group.

The value of licences and software applied for own needs was written down by PLN 919 thousand, because usage thereof was abandoned. Intangible assets which are no longer used included basically the finance and accounting system of the Parent Company (since 1 January 2007 the Group has implemented a new solution which better satisfies its requirements) and the human resources and payroll system (it was substituted with a new integrated finance and accounting system). The above-mentioned write-downs were charged entirely to the Group's general administrative expenses in 2006.

Write-downs on the value of licences and software utilized for outside IT projects resulted from the impairment tests that were conducted at the end of 2006. Pursuant to IFRS the Group is obliged to conduct detailed analyses of future economic benefits associated with its assets when there are indications of impairment. The recoverable value of assets was determined by estimating their value in use.
Such analyses showed the future economic benefits would be lower by PLN 4,507 thousand, and therefore revaluation write-downs on the above-mentioned licenses and software were made and charged entirely to the cost of products sold.
The average discount rate applied for determination of useful value equalled ca. 12%.

The aforementioned licences and software were either purchased from the Group partners or developed by the Group itself in previous years.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

10. Intangible assets (continued)

Acquisition of the Building Automation Department ("DAB")

On 1 January 2007 the Group acquired a non-cash contribution in the form of an organized part of the Prokom Software SA enterprise – the Building Automation Department ("DAB"), which is also described in the section "Merger with Asseco Poland SA and issuance of shares". In return for the DAB contribution, the Company assigned 1,070,000 shares with the issuance price of PLN 37.70 per share, making up the total issuance fair value of PLN 40,339 thousand.

The below presented assessment of the financial effects of DAB acquisition was based on the estimated values of identifiable assets, liabilities and contingent liabilities. Final determination of their fair values shall be carried out in 2007, hence the disclosed goodwill may be subject to change.
The fair value of net assets of DAB, estimated as at 1 January 2007, amounts to PLN 4,239 thousand, whereas the non-cash contribution cost PLN 40,439 thousand to purchase. As initially calculated, the DAB goodwill amounts to PLN 36,200 thousand.

	Estimated fair values as at the purchase date
ASSETS	**PLN '000**
Property, plant and equipment	364
Inventories	189
Trade accounts receivable	607
Other receivables	4,112
TOTAL ASSETS	**5,273**
SHAREHOLDERS' EQUITY AND LIABILITIES	
Trade accounts payable	252
Reserves	472
Accrued expenses	309
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,033**
Net value of assets	**4,239**
Purchase price	40,339
Purchase-related expenses	100
Total cost of purchase	**40,439**
Goodwill	**36,200**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THE ASSECO (former SOFTBANK) GROUP

10. Intangible assets (continued)

As at 31 December 2005	Cost of development work	Software, patents and licenses	Other	Total
	PLN '000	PLN '000	PLN '000	PLN '000
Purchase price as at 1 January 2005 less amortisation	**336**	**5,633**	**20**	**5,989**
Additions, of which:	538	11,505	964	**13,007**
Purchases	470	9,265	964	**10,699**
Acquisition of subsidiary companies	68	2,240	0	**2,308**
Reductions, of which: (-)	(141)	(4,625)	(24)	**(4,790)**
Amortisation charge for the period reported (-)	(141)	(3,061)	(4)	**(3,206)**
Disposals (-)	0	(1,536)	0	**(1,536)**
Disposal of subsidiary companies (-)	0	(28)	(20)	**(48)**
As at 31 December 2005 less depreciation	**733**	**12,513**	**960**	**14,206**
As at 1 January 2005				
Purchase price (gross book value)	3,339	20,856	170	**24,365**
Amortisation and impairment write-downs (-)	(3,003)	(15,223)	(150)	**(18,376)**
Net book value as at 1 January 2005	**336**	**5,633**	**20**	**5,989**
As at 31 December 2005				
Purchase price (gross book value)	3,946	29,611	1,027	**34,584**
Amortisation and impairment write-downs (-)	(3,213)	(17,098)	(67)	**(20,378)**
Net book value as at 31 December 2005	**733**	**12,513**	**960**	**14,206**

In the years 2006 and 2005, intangible assets were amortized under the straight-line method over the period of their economic useful life, which amounted to 5 years in case of patents and licenses, 3 years in case of computer software, or between 3 and 5 years in case of assets manufactured by the Company itself (including the cost of development work). Other intangibles were subject to straight-line amortisation over the period of 5 years.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

11. Consolidation goodwill

	31 December 2006	31 December 2005
	PLN '000	PLN '000
Book value of goodwill from consolidation		
Epsilio SA	0	0
AWiM Mediabank SA	0	51
ZUI Novum Sp. z o.o.	262	262
Sawan Grupa Softbank SA	2,714	2,714
Softbank Serwis Sp. z o.o. (1)	14,224	21,224
Asseco Business Solutions SA (former Incenti SA) (2)	6,962	7,619
Gladstone Consulting Limited	49,888	52,845
Total book value	**74,050**	**84,715**

1) In January 2006 the companies Softbank Serwis Sp. z o.o. and Koma SA merged.
(2) The company changed its name in February 2007.

Under the agreement concluded in October 2005 between Dadlaw Trustee Ltd based in Nicosia, Cyprus and Asseco Poland SA (former Softbank SA), the subject of which was acquisition of a 51% equity interest in Gladstone Consulting Limited by the Issuer, the Parent Company holds a call option for the remaining 49% of shares. The option shall be effective till 31 March 2009. Likewise, Dadlaw Trustee Ltd has the right to call upon Asseco Poland SA (former Softbank SA) to purchase the remaining shares in Gladstone in April 2009.

In July 2006, the International Financial Reporting Interpretations Committee ("IFRIC") issued its opinion concerning presentation in the consolidated financial statements of the Parent Company of obligations to acquire shares in subsidiary companies from minority shareholders. Based on the said IFRIC opinion and as a result of analyzing the acquisition of shares in Gladstone, the Management Board of Asseco Poland SA (former Softbank SA) decided to make a retrospective adjustment of the consolidated financial statements, which is wider described under the Consolidated Statement of Shareholders' Equity of the Asseco Group.
Goodwill resulted from acquisition of the company Gladstone was enlarged by the amount of PLN 24,345 thousand and, as at December 2006, it amounted to PLN 52,845 thousand. The impairment test performed on Gladstone did not indicate a necessity to make a revaluation write-down as at 31 December 2005.
As at the date of taking control over Gladstone, the Management Board of the Parent Company estimated the value of future payment for the minority interest, which was recognized as the cost of acquisition and accounted for as a financial liability, as further described in Note 22 to the consolidated financial statements.

Impairment tests of consolidation goodwill
All the above-mentioned subsidiary undertakings constitute separate cash generating centres. Goodwill is tested for impairment of value on an annual basis.
Goodwill resulting from acquisition of companies was subject to the impairment test as at the end of 2005 and 2006. Recoverable value of the cash generating centres (with allocated goodwill) was determined on the basis of their value in use by applying the estimated future cash flows, and it proved to be higher their book value. The assumed future cash flows were determined taking into account the latest financial forecasts approved by the Company's management, which reflect the existing and prospective orders portfolio. The potential orders portfolio presumes gaining new clients whilst keeping the present ones. No increase in cash flows was assumed for the periods following the forecast period. The average discount rate was between 10% and 18%, depending on the risk related to cash generating centres.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

11. Consolidation goodwill (continued)

Computation of the value in use of the cash generating centres is sensitive to the following variables:

- amount of forecasted cash flows,
- discount rates.

The amount of forecasted cash flows was estimated based on the existing and prospective orders portfolio.

The discount rate was estimated on the basis of market expectations related to the Company's business, depending on the specific risk that the particular cash generating centres are exposed to.

The Company performed impairment tests on its goodwill as at 31 December 2006. In effect, a revaluation write-down of PLN 7,000 thousand was made on goodwill which resulted form acquisition of the companies Serwis Sp. z o.o. and Koma SA. In 2005, no impairment charges against consolidation goodwill were made.

During the period reported and corresponding period, the consolidation goodwill changed as follows:

	31 December 2006 PLN '000	31 December 2005 PLN '000
Consolidation goodwill at the beginning of the period	**84,715**	**25,077**
Epsilio SA	0	23,899
AWiM Mediabank SA	51	51
ZUI Novum Sp. z o.o.	262	262
Sawan Grupa Softbank SA	2,714	865
Softbank Serwis Sp. z o.o. (*)	21,224	0
Asseco Business Solutions SA (former Incenti SA)	7,619	0
Gladstone Consulting Limited	52,845	0
Increase in consolidation goodwill due to acquisition of shares	**0**	**83,062**
Sawan Grupa Softbank SA	0	1,849
Koma SA [1]	0	21,224
Asseco Business Solutions SA (former Incenti SA)	0	7,619
Gladstone Consulting Limited	0	52,370
Decrease in goodwill due to impairment charges in 2004	**(7,000)**	**0**
Softbank Serwis Sp. z o.o.	(7,000)	0
Decrease in goodwill due to disposal of companies:	**0**	**(23,899)**
Epsilio SA	0	(23,899)
Decrease in goodwill due to reclassification to assets held for sale	**(51)**	**0**
AWiM Mediabank SA	(51)	0
Decrease in goodwill due to recognizing deferred income tax not disclosed in the prior periods (-)	**(657)**	**0**
Asseco Business Solutions SA (former Incenti SA)	(657)	0
Foreign currency translation differences on goodwill related to Gladstone Consulting Limited	**(2,957)**	**475**
Total book value at the end of the period	**74,050**	**84,715**

1) In January 2006 the companies Softbank Serwis Sp. z o.o. and Koma SA merged.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

11. Consolidation goodwill (continued)

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 the section "Merger with Asseco Poland SA and issuance of shares" 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.

The below presented assessment of the financial effects of acquisition of Asseco Czech Republic a.s. (former PVT a.s.) was based on the estimated values of identifiable assets, liabilities and contingent liabilities. Final determination of their fair values shall be carried out in 2007, hence the disclosed goodwill may be subject to change.
The fair value of net assets of Asseco Czech Republic, estimated as at 1 January 2007, amounts to PLN 25,490 thousand, whereas the non-cash contribution cost PLN 80,978 thousand to purchase. As initially calculated, the Asseco Czech Republic goodwill amounts to PLN 55,488 thousand.

ASSETS	Book values as at the purchase date PLN '000
Fixed assets	**22,857**
Property, plant and equipment	8,275
Intangible assets	9,530
Investments in associated companies valued under the equity method	1,089
Long-term receivables	1,890
Deferred income tax assets	2,073
Current assets	**60,468**
Inventories	3,563
Deferred expenses	2,068
Trade accounts receivable	32,681
Other receivables	2,853
Cash and short-term deposits	19,302
TOTAL ASSETS	**83,326**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

11. Consolidation goodwill (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES	Book values as at the purchase date PLN '000
Share capital	18,290
Retained earnings (deficit)	7,200
Total Shareholders' Equity	**25,490**
Long-term liabilities	**14,734**
Interest-bearing bank credits, loans and debt securities	14,712
Other long-term liabilities	22
Current liabilities	**43,102**
Interest-bearing bank credits, loans and debt securities	7,067
Trade accounts payable	17,888
Corporate income tax payable	996
Liabilities to the State budget	4,675
Financial liabilities	387
Other liabilities	7,437
Reserves	2,904
Accrued expenses	1,748
TOTAL LIABILITIES	**57,836**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**83,326**

	Book values as at the purchase date PLN '000
Net value of assets	**25,490**
Purchase price	80,678
Purchase-related expenses	300
Total cost of purchase	**80,978**
Goodwill	**55,488**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

11. Consolidation goodwill (continued)

Merger with Asseco Poland SA

The merger with the Asseco Group was executed on 4 January 2007, as further explained in the section "Merger with Asseco Poland SA and issuance of shares". Under the merger transaction, the shareholders of the acquired company received 17,735,815 shares of the Issuer. Fair value of the issuance amounted to PLN 975,470 thousand and was calculated based on the Issuer's stock quote of 4 January 2007, which was PLN 55 per share.

The Issuer purchased shares of the acquired company in the years 2004 and 2005, hence, as at 4 January 2007, it already held a 21.92% stake in acquired company's share capital. Therefore, the transaction shall be accounted for as a gradual merger of business entities.

Asseco Poland SA (former Softbank SA) purchased shares of the acquired company:

- on 30 September 2004 – 17.54% stake,
- on 31 December 2005 – additional 4.38% stake, and
- on 4 January 2007, when the companies merged.

The below presented assessment of the financial effects of merger with Asseco Group was based on the estimated values of identifiable assets, liabilities and contingent liabilities. Final determination of their fair values shall be carried out in 2007, hence the disclosed goodwill may be subject to change.
The fair value of net assets of the acquired company, estimated as at 1 January 2007, amounts to PLN 189,847 thousand, whereas the cost of merger equalled PLN 1,082 thousand. As initially calculated, the acquired company goodwill amounts to PLN 922,342 thousand.

Acquisition of the Asseco Group	**Book values as at the date of purchase of 78.08% stake PLN '000**	**Book values as at the date of purchase of 4.38% stake PLN '000**	**Book values as at the date of purchase of 17.54% stake PLN '000**
ASSETS			
Fixed assets	**128,976**	**77,896**	**6,628**
Property, plant and equipment	23,235	9,138	5,385
Intangible assets	29,542	26,693	411
Consolidation goodwill	66,583	32,133	0
Financial assets valued at fair value through profit or loss	52	7,811	383
Long-term receivables	8,512	583	0
Deferred income tax assets	1,019	1,500	412
Long-term deferred expenses	33	38	37
Current assets	**224,752**	**154,602**	**30,470**
Inventories	2,933	979	1,353
Deferred expenses	18,512	13,358	2,275
Receivables	62,227	51,025	11,387
Loans granted	6,330	1,838	216
Cash and short-term deposits	134,750	87,402	15,239
TOTAL ASSETS	**353,728**	**232,498**	**37,098**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

11. Consolidation goodwill (continued)

	Book values as at the date of purchase of 78.08% stake	Book values as at the date of purchase of 4.38% stake	Book values as at the date of purchase of 17.54% stake
SHAREHOLDERS' EQUITY AND LIABILITIES	**PLN '000**	**PLN '000**	**PLN '000**
Shareholders' Equity (attributable to Shareholders of the Parent Company)	**189,847**	**139,712**	**30,831**
Share capital	578	578	300
Share premium	85,102	85,102	23,567
Other capital components	4,967	0	0
Capital from bonds convertible to shares			
Foreign currency translation differences on subsidiary companies	495	(621)	0
Retained earnings (deficit) and current net profit	98,705	54,653	6,964
Minority interests	77,536	13,302	627
Total Shareholders' Equity	**267,383**	**153,014**	**31,458**
Long-term liabilities	**13,750**	**1,936**	**208**
Deferred income tax reserves	2,345	1,423	68
Interest-bearing bank credits, loans and debt securities	10,269	0	0
Long-term reserves	63	54	140
Long-term financial liabilities	1,050	459	0
Other long-term liabilities	23	0	0
Current liabilities	**72,595**	**77,548**	**5,432**
Liabilities	55,390	62,689	3,424
Reserves	7,500	11,759	808
Accrued expenses	9,705	3,100	1,200
TOTAL LIABILITIES	**86,345**	**79,484**	**5,640**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**353,728**	**232,498**	**37,098**

Acquisition of particular stakes of shares in the Asseco Group	Book values as at the date of purchase of 78.08% stake PLN '000	Book values as at the date of purchase of 4.38% stake PLN '000	Book values as at the date of purchase of 17.54% stake PLN '000
Net value of assets	**189,847**	**139,712**	**30,831**
Percentage of net assets purchased	78.08%	4.38%	17.54%
Net value of assets purchased	**148,233**	**6,119**	**5,408**
Purchase price	975,470	28,231	57,467
Purchase-related expenses	20,274	610	50
Total cost of purchase	**995,743**	**28,841**	**57,517**
Goodwill	**847,511**	**22,721**	**52,110**
Total goodwill	**922,342**		

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

12. Investments in associated companies

As at 31 December 2006 Asseco Poland SA (the acquired company) was the Issuer's associated company due to substantial impact it exerted on the Issuer's company, as it owned 843,840 ordinary shares representing 21.92% of the acquired company' share capital. The said 843,840 shares in the associated company Asseco Poland SA (the acquired company) were valued at their cost of purchase, which amounted to PLN 86,308 thousand. The market value of the stake of shares owned in that company equalled PLN 278,467 thousand and PLN 123,623 thousand as at 31 December 2006 and 31 December 2005, respectively.

The table below presents condensed information on the investment in Asseco Poland SA.

	31 December 2006	31 December 2005
	PLN '000	PLN '000
Fixed assets	128,976	77,896
Current assets	211,432	154,602
Long-term liabilities	13,749	1,936
Current liabilities	72,596	77,548
Net assets	189,847	139,712
Sales revenues	315,357	217,571
Net profit	52,874	23,908
Book value of investment	**97,360**	**86,308**

On 4 January 2007 the Issuer merged with Asseco Poland SA (the acquired company), which is described in more detail in section "Merger with Asseco Poland SA and issuance of shares" of these consolidated financial statements.

Asseco Poland SA (the acquired company) was listed on the Warsaw Stock Exchange until 2 January 2007.

In October 2005 the Issuer concluded with Mr. Adam Góral the stock option agreement for acquisition of 268 thousand shares of Asseco Poland SA (the acquired company), which is further explained in Note 15 to these consolidated financial statements.

As at 31 December 2005, shares of Asseco Poland SA (the acquired company) with the book value of PLN 86,308 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 December 2005 amounted to PLN 15,000 thousand.

As at 31 December 2006, shares of Asseco Poland SA (the acquired company) did not serve as security for any contracted bank credit; however, until 31 December 2006 the registered pledge established on those shares was not released. By court decision, the pledge established on shares of Asseco Poland SA was deleted from the register on 25 January 2007.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

12. Investments in associated companies (continued)

Acquisition of shares in Safo Sp. z o.o.

On 28 March 2007, Asseco Business Solutions SA (former Incenti SA) purchased from five partners in the Lublin-based company Safo Sp. z o.o., 540 shares representing 28.30% of the shares capital of Safo Sp. z o.o. for the total price of PLN 17,182 thousand, and therefore it became an major investor in that undertaking. Asseco Business Solutions SA and Safo Sp. z o.o. intend to merge still in 2007.

The below presented assessment of the financial effects of becoming a major investor in Safo Sp. z o. was based on the estimated values of identifiable assets, liabilities and contingent liabilities. Final determination of their fair values shall be carried out in 2007, hence the disclosed goodwill may be subject to change.
The fair value of net assets of Safo Sp. z o.o., estimated as at 28 March 2007, amounts to PLN 7,492 thousand, whereas the acquisition cost equalled PLN 17,281 thousand.

	Book values as at the purchase date
	PLN '000
Fixed assets	2,954
Current assets	10,635
Long-term liabilities	403
Current liabilities	5,464
Net assets	7,492
Purchase price	17,182
Purchase-related expenses	99
Total cost of purchase	**17,281**
Percentage of share capital purchased	28.30%
Net value of assets purchased	2,120
Goodwill	15,160
Book value of investment	**17,281**

13. Jointly controlled companies

As at 31 December 2006, the Group held a 45% stake in Soft Technologies Sp. z o.o. (legal form in line with legal regulations of Kazakhstan) with the registered office in Almaty, Kazakhstan.

Both in 2006 and 2005, the Group's consolidated financial statements did not include the company Soft Technologies Sp. z o.o., which was established in the first quarter of 2005 by Softbank Serwis Sp. z o.o. in co-operation with Kazakhstan firms. With a cash contribution of PLN 300 thousand, Softbank Serwis Sp. z o.o. acquired 45% of the share capital and voting rights at the General Meeting of Shareholders of the above-mentioned company. Due to the fact that other shareholders illegally appointed a second Management Board, which stood in competition to the legally elected one, the Group lost control over this company in 2005.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

14. Financial assets held to maturity

Current financial assets held to maturity

	31 December 2006	31 December 2005
	PLN '000	PLN '000
In unrelated companies		
Bonds	34,313	17,388

Short-term corporate bonds and Treasury bonds characterized by high liquidity are an alternative to bank deposits when it comes to investing spare cash.

As at 31 December 2006, all the bonds served as security limited to PLN 7,980 thousand for guarantees (of due performance of contracts and tender deposits) issued by the bank maintaining the Parent Company's account.
As at 31 December 2005, the above-mentioned bonds served as security for bank guarantees, as issued by the bank keeping the Parent Company's account, up to the amount of PLN 7,250 thousand.

The above-mentioned securities are valued using the amortized cost method, as at December 2006 the fair value of bonds did not diverge from their balance sheet value. Interest rates and maturity terms of the said bonds have been revealed in Note 30 of these consolidated financial statements.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

15. Financial assets carried at fair value

Fixed financial assets carried at fair value

	31 December 2006 PLN '000	31 December 2005 PLN '000
Fixed financial assets	**917**	**3,575**
Treasury bonds	298	663
Financial instruments embedded in trade contracts	499	0
Call option for purchase of Asseco Poland SA shares	0	2,830
Other	120	82

Current financial assets carried at fair value

	31 December 2006 PLN '000	31 December 2005 PLN '000
Current financial assets	**84,080**	**52,049**
Treasury bonds	509	260
Forward contracts for purchase of EUR and USD	69,077	51,249
Financial instruments embedded in trade contracts	388	110
Investments in other companies	0	430
Call option for purchase of Asseco Poland SA shares	14,106	0

As at 31 December 2006, the Parent Company held a number of concluded forward transactions for purchase or sale of foreign currencies – EUR and USD. These instruments are valued at fair value at each balance sheet date. The valuation of the aforementioned assets as at 31 December 2006 equalled PLN 69,077 thousand. Whereas, as at 31 December 2005 the valuation of concluded forward transactions amounted to PLN 51,249 thousand.

As at 31 December 2006, the Issuer was a party to the stock option agreement for acquisition of 268 thousand shares of Asseco Poland SA (the acquired company) in the period of six months as from 27 September 2006. In 2006 fair value of the stock option appreciated to PLN 14,106 thousand, which increased the Company's financial income, as earlier described in Note 4 to these consolidated financial statements.

Additionally, as indicated in section "Merger with Asseco Poland SA and issuance of shares", on 24 October 2006 the Company concluded the agreement for conditional termination of the stock option agreement for purchase of shares of Asseco Poland SA (the acquired company). The condition precedent for termination of the above-mentioned agreement was the registration of the companies' merger. The companies' merger was registered on 4 January 2007. The option value was assessed in January 2007, and subsequently expensed entirely as a cost of the companies' merger process.

As at 31 December 2005, the stock option was valued at PLN 2,830 thousand and it increased the financial income by such amount.

The option value was determined based on the mathematical model for valuation of Hawaiian options.

As at 31 December 2006, the short- and long-term Treasury bonds served as security for bank guarantees (of due performance of contracts and tender deposits) up to the amount of PLN 807 thousand.

Likewise, as at 31 December 2005 the short- and long-term Treasury bonds served as security for bank guarantees (of due performance of contracts and tender deposits) up to the amount of PLN 782 thousand.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

16. Long- and short-term deferred expenses

Long-term deferred expenses

	31 December 2006	31 December 2005
	PLN '000	PLN '000
Maintenance services	1,216	7,460
Cost of the project "Internal security system"	0	0
Other	18	59
Total long-term deferred expenses	**1,234**	**7,519**

In 2005, the Group made a revaluation write-down for expenses incurred in relation to a newly developed product "Internal Security System" amounting to PLN 1,440 thousand. This revaluation write-down was made due to justified doubts as to the possibility of obtaining economic benefits from this product.

Short-term deferred expenses

	31 December 2006	31 December 2005
	PLN '000	PLN '000
Maintenance services	9,624	11,584
Pre-paid insurance	136	238
Pre-paid subscriptions	12	19
Pre-paid rents	91	24
Pre-paid consulting services	19	93
Discount of guarantees settled according to the percentage of completion of relevant contracts	1,226	1,061
Costs of merger and issuance of shares	2,776	0
Sponsoring for sport activities	1,250	0
Other	430	921
Total short-term deferred expenses	**15,564**	**13,940**

At the end of 2006 and 2005, deferred expenses consisted mainly of:

- costs of maintenance services that will be successively incurred in future periods,
- costs of merger with Asseco Poland SA (the acquired company) and issuance of shares,
- discount costs relating to guarantees of due performance of contracts that are settled according to the percentage of completion of relevant contracts.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

17. Inventories

	31 December 2006 PLN '000	31 December 2005 PLN '000
Computer hardware and software licenses for resale	16,900	20,171

In 2006, the Group increased revaluation allowances for inventories by the amount of PLN 757 thousand; such write-downs resulted from periodic verification of the value of merchandise in inventory.

In 2006 sales of merchandise and materials aggregated at PLN 112,108 thousand, as compared with PLN 262,435 thousand in 2005.

No inventories were used to secure bank credits or loans neither during 2006 nor 2005.

18. Implementation contracts

In 2006 and 2005, the Asseco (former Softbank) Group executed many so-called IT implementation contracts, such as Integrated IT System (ZSI) for the bank PKO BP SA, Central Register of Vehicles and Drivers (CEPiK) at the Ministry of Internal Affairs and Administration and many other smaller contracts. In line with IAS 11, sales generated from such contracts are recognized according to the percentage of completion of relevant contracts. In 2006 and 2005, the Group assessed the percentage of completion of the executed IT implementation contracts using the "cost" method (this is by determining the relation of costs incurred to overall project costs) or according to the "work-effort" method.

The following table includes basic data on realized IT implementation contracts.

	31 December 2006 PLN '000	31 December 2005 PLN '000
Costs incurred due to execution of IT contracts (-)	(399,076)	(201,726)
Profit (loss) on execution of IT contracts	**145,483**	**90,520**
Invoiced sales revenues from execution of IT contracts	582,940	308,950
Receivables relating to valuation of IT contracts	34,058	27,122
Liabilities relating to valuation of IT contracts (-)	(72,439)	(43,826)
Computer hardware	7,658	23,855
Software	162,290	100,304
Maintenance services	109,641	53,655
Total sales in the period from execution of IT contracts	**279,589**	**177,814**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

19. Long-term and short-term receivables

Long-term receivables

From unrelated companies	31 December 2006 PLN '000	31 December 2005 PLN '000
Trade accounts receivable	42,465	47,454
Receivables from non-invoiced deliveries	0	7,257
Receivables from guarantees of due performance of contracts	10,545	2,821
Other receivables	1,922	202
Total long-term receivables	**54,932**	**57,734**

Long-term trade accounts receivable and receivables from non-invoiced deliveries are not interest-bearing and were valued at the present (discounted) value.
Long-term receivables from guarantees of due performance of contracts bear an interest rate of 0.1%. As at the balance sheet date and at the end of 2005, the above amounts receivable were valued at the present (discounted) value. Calculations were made based on the average discount rate of 5%.

As at 31 December 2006, other long-term receivables secured bank guarantees (of due performance of contracts and tender deposits) up to the amount of PLN 202 thousand.

As at 31 December 2005, other long-term receivables secured bank guarantees (of due performance of contracts and tender deposits) up to the amount of PLN 202 thousand.

Short-term receivables

Trade accounts receivable

	31 December 2006 PLN '000	31 December 2005 PLN '000
Trade accounts receivable including:		
Receivables from related companies, of which:	5,513	18,502
from the parent company of Asseco Poland SA (former Softbank SA)	5,100	5,327
from subsidiary companies of Prokom Software SA	413	235
from associated companies of Prokom Software SA	0	568
from associated companies	0	12,372
Receivables from other companies	143,549	150,341
Allowances for doubtful accounts receivable (-)	(2,883)	(2,547)
Total short-term trade accounts receivable	**146,179**	**166,296**

Trade accounts receivable are not interest-bearing and their usual payment term is 90 days.
The Group has a relevant policy based on selling its products to reliable clients only. Owing to that in the management's opinion the credited sales risk would not exceed the level covered by allowances for doubtful accounts as established by the Company.
The conditions for transactions with related companies are presented in Note 27 to these consolidated financial statements.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

19. Long-term and short-term receivables (continued)

As at 31 December 2006, receivables in the amount of PLN 13,174 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 December 2006 amounted to PLN 4,710 thousand.
As at 31 December 2005, receivables in the amount of PLN 12,000 thousand served as security for the contracted bank credits. As at 31 December 2005, there were no liabilities by virtue of those credits.
As at 31 December 2006, future receivables provided for in the concluded trade agreements served as security for the contracted bank credits with the limit up to PLN 72,182 thousand. As at 31 December 2006, there were no liabilities by virtue of those credits.
As at 31 December 2005, future receivables provided for in the concluded trade agreements served as security for the contracted bank credits with the limit up to PLN 72,000 thousand. Liabilities by virtue of those credits as at 31 December 2005 amounted to PLN 3,813 thousand.
As at 31 December 2006, trade accounts receivable did not secure any bank guarantees (of due performance of contracts and tender deposits).
As at 31 December 2005, trade accounts receivable secured bank guarantees (of due performance of contracts and tender deposits) up to the amount of PLN 239 thousand.

Other receivables

	31 December 2006 PLN '000	31 December 2005 PLN '000
Receivables from book valuation of IT contracts	34,058	27,122
Receivables from non-invoiced deliveries	7,402	15,178
Receivables from guarantees of due performance of contracts	778	8,156
Advance payments to other suppliers	155	622
Other receivables	5,799	2,128
Allowances for other doubtful receivables (–)	(567)	(493)
Total other (short-term) receivables	**47,625**	**52,713**

Receivables from valuation of IT contracts (implementation contracts) result from the surplus of the progress in execution of implementation contracts over invoices issued.

Receivables relating to non-invoiced deliveries are connected with the sale of third-party licenses and maintenance services, for which invoices have not yet been issued for the whole period of licensing or provision of maintenance services.

Receivables relating to guarantees of due performance of contracts constitute a security in cash transferred to customers in order to compensate for any possible losses should the company not fulfil its contractual obligations. These receivables are subject to a minimal interest rate of 0.1%. As at the balance sheet date and at the end of 2005, the above amounts receivable were valued at the present (discounted) value. Calculations were made based on the average discount rate of 5%.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

20. Cash and cash equivalents

	31 December 2006 PLN '000	31 December 2005 PLN '000
Cash in bank	29,182	29,704
Cash on hand	25	43
Short-term deposits	18,148	24,194
Current marketable securities	0	8,199
Total cash and cash equivalents	**47,355**	**62,140**

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

Current marketable securities are mainly financial instruments purchased in order to get better interest than for bank deposits.

As at 31 December 2006, short-term deposits secured bank guarantees (of due performance of contracts and tender deposits) up to the amount of PLN 977 thousand.

As at 31 December 2005, short-term deposits secured bank guarantees (of due performance of contracts and tender deposits) up to the amount of PLN 1,357 thousand.

As at 31 December 2006, the Group’s unused credit facilities amounted to PLN 137,844 thousand, as compared with PLN 152,706 thousand at the prior year end.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

21. Share capital and reserve capitals

Share capital

Shares	Series	Par value per share	Number of shares	31 December 2006 PLN '000 Value of shares	31 December 2005 PLN '000 Value of shares
Ordinary shares – series	A	1.00	2,000,000	2,000	2,000
Ordinary shares – series	B	1.00	98	0	0
Ordinary shares – series	C	1.00	102	0	0
Ordinary shares – series	D	1.00	98	0	0
Ordinary shares – series	E	1.00	102	0	0
Ordinary shares – series	F	1.00	9,800	10	10
Ordinary shares – series	G	1.00	10,200	10	10
Ordinary shares – series	H	1.00	2,940,000	2,940	2,940
Ordinary shares – series	I	1.00	3,030,000	3,030	3,030
Ordinary shares – series	J	1.00	30,000	30	30
Ordinary shares – series	K	1.00	1,964,998	1,965	1,965
Ordinary shares – series	L	1.00	2,025,202	2,025	2,025
Ordinary shares – series	M	1.00	20,000	20	20
Ordinary shares – series	N	1.00	4,000,000	4,000	4,000
Ordinary shares – series	P	1.00	526,940	527	527
Ordinary shares – series	P	1.00	687,542	688	688
Ordinary shares – series	P	1.00	104,830	105	105
Ordinary shares – series	O	1.00	49,080	49	49
Ordinary shares – series	O	1.00	5,200	5	5
Ordinary shares – series	O	1.00	2,080	2	2
Ordinary shares – series	O	1.00	7,720	8	8
Ordinary shares – series	S	1.00	3,200,000	3,200	3,200
Ordinary shares – series	O	1.00	336,520	337	337
Ordinary shares – series	U1	1.00	1,459,646	1,459	1,459
Ordinary shares – series	U2	1.00	1,367,854	1,368	1,368
Ordinary shares – series	T	1.00	1,396,701	1,397	1,397
Total			**25,174,713**	**25,175**	**25,175**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

21. Share capital and reserve capitals (continued)

Par value on shares

All the issued shares have the par value of PLN 1 per share and have been fully paid up.

Shareholders of Asseco Poland SA (former Softbank SA) have been presented in the General information to these consolidated financial statements.

Other capital components

	Unrealized net profit on financial assets available for sale	Capital from bonds convertible to shares, issued due to payments in shares	Total
	PLN '000	PLN '000	PLN '000
As at 1 January 2005	6,826	801	**7,627**
Net profit on financial assets available for sale	(6,826)	0	**(6,826)**
As at 31 December 2005	**0**	**801**	**801**
Incentive program for the employees of Asseco Poland SA (former Softbank SA)		606	**606**
Cost of employee benefits in the form of own shares as recognized by the associated company		1,091	**1,091**
As at 31 December 2006	**0**	**2,498**	**2,498**

Reserve capital from unrealized net profits

This position includes revaluation of financial assets available for sale valued at fair value as at the balance sheet date after deducting the related deferred tax charges. Decrease in reserve capital relating to unrealized net profits for 2005 resulted from obtaining the status of a major shareholder in the company Asseco Poland SA.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

21. Share capital and reserve capitals (continued)

The balance of capital from bonds convertible to shares originated from a partial payment for shares in the companies Multinet SA and Polbox SA in the form of shares of Asseco Poland SA (former Softbank SA) with the intention to be transferred at their par value.
On 3 July 2000, Asseco Poland SA (former Softbank SA) concluded agreements for acquisition of shares in companies Multinet SA, Pik-Net Sp. z o.o. and Polbox Sp. z o.o., under which it committed itself to provide a motivational program for the managerial staff of those companies. The incentive program assumed issuing 32,748 bonds convertible to shares and it was subject to achieving the specified target results by those companies. The expected results were not achieved. With regard to the above, the bonds convertible to shares have not been and will not be given out to the managerial staff of Multinet SA, Pik-Net Sp. z o.o. and Polbox Sp. z o.o. According to the said agreement for acquisition of shares in those undertakings, in such event half of the bonds convertible to shares, this is 16,374 bonds, shall be transferred to the entities which sold those undertakings on the day when the motivational program expires.
The purchase price of shares in the above undertakings, as disclosed by the Company, corresponded to the fair value of convertible bonds transferred in return.

In November 2005, the Management Board of Asseco Poland SA (former Softbank SA) made a decision to award 16,392 convertible bonds to selected employees of Asseco Poland SA (former Softbank SA). The awarding rules and incentive program criteria were established in March 2006 and they include job seniority, opinion of immediate superiors, competence level and qualifications acquired. The bonds were awarded in October 2006 and they were accounted for at their fair value of PLN 606 thousand as salaries expense in the first half of 2006.
The fair value of convertible bonds transferred to the Company's employees was determined on the basis of the Softbank stock quote as at the date when the decision on allocation of those bonds was taken.
In 2006, pursuant to the conditions of the convertible bonds issuance program, the holders of the above-mentioned bonds submitted requests for conversion of 30,276 bonds in total. The remaining 2,472 convertible bonds, conversion of which was not applied for, were redeemed and retired.

Merger with Asseco Poland SA
In May 2006 the Management Boards of the Company and Asseco Poland SA (the acquired company) commenced negotiations as a result of which the companies merged on 4 January 2007. This was further described in section "Merger with Asseco Poland SA and issuance of shares" of these financial statements.

Following the merger with Asseco Poland SA (the acquired company), the Company's share capital was raised by PLN 17,735,815 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 premium of fair value of the shares issuance price over their par value amounted to PLN 957,734 thousand.

Acquisition of Asseco Czech Republic a.s. and DAB as non-cash contributions
In January 2007, in exchange for its own shares the Company received non-cash contributions comprising 100% equity interest in Asseco Czech Republic a.s. (former PVT a.s.) as well as an organized part of the Prokom Software SA enterprise operating as the Building Automation Department. In return for contribution of Asseco Czech Republic a.s. (former PVT a.s.) the Company transferred 2,140,000 shares representing the issuance value of PLN 80,678 thousand, whereas the DAB contribution was paid up with 1,070,000 shares with the issuance value of PLN 40,339 thousand. Those settlements have been described in more detail in section "Merger with Asseco Poland SA and issuance of shares" of these financial statements.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

21. Share capital and reserve capitals (continued)

Subscription warrants

Furthermore, in 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 295,000 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 per share.
The objective of such conditional increase of share capital is to vest the right to acquire series D shares of Asseco Poland SA (former Softbank SA), which will be issued by the Company, in the holders of registered subscription warrants of Asseco Poland SA (the acquired company), as explained in section "Merger with Asseco Poland SA and issuance of shares" of these financial statements.

At the date of approving these financial statements, the total share capital of Asseco Poland SA (former Softbank SA) amounts to PLN 46,120,528 and is divided into 46,120,528 ordinary shares.

Minority interests

	31 December 2006 PLN '000	31 December 2005 PLN '000
At the beginning of the period	2,649	3,497
Share in profits of subsidiary companies	742	645
Acquisition of shares in Sawan Grupa Softbank SA	0	(1,493)
At the end of the period	**3,391**	**2,649**

In July 2006, the International Financial Reporting Interpretations Committee ("IFRIC") issued its opinion concerning presentation in the consolidated financial statements of the Parent Company of obligations to acquire shares in subsidiary companies from minority shareholders. Based on the said IFRIC opinion and as a result of analyzing the acquisition of shares in Gladstone, the Management Board of Asseco Poland SA (former Softbank SA) decided to make a retrospective adjustment of the consolidated financial statements, which is wider described under the Consolidated Statement of Shareholders' Equity herein.

The Company's contractual obligation to purchase its own securities gives rise to a financial liability for the present value of amounts payable for such purchase and, in consequence, seizing to disclose the related minority interests. In connection with the above, such change resulted in reducing the capital of minority shareholders of the company Gladstone Consulting Limited by the amount of PLN 1,734 thousand.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

22. Long-term and current financial liabilities

Long-term financial liabilities

	31 December 2006 PLN '000	31 December 2005 PLN '000
Financial instruments embedded in trade contracts	80,236	76,038
Liabilities due to acquisition of shares in Gladstone Consulting Ltd	22,949	23,940
Total	**103,185**	**99,978**

Current financial liabilities

	31 December 2006 PLN '000	31 December 2005 PLN '000
Financial instruments embedded in trade contracts	32,236	20,363
Dividend payable	0	0
Total	**32,236**	**20,363**

As at 31 December 2006, the Group held a number of embedded financial derivatives. They resulted chiefly from the denomination of payments under the concluded trade agreements in Euro or US dollars. As at 31 December 2006, such liabilities amounted to PLN 112,472 thousand. Whereas, as at 31 December 2005 the liabilities due to financial derivatives amounted to PLN 96,401 thousand.

In July 2006, the International Financial Reporting Interpretations Committee ("IFRIC") issued its opinion concerning presentation in the consolidated financial statements of the Parent Company of obligations to acquire shares in subsidiary companies from minority shareholders. Based on the said IFRIC opinion and as a result of analyzing the acquisition of shares in Gladstone, the Management Board of Asseco Poland SA (former Softbank SA) decided to make a retrospective adjustment of the consolidated financial statements, which is wider described under the Consolidated Statement of Shareholders' Equity herein.

The Company's contractual obligation to purchase its own securities gives rise to a financial liability for the present amount payable for such purchase. Subsequently, as at 31 December 2005 the Group reported a financial liability in the amount of PLN 23,940 thousand, which reflects the estimated present value of the future payment for the remaining 49% stake of shares in Gladstone. The above liability is accounted for under the amortized cost method. The effective interest rate equals ca. 7%.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

23. Short-term interest-bearing bank credits and debt securities issued

	Name of company	Maximum debt as at 31 December 2006	Maximum debt as at 31 December 2005	Effective interest rate %	Date of maturity	31 December 2006 PLN '000	31 December 2005 PLN '000
Term credit facility	Bank DnB NORD Polska SA	0	15,000	WIBOR 1M + margin	2006-09-29	0	15,000
Current account credits [1]	Bank DnB NORD Polska SA	0	20,000	WIBOR 1M + margin	2007-05-31	0	0
Current account credits	ING Bank Śląski SA	10,000	10,000	WIBOR 1M + margin	not specified	0	0
Current account credits	PKO BP SA	70,000	70,000	WIBOR 1M + margin	2007-07-31	2,446	7,481
Current account credits [2]	BPH SA	50,000	50,000	WIBOR 1M + margin	2009-11-30	0	3,813
Current account credits	Raiffeisen Bank Polska SA	10,000	10,000	WIBOR 1M + margin	2007-10-31	0	0
Current account credits	Bank Millennium	0	2,100	WIBOR 1M + margin	2005-09-09	0	0
Current account credits	Bank Millennium	5,000	1,900	WIBOR 1M + margin	2007-04-14	4,710	0
		145,000	**179,000**			**7,156**	**26,294**
Other credits:							
Investment credit	BRE BANK	0	900	WIBOR 1M + margin	2005-12-31	0	25
TOTAL		**0**	**900**			**0**	**25**

[1] On 4 December 2006 an addendum to the credit agreement was signed, which released the pledge on shares of Asseco Poland SA that had served as security for the credit from Bank DnB NORD Polska SA. Until a new security is established, the credit in the amount of PLN 35,000 thousand was frozen.
[2] On 29 December 2006 an addendum to the credit agreement with Bank BPH SA was signed, which increased the amount of credit from PLN 50,000 thousand to PLN 100,000 thousand. However, until a pledge is established on shares of Asseco Slovakia AS, the credit shall be available in the amount of PLN 50,000 thousand.

As at 31 December 2006, the Group had open credit facilities in current accounts enabling to raise funds of around PLN 145,000 thousand in aggregate.
As at the end of the period reported, the Group had drawn PLN 7,156 thousand. At the end of the previous year the financing available under credit facilities was PLN 179,000 thousand, and the liabilities thereunder stood at PLN 26,294 thousand.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

23. Short-term interest-bearing bank credits and securities issued (continued)

Debt securities:	Face value as at 31 December 2006	Face value as at 31 December 2005	Effective interest rate %	Date of maturity	31 December 2006 PLN '000	31 December 2005 PLN '000
Bonds	0	5,000	7.45%	2006-02-01	0	4,967
Bonds	0	5,000	6.60%	2006-03-20	0	4,928
Bonds	0	4,000	6.35%	2006-03-20	0	3,947
TOTAL	**0**	**14,000**			**0**	**13,842**

As at 31 December 2006, the Asseco (former Softbank) Group total debt under credits contracted and debt securities issued aggregated at PLN 7,156 thousand, which meant a decrease as compared with the level of 31 December 2005 (i.e. PLN 40,161 thousand).
Both in the period reported and in 2005, the margins realized by the lenders to the Asseco (former Softbank) Group ranged from 1% to 3%.

As at 31 December 2006, tangible fixed assets with the book value of PLN 7,829 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 December 2006 amounted to PLN 2,446 thousand.
As at 31 December 2005, tangible fixed assets with the book value of PLN 8,290 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 December 2005 amounted to PLN 7,506 thousand.

As at 31 December 2005, shares of Asseco Poland SA (the acquired company) with the book value of PLN 86,308 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 December 2005 amounted to PLN 15,000 thousand.
As at 31 December 2006, shares of Asseco Poland SA (the acquired company) did not serve as security for any contracted bank credit; however, until that date the registered pledge established on those shares was not released. By court decision, the pledge established on shares of Asseco Poland SA was deleted from the register on 25 January 2007.

As at 31 December 2006, receivables in the amount of PLN 13,174 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 December 2006 amounted to PLN 4,710 thousand.
As at 31 December 2005, receivables in the amount of PLN 12,000 thousand served as security for the contracted bank credits. As at 31 December 2005, there were no liabilities by virtue of those credits.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

23. Short-term interest-bearing bank credits and securities issued (continued)

As at 31 December 2006, future receivables provided for in the concluded trade agreements served as security for the contracted bank credits with the limit up to PLN 72,182 thousand. As at 31 December 2006, there were no liabilities by virtue of those credits.
As at 31 December 2005, future receivables provided for in the concluded trade agreements served as security for the contracted bank credits with the limit up to PLN 72,000 thousand. Liabilities by virtue of those credits as at 31 December 2005 amounted to PLN 3,813 thousand.

Bonds convertible to shares

On 3 July 2000, Asseco Poland SA (former Softbank SA) concluded agreements for acquisition of shares in companies Multinet SA, Pik-Net Sp. z o.o. and Polbox Sp. z o.o., under which it committed itself to provide a motivational program for the managerial staff of those companies. The incentive program assumed issuing 32,748 bonds convertible to shares and it was subject to achieving the specified target results by those companies. The expected results were not achieved. With regard to the above, the bonds convertible to shares have not been and will not be given out to the managerial staff of Multinet SA, Pik-Net Sp. z o.o. and Polbox Sp. z o.o. According to the said agreement for acquisition of shares in those undertakings, in such event half of the bonds convertible to shares, this is 16,374 bonds, shall be transferred to the entities which sold those undertakings on the day when the motivational program expires.
The purchase price of shares in the above undertakings, as disclosed by the Company, corresponded to the fair value of convertible bonds transferred in return.

In November 2005 the Management Board of Asseco Poland SA (former Softbank SA) made a decision to award 16,392 bonds convertible to shares to selected employees of the Parent Company. The awarding rules and incentive program criteria were established in March 2006 and they included job seniority, opinion of direct superiors, competence level as well as qualifications acquired. The bonds were awarded in October 2006 and they were accounted for at their fair value of PLN 606 thousand as salaries expense in the first half of 2006.
The fair value of convertible bonds transferred to the Company's employees was determined on the basis of the Asseco Poland SA (former Softbank SA) stock quote as at the date when the decision on allocation of those bonds was taken.

In 2006, pursuant to the conditions of the convertible bonds issuance program, the holders of the above-mentioned bonds submitted requests for conversion of 30,276 bonds in total. The remaining 2,472 convertible bonds, conversion of which was not applied for, were redeemed and retired.

	31 December 2006 PLN '000	31 December 2005 PLN '000
Liability due to issuance of bonds convertible to shares	30	33

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

24. Long-term and short-term reserves for liabilities

	Guarantee repairs	Costs related to on-going court proceedings	Restructuring process	Post-employment benefits	Liabilities under managerial contracts	Other reserves	Total
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at 1 January 2006	**998**	**100**	**67**	**489**	**0**	**11**	**1,665**
Reserves established during the financial year	223	245	2,866	0	0	260	**3,594**
Reserves reversed	(439)	(65)	(67)	(163)	0	0	**(734)**
As at 31 December 2006	**782**	**280**	**2,866**	**326**	**0**	**271**	**4,525**
Short-term reserves – 31 December 2006	417	280	2,866	46		271	**3,880**
Long-term reserves – 31 December 2006	365	0	0	280		0	**645**
As at 1 January 2005	**0**	**2,649**	**827**	**564**	**4,136**	**201**	**8,377**
Changes during the year 2005	998	(2,549)	(760)	(75)	(4,136)	(190)	**(6,712)**
As at 31 December 2005	**998**	**100**	**67**	**489**	**0**	**11**	**1,665**
Short-term reserves – 31 December 2005	412	100	67	102	0	11	**692**
Long-term reserves – 31 December 2005	586	0	0	387	0	0	**973**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

24. Long-term and short-term reserves for liabilities (continued)

Reserve for guarantee repairs

The provision for costs of guarantee repairs relates to handling of the guarantee maintenance service provided by the producers of hardware that was sold to the Group's customers in the years 2006 and 2005.

Restructuring reserve

Following the merger with Asseco Poland SA (the acquired company), which was finalized on 4 January 2007 as further described in section "Merger with Asseco Poland SA and issuance of shares" of these consolidated financial statements, the Parent Company initiated a restructuring process with the main objective to reduce the job positions that were doubled within the merging companies.

Reserve for post-employment benefits

The provision for benefits after the employment period relates entirely to pension benefits which are to be paid to the Group's employees when they go into retirement. In compliance with the Labour Code provisions, the Group pays a one-month average salary to each retiring employee.

Reserve for liabilities under managerial contracts

The provision for liabilities relating to managerial contracts was created in connection with the motivation program for the managers of Asseco Poland SA (former Softbank SA) that was implemented in the years 2003-2005 in order to reward their personal contribution in developing the Company. The conditions of the motivation program were defined in September 2003 and provided for sale of 147,714 of the Company's shares at par value or payment of the bonus amounting to PLN 4,136 thousand irrespective of the employment status on the payment date or any other conditions precedent. In 2005, the Company paid out the above mentioned bonus in cash.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

25. Long-term and short-term trade accounts payable and other liabilities

Short-term trade accounts payable

	31 December 2006 PLN '000	31 December 2005 PLN '000
Accounts payable to related companies, of which:	12,784	38,336
to the parent company of Asseco Poland SA (former Softbank SA)	581	23,974
to subsidiary companies of Prokom Software SA	2,612	2,618
to associated companies of Prokom Software SA	9,502	11,744
to other related companies of Prokom Software SA	76	0
to associated companies	13	0
Accounts payable to other companies	48,451	103,023
Short-term trade accounts payable	**61,235**	**141,359**

Trade accounts payable are not interest-bearing and their usual payment term ranges from 15 to 90 days.

The conditions for transactions with related companies are presented in Note 27 to these consolidated financial statements.

Short-term liabilities due to taxes, import tariffs, social security and other benefits payable

	31 December 2006 PLN '000	31 December 2005 PLN '000
Value added tax	10,558	6,672
Personal income tax (from employees)	1,108	1,355
Social Insurance Institution (ZUS)	1,709	2,284
Other	72	155
Total liabilities due to taxes, import tariffs, social security and other benefits payable	**13,447**	**10,466**

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

Other long-term liabilities

	31 December 2006 PLN '000	31 December 2005 PLN '000
Liabilities due to non-invoiced deliveries	**0**	**4,915**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

25. Long-term and short-term trade accounts payable and other liabilities (continued)

Other short-term liabilities

	31 December 2006	31 December 2005
	PLN '000	PLN '000
Liabilities to employees relating to salaries and wages	213	1,166
Company's Social Benefits Fund (ZFŚS)	41	149
Trade prepayments received	76	49
Liabilities relating to valuation of IT contracts	72,439	43,826
Liabilities due to non-invoiced deliveries	5,221	2,496
Other liabilities	3,047	67
Total other liabilities	**81,037**	**47,753**

Other liabilities relate mainly to items resulting from valuation of implementation contracts and non-invoiced deliveries.

Other liabilities are not interest-bearing.

Short-term accrued expenses

	31 December 2006	31 December 2005
	PLN '000	PLN '000
Provision for untaken holiday leaves	4,942	3,851
Provision for employee bonuses	9,830	7,937
Provision for non-invoiced costs	5,069	5,374
Total accrued expenses	**19,841**	**17,162**

Accrued expenses comprise provisions for untaken holiday leaves, provisions for salaries and wages of the current period to be paid out in future periods, which result from the bonus systems applied by the Asseco (former Softbank) Group, as well as provisions for current operating expenses of the Group.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

25. Long-term and short-term trade accounts payable and other liabilities (continued)

Short-term deferred income

	31 December 2006	31 December 2005
	PLN '000	PLN '000
Prepayments received	15	121
Maintenance services	10,564	11,581
Other	0	3
Total deferred income	**10,579**	**11,705**

Long-term deferred income

	31 December 2006	31 December 2005
	PLN '000	PLN '000
Maintenance services	**3,415**	**11,635**

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

26. Transactions with related companies

Name of company	Asseco (former Softbank) Group sales to related companies in the period of:		Asseco (former Softbank) Group purchases from related companies in the period of:	
	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Transactions with associated companies				
Asseco Poland SA (1)	5,368	0	1,050	0
Comp Soft Sp. z o.o.	6	0	0	0
Transactions with the Parent Company				
Prokom Software SA	21,983	8,969	6,496	55,232
Transactions with related companies of Prokom Software SA				
Prokom Investments SA (2)	0	0	563	164
Transactions with subsidiary companies of Prokom Software SA				
ABG - Ster Projekt SA	17,370	466	5,650	1,449
Combidata Poland Sp. z .o.o.	1,116	0	126	243
Koma SA (3)	0	0	0	75
Koma Nord Sp. z o.o.	0	0	0	2
MCCnet Sp. z o.o.	0	0	0	1
Optix Polska Sp. z o.o.	0	121	0	0
Safe Computing Sp. z o.o.	0	0	400	0
Spin SA	47	258	17	31
WiedzaNet Sp. z o.o.	107	15	3,349	2,118
Transactions with associated companies of Prokom Software SA				
Comp SA	147	0	5,415	5,741
Enigma Systemy Ochrony Informacji Sp. z o.o.	0	0	0	2
Pacomp Sp. z o.o.	0	2	0	0
Postdata SA	13	1	0	0
Total transactions with related companies	**46,157**	**9,832**	**23,066**	**65,058**

(1) Asseco Poland SA has become an associated company since 31 December 2005.
(2) Prokom Investments SA is a minority shareholder in Prokom Software SA.
(3) Since 1 July 2005 the companies Koma SA and Koma Nord Sp. z o.o. have become subsidiaries of Asseco Poland SA (former Softbank SA) and part of the Asseco (former Softbank) Group. In January 2006 the companies Koma SA and Softbank Serwis Sp. z o.o. merged; the taking-over company was Softbank Serwis Sp. z o.o.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

26. Transactions with related companies (continued)

Name of company	Asseco (former Softbank) Group receivables as at:		Asseco (former Softbank) Group liabilities as at:	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
	PLN '000	PLN '000	PLN '000	PLN '000
Transactions with associated companies				
Asseco Poland SA [(1)]	0	12,369	13	0
Comp Soft Sp. z o.o.	0	3	0	0
Transactions with the Parent Company				
Prokom Software SA	5,100	5,327	581	23,893
Transactions with related companies of Prokom Software SA				
Prokom Investments SA	4,500	0	76	81
Transactions with subsidiary companies of Prokom Software SA				
ABG - Ster Projekt SA	59	568	162	706
Combidata Poland Sp. z .o.o.	308	0	23	1
Optix Polska Sp. z o.o.	0	59	0	10
Safe Computing Sp. z o.o.	0	0	488	0
Spin SA	46	176	1	24
WiedzaNet Sp. z o.o.	0	0	1,938	2,583
Transactions with associated companies of Prokom Software SA	0	0	0	0
Comp SA	0	0	9,502	11,038
Total transactions with related companies	**10,013**	**18,502**	**12,784**	**38,336**

(1) Asseco Poland SA has become an associated company since 31 December 2005.
(2) Prokom Investments SA is a minority shareholder in Prokom Software SA.
(3) Since 1 July 2005 the companies Koma SA and Koma Nord Sp. z o.o. have become subsidiaries of Asseco Poland SA (former Softbank SA) and part of the Asseco (former Softbank) Group.
In January 2006 the companies Koma SA and Softbank Serwis Sp. z o.o. merged; the taking-over company was Softbank Serwis Sp. z o.o.

The above presented transactions with the related companies were executed at arm's length and were carried out as part of the statutory business activities of particular companies of the Asseco (former Softbank) Group.

All figures in PLN thousands

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

27. Related companies

The table below presents the Asseco (former Softbank) Group structure along with equity interests and voting interests at the general meetings of shareholders/partners.

	Country of registration	% of total votes at the GMS as at		% of share capital held as at	
Subsidiary companies		**31 December 2006**	**31 December 2005**	**31 December 2006**	**31 December 2005**
bezpieczeństwo.pl Sp. z o.o.	Poland	100%	100%	100%	100%
Gladstone Consulting Limited [5]	Cyprus	51%	51%	51%	51%
Asseco Business Solutions SA (former Incenti SA) [6]	Poland	100%	100%	100%	100%
Koma SA [1]	Poland	-	100%	-	100%
Koma Nord Sp. z o.o [2]	Poland	100%	100%	100%	100%
AWiM Mediabank SA [4]	Poland	-	100%	-	100%
ZUI Novum Sp. z o.o.	Poland	51%	51%	51%	51%
NetPower SA	Poland	100%	100%	100%	100%
Sawan Grupa Softbank SA	Poland	100%	100%	100%	100%
Softbank Serwis Sp. z o.o.	Poland	100%	100%	100%	100%
Associated companies					
Asseco Poland SA (the acquired company) [3]	Poland	22%	22%	22%	22%

(1) On 4 January 2006 Softbank Serwis Sp. z o.o. merged with Koma SA. The taking-over company was Softbank Serwis Sp. z o.o.

(2) Stake of shares held indirectly by Softbank Serwis Sp. z o.o.

(3) Asseco Poland SA (former Softbank SA) became a major investor in Asseco Poland SA in December 2005. In January 2007 the Company merged with Asseco Poland SA (the acquired company).

(4) On 28 September 2006 the Company executed the transaction of sale of 100% equity stake in the company Mediabank SA.

(5) Despite Asseco Poland SA (former Softbank SA) formally owns 51% in the share capital of Gladstone, the Company consolidates 100% of this undertaking financial results.

(6) The company changed its name on 20 February 2007.

In January 2006 the companies Softbank Serwis Sp. z o.o. and Koma SA merged. The taking-over company was Softbank Serwis Sp. z o.o.

In April 2006 Asseco Poland SA (former Softbank SA) concluded the agreement for sale of 100% of shares in Mediabank SA, which has been further described in Note 6 to the consolidated financial statements.

A result of the merger registered on 4 January 2007, organisational structure of the Asseco Group changed as further explained in the section "Merger with Asseco Poland SA and issuance of shares" of these interim condensed consolidated financial statements.

All figures in PLN thousands

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

27. Related companies (continued)

The table below presents the Asseco Group structure as at the companies' merger date (4 January 2007) along with equity interests and voting interests at the general meetings of shareholders/partners.

	Country of registration	% of total votes at the GMS as at	% of share capital held as at
Subsidiary companies			
Asseco Slovakia a.s.	Slovakia	42 %	42 %
bezpieczeństwo.pl Sp. z o.o.	Poland	100 %	100 %
Gladstone Consulting Limited	Cyprus	51 %	51 %
Asseco Business Solutions SA (former Incenti SA)	Poland	100 %	100 %
Koma Nord Sp. z o.o.[(2)]	Poland	100 %	100 %
ZUI Novum Sp. z o.o.	Poland	51 %	51 %
NetPower SA	Poland	100 %	100 %
Asseco Czech Republic a.s. (former PVT a.s.)[(3)]	Czech Republic	100 %	100 %
Sawan Grupa Softbank SA	Poland	100 %	100 %
Softbank Serwis Sp. z o.o.	Poland	100 %	100 %
Softlab Sp. z o.o.	Poland	96 %	96 %
Softlab Trade Sp. z o.o.	Poland	96 %	96 %
Slovanet a.s. [(1)]	Slovakia	21 %	21%
WA-PRO Sp. z o.o.	Poland	70 %	70 %
Associated companies			
D.Trust Certifikacna Autorita, a.s. [(4)]	Czech Republic	45 %	45 %
Prvni Certifikacni Autorita, a.s. [(4)]	Czech Republic	23 %	23 %

(1) Stake of shares held indirectly through Asseco Slovakia a.s.

(2) Stake of shares held indirectly through Softbank Serwis Sp. z o.o.

(3) The company changed its name on 20 February 2007.

(4) Stake of shares held indirectly through Asseco Czech Republic a.s. (former PVT a.s.).

Financial results of the Asseco (former Softbank) Group in 2006

The consolidated financial results of the Asseco (former Softbank) Group in 2006 comprise the results of Asseco Poland SA (former Softbank SA) and those of the consolidated companies. Below are presented the key financial data of companies subject to consolidation in the 2006 financial statements.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

27. Related companies (continued)

Key financial data of companies subject to consolidation in the 2006 financial statements.

Name of company % of share capital/total votes	Core business	Sales revenues 12 months ended 31 Dec. 2006 PLN '000	Sales revenues 12 months ended 31 Dec. 2005 PLN '000
Asseco Poland SA (former Softbank SA) Parent Company www.asseco.pl	Provision of comprehensive IT solutions primarily to the financial and public administration sectors.	301,117	323,891
bezpieczeństwo.pl Sp. z o.o. 100/100	Construction and implementation of IT systems supporting and coordinating the activities of rescue services.	8	0
Epsilio SA (1) 0/0	Creation and implementation of IT solutions for the banking sector, including co-operative banking.	n/a	2,563
Asseco Business Solutions SA (former Incenti SA)(3) 100/100 www.incenti.pl	Implementation and offering of e-Learning platforms, implementation of competence management systems, design, construction, management and implementation of BPC and DRP, IT outsourcing.	29,438	9,956
Gladstone Consulting Ltd (3) 51/51	Provision of professional consulting services within IT systems for financial institutions.	22,463	7,601
Koma Nord Sp. z o.o.(2) 100/100 www.komanord.com.pl	Supply of hardware, local and distributed network systems, as well as software for supporting business management.	38,351	18,461
AWiM Mediabank SA (4) 100/100 www.mediabank.pl	Marketing, operation of a radio station (Radio PiN 102 FM).	4,992	5,999
NetPower SA 100/100	Provision of corporate IT applications and solutions.	0	0
ZUI Novum Sp. z o.o. 51/51 www.novum.pl	Creation of banking applications and provision of comprehensive IT systems for co-operative banks.	16,776	13,092
Sawan Grupa Softbank SA 100/100	Provision of IT solutions for management (i.e. data warehouses, reporting systems, CRM systems).	136	6,073
Softbank Serwis Sp. z o.o. 100/100 www.softbankserwis.pl	Maintenance of software and hardware supplied by the Group, services based on outsourcing of IT systems.	105,541	51,638

*) *Data before consolidation eliminations. The stakes of shares held are disclosed as at 31 December 2006.*
1) *In Q1 2005, Asseco Poland SA (former Softbank SA) sold 100% of shares in Epsilio SA to Asseco Poland SA. Epsilio SA results were consolidated until 28 February 2005.*
2) *In Q3 2005 Asseco Poland SA (former Softbank SA) acquired 100% of shares in Koma SA, and also indirectly 99.9% of shares in Koma Nord Sp. z o.o., a subsidiary of Koma SA. The results of Koma SA and Koma Nord Sp. z o.o. have been consolidated since 1 July 2005.*
3) *In Q4 2005 Asseco Poland SA (former Softbank SA) acquired 100% of shares in Asseco Business Solutions SA (former Incenti SA) and 51% of shares in Gladstone Consulting Limited. The results of those companies have been consolidated since 1 October 2005.*
4) *In 2006 the company Mediabank SA has been classified as held for disposal, which is further described in Note 4 to the financial statements.*

The companies bezpieczeństwo.pl Sp. z o.o. and NetPower SA do not conduct any operating activities.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

27. Related companies (continued)

Key financial data of companies subject to consolidation in the 2006 financial statements.

Name of company % of share capital/total votes	Core business	Net profit (loss) 12 months ended 31 Dec. 2006 PLN '000	Net profit (loss) 12 months ended 31 Dec. 2005 PLN '000
Asseco Poland SA (former Softbank SA) Parent Company www.asseco.pl	Provision of comprehensive IT solutions primarily to the financial and public administration sectors.	57,761	53,650
bezpieczeństwo.pl Sp. z o.o. 100/100	Construction and implementation of IT systems supporting and coordinating the activities of rescue services.	(15)	(22)
Epsilio SA (1) 0/0	Creation and implementation of IT solutions for the banking sector, including co-operative banking.	n/a	(236)
Asseco Business Solutions S.A. (former Incenti S.A.)(3) 100/100 www.incenti.pl	Implementation and offering of e-Learning platforms, implementation of competence management systems, design, construction, management and implementation of BPC and DRP, IT outsourcing.	3,069	1,483
Gladstone Consulting Ltd (3) 51/51	Provision of professional consulting services within IT systems for financial institutions.	8,559	5,222
Koma Nord Sp. z o.o.(2) 100/100 www.komanord.com.pl	Supply of hardware, local and distributed network systems, as well as software for supporting business management.	1,036	790
AWiM Mediabank SA 4) 100/100 www.mediabank.pl	Marketing, operation of a radio station (Radio PiN 102 FM).	n/a	(2,589)
NetPower SA 100/100	Provision of corporate IT applications and solutions.	(90)	(70)
ZUI Novum Sp. z o.o. 51/51 www.novum.pl	Creation of banking applications and provision of comprehensive IT systems for co-operative banks.	1,515	979
Sawan Grupa Softbank SA 100/100	Provision of IT solutions for management (i.e. data warehouses, reporting systems, CRM systems).	(213)	3,388
Softbank Serwis Sp. z o.o. 100/100 www.softbankserwis.pl	Maintenance of software and hardware supplied by the Group, services based on outsourcing of IT systems.	(12,257)	(7,640)

*) *Data before consolidation eliminations. The stakes of shares held are disclosed as at 31 December 2006.*

1) *In Q1 2005, Asseco Poland SA (former Softbank SA) sold 100% of shares in Epsilio SA to Asseco Poland SA. Epsilio SA results were consolidated until 28 February 2005.*

2) *In Q3 2005 Asseco Poland SA (former Softbank SA) acquired 100% of shares in Koma SA, and also indirectly 99.9% of shares in Koma Nord Sp. z o.o., a subsidiary of Koma SA. The results of Koma SA and Koma Nord Sp. z o.o. have been consolidated since 1 July 2005.*

3) *In Q4 2005 Asseco Poland SA (former Softbank SA) acquired 100% of shares in Asseco Business Solutions SA (former Incenti SA) and 51% of shares in Gladstone Consulting Limited. The results of those companies have been consolidated since 1 October 2005.*

4) *In 2006 the company Mediabank SA has been classified as held for disposal, which is further described in Note 4 to the financial statements.*

The companies bezpieczeństwo.pl Sp. z o.o. and NetPower SA do not conduct any operating activities.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

27. Related companies (continued)

Off-balance-sheet liabilities concerning related companies

As at 31 December 2006 Softbank SA did not have any liabilities due to guarantees and sureties extended to secure credits contracted by its related companies.

Whereas, as at 31 December 2005 guarantees and sureties issued by Asseco Poland SA (former Softbank SA) as security for credits contracted by its related companies were as follows:

- Surety for AWiM Mediabank SA liabilities due to an investment credit of PLN 1,200 thousand. As at 31 December 2005 the outstanding amount of the investment credit was PLN 25 thousand.

Sureties issued by Asseco Poland SA (former Softbank SA) to secure other liabilities as at 31 December 2006 were as follows:

- Surety for liabilities under an agreement for construction of a structural network concluded between Softbank Serwis Sp. z o.o. and Tyco Sp. z o. o. on 26 February 2004. The surety value as at 31 December 2006 was estimated at PLN 6,896 thousand.
- Surety granted to Bank Millennium SA for liabilities of Softbank Serwis Sp. z o.o. by virtue of bank guarantees, which were extended by the bank on behalf of that company. The surety value as at 31 December 2006 was estimated at PLN 4,500 thousand.

Sureties issued by Asseco Poland SA (former Softbank SA) to secure other liabilities as at 31 December 2005 were as follows:

- Surety for liabilities under an agreement for construction of a structural network concluded between Softbank Serwis Sp. z o.o. and Tyco Sp. z o. o. on 26 February 2004. The surety value as at 31 December 2005 was estimated at PLN 6,948 thousand.

Until the date of approving these consolidated financial statements, the Group has not received any information on substantial transactions conducted with the companies related through the Group's Key Managers.

As at 31 December 2006, the balance of outstanding liabilities due to transactions conducted with the companies related through the Key Managers (the management and supervisory boards of the Group's companies) as well as with the Key Managers, according to information available to Asseco Poland SA (former Softbank SA), equalled PLN 0 thousand.

As at 31 December 2005, the balance of outstanding liabilities due to transactions conducted with the companies related through the Key Managers (the management and supervisory boards of the Group's companies) as well as with the Key Managers, according to information available to Asseco Poland SA (former Softbank SA), amounted to PLN 514 thousand.

As at 31 December 2006, the balance of outstanding receivables due to transactions conducted with the companies related through the Key Managers (the management and supervisory boards of the Group's companies) as well as with the Key Managers, according to information available to Asseco Poland SA (former Softbank SA), aggregated at PLN 210 thousand.

As at 31 December 2005, the balance of outstanding receivables due to transactions conducted with the companies related through the Key Managers (the management and supervisory boards of the Group's companies) as well as with the Key Managers, according to information available to Asseco Poland SA (former Softbank SA), equalled at PLN 0 thousand.

During the period of 12 months ended 31 December 2006, in the books of Asseco Poland SA (former Softbank SA) there were recorded no transactions conducted with the companies related through the Key Managers as well as with the Key Managers.

During the period of 12 months ended 31 December 2005, according to the accounting books of Asseco Poland SA (former Softbank SA), the net value of transactions conducted with the companies related through the Key Managers as well as with the Key Managers amounted to PLN 676 thousand.

All figures in PLN thousands

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

28. Employment

Average Group workforce in the period reported:	12 months ended 31 Dec. 2006	12 months ended 31 Dec. 2005
Management Board of the Parent Company	5	5
Management Boards of the Group companies	10	13
Production departments	593	586
Maintenance departments	234	186
Sales departments	70	82
Administration departments	146	156
Total	**1,058**	**1,028**

Group workforce as at	31 December 2006	31 December 2005
Management Board of the Parent Company	5	5
Management Boards of the Group companies	7	9
Production departments	597	614
Maintenance departments	233	204
Sales departments	69	75
Administration departments	130	148
Total	**1,041**	**1,055**

Numbers of employees in the Group companies as at	31 December 2006	31 December 2005
Asseco Poland SA (former Softbank SA)	642	620
bezpieczeństwo.pl Sp. z o.o.	0	0
Gladstone Consulting Limited	0	0
Asseco Business Solutions SA (former Incenti SA)	77	65
Koma Nord Sp. z o.o.	9	10
AWiM Mediabank SA	0	19
NetPower SA	0	0
ZUI Novum Sp. z o.o.	38	36
Sawan Grupa Softbank SA	0	3
Softbank Serwis Sp. z o.o. (*)	275	302
Total	**1,041**	**1,055**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

29. Off-balance-sheet liabilities to other companies

Within its commercial activities, the Group uses bank guarantees, letters of credit, contract performance guarantees as well as tender deposits as forms of securing its business transactions with various organisations, companies and administration entities. As at 31 December 2006, the related contingent liabilities equalled PLN 13,303 thousand, while as at 31 December 2005 they amounted to PLN 16,100 thousand.
Additionally, as at 31 December 2006 and 31 December 2005, the Group was a party to a number of leasing and tenancy contracts or other contracts of similar nature, providing for the following future liabilities:

Liabilities under lease of space	**31 December 2006**	**31 December 2005**
	PLN '000	**PLN '000**
Up to 1 year	4,105	5,880
From 1 to 5 years	11,365	10,227
Over 5 years	1,183	1,915
Total	**16,653**	**18,022**

Liabilities under operating lease of property, plant and equipment	**31 December 2006**	**31 December 2005**
	PLN '000	**PLN '000**
Up to 1 year	674	921
From 1 to 5 years	1,182	1,241
Over 5 years	0	0
Total	**1,856**	**2,162**

The amount of expenses incurred under operating leasing agreements has been disclosed in Note 2 to the consolidated financial statements.

In connection with the termination of employment by some employees from the Department of Risk Management Systems of Asseco Poland SA (former Softbank SA), as informed in public by the regulatory filling of 2 March 2006, the former employees took legal action for compensation. In the opinion of the Management Board of Asseco Poland SA (former Softbank SA) the above claims will be dismissed entirely.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

30. Objectives and principles of financial risk management

The main financial instruments used by the Group are bank credits, bonds, bonds convertible to ordinary shares, own shares, cash and short-term cash deposits. The main objective of these financial instruments is to provide funds for financing of the Group's business activities. The Group also has other financial instruments, such as trade receivables and liabilities arising from the conducted business transactions.
The main types of risk resulting from financial instruments used by the Group are interest rate risk, liquidity risk, currency risk and credit risk. The Management Board verifies and approves the principles of risk management relating to every kind of risk mentioned above – these principles are briefly described below. Furthermore, the Group is concerned with monitoring the risk of market prices relating to all its financial instruments.

Interest rate risk

The Group is exposed to risk caused by interest rate fluctuations, which concerns mainly its short-term financial liabilities – credits and debt securities issued. The Group does not have any long-term financial liabilities relating to credits and debt securities. To some extent, the Group's profits and cash flows from operating activities may suffer from changes in interest rates, as the majority of the Group's financial liabilities are based on variable interest rates. These, in turn, are based on WIBOR 1M or 3M interest rate plus the bank margin which ranged between 1% and 3% both in the period reported and in 2005.

Part of assets are fixed-rate debt securities issued by companies and treasury bonds held to maturity and valued at fair value through profit and loss. The following table presents characteristics of the above-mentioned securities.

Securities held to maturity	Nominal value PLN '000	Interest rates %
Corporate bonds		
	1,000	4.00%
	1,000	4.20%
	1,500	4.47%
	2,800	4.47%
	500	4.47%
	7,100	4.47%
	1,000	4.47%
	13,000	4.47%
	200	4.47%
	300	4.47%
Treasury bonds	6,000	4.00%
Total	**34,400**	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

30. Objectives and principles of financial risk management (continued)

Securities valued at fair value through the profit or loss account	Nominal value PLN '000	Interest rates %
Treasury bonds		
	53	variable
	133	variable
	492	6.50%
	95	5.50%
Total	**773**	

Currency risk

The Group's sales and operating expenses are denominated mainly in Polish zloty (PLN). However, some revenues and expenses are denominated in foreign currencies (EUR and USD) with currency risk involved. The Asseco Group concludes currency forward contracts in order to manage the currency risk more effectively. The Group does not fulfil the requirements of the so-called "security accounting".

Moreover, some contracts for rental of office space are denominated in foreign currencies (USD and EUR) which results in some additional currency risk.

As at 31 December 2006 the value of future cash flows resulting from the embedded currency derivatives in EUR amounted to PLN 28,701 thousand, whereas in USD it was PLN 82,757 thousand.

As at 31 December 2006 the value of future cash flows resulting from the currency forward contracts concluded in EUR amounted to PLN 36,100 thousand, whereas in USD it was PLN 89,138 thousand.

The table below presents distribution of the future currency cash flows in time.

	Embedded financial derivatives				**Currency forward contracts**					
Date of maturity month & year	**EUR '000 Sale**	**EUR '000 Purchase**	**USD '000 Sale**	**USD '000 Purchase**	**EUR '000 Sale**	**EUR '000 Purchase**	**USD '000 Sale**	**USD '000 Purchase**	**EUR '000 Total**	**USD '000 Total**
March 2007	1,836	0	3,533	(318)	24,300	(17,300)	24,700	(19,700)	**8,836**	**8,215**
June 2007	1,863	0	11,211	(4,074)	9,700	(5,700)	18,330	(13,000)	**5,863**	**12,467**
Sept. 2007	1,863	0	9,209	(4,441)	4,700	(3,900)	11,795	(1,200)	**2,663**	**15,363**
Dec. 2007	2,150	0	16,649	(7,869)	3,700	(1,100)	12,873	(3,500)	**4,750**	**18,153**
March 2008	2,151	0	11,678	(5,201)	2,500	0	12,007	(5,200)	**4,651**	**13,284**
June 2008	2,431	0	15,869	(7,078)	9,150	(6,650)	9,445	(1,540)	**4,931**	**16,696**
Sept. 2008	2,571	0	14,844	(6,118)	10,830	(7,780)	14,534	(6,260)	**5,621**	**17,000**
Dec. 2008	2,571	0	11,403	(4,416)	4,350	(1,700)	7,738	(500)	**5,221**	**14,225**
March 2009	2,813	0	4,818	(1,305)	2,760	0	7,148	(300)	**5,573**	**10,361**
June 2009	2,814	0	7,536	(2,569)	2,760	0	7,578	(440)	**5,574**	**12,105**
Sept. 2009	2,814	0	5,021	(1,040)	2,750	0	4,190	(500)	**5,564**	**7,671**
Dec. 2009	2,824	0	8,378	(2,601)	2,730	0	7,600	(2,030)	**5,554**	**11,347**
March 2010	0	0	8,006	(2,401)	0	0	5,370	0	**0**	**10,975**
June 2010	0	0	5,040	(1,008)	0	0	0	0	**0**	**4,032**
March 2007	**28,701**	**0**	**133,196**	**(50,439)**	**80,230**	**(44,130)**	**143,308**	**(54,170)**	**64,801**	**171,895**

Risk of merchandise price changes

The Group's exposure to the risk of price changes is marginal, because the prices of goods for resale are each time negotiated individually.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

30. Objectives and principles of financial risk management (continued)

Credit risk

The Group's financial assets most prone to the credit risk are settlements with the related companies and trade accounts receivable.
The Group concludes transactions only with well-known companies with a good credit rating. All customers applying for deferred payments are subject to the procedures of preliminary verification of their creditworthiness. Furthermore, current monitoring of receivables makes it possible to eliminate the risk of uncollectible receivables almost entirely.
Trade receivables, which are disclosed in these financial statements less allowances for doubtful accounts, reflect the nature of the Group’s business activities focused on a relatively small number of contracts executed for the Polish largest companies and government institutions.
The Group adopted a relevant credit policy consisting in selling products, providing services and financing only to customers with a verified credit history and a high credit rating. There is no particular concentration of credit risk in any segment of the Group's operations.
In relation to the Group's other financial assets, such as financial assets available for sale and some financial derivatives, the Group's credit risk results from the contracting party inability to settle the payments, whereas the maximum exposure to such risk is limited to the book value of such financial instruments.

Liquidity risk

Taking account of its dynamic development, the Group's objective is to maintain a balance between stability and flexibility of financing by using various sources of funds, such as bank credits, bonds and operating leasing contracts.

Fair value

As at 31 December 2006 and 31 December 2005, the fair values of financial assets and liabilities held by the Group did not significantly differ from their book values, except for the investment in the associated company Asseco Poland SA as described in Note 13 to the consolidated financial statements.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

30. Remuneration paid or payable to the Members of the Management Board and Supervisory Board of the Parent Company and the Group's subsidiary companies

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Management Board	**8,155**	**8,143**
Krzysztof Korba – President of the Management Board	3,360	3,440
Przemysław Borzestowski – Member of the Management Board	1,201	1,220
Piotr Jeleński – Member of the Management Board	1,081	1,100
Przemysław Sęczkowski – Member of the Management Board	1,201	1,220
Robert Smułkowski – Member of the Management Board	1,312	1,163
Supervisory Board	**276**	**200**
Ryszard Krauze – Chairman of the Supervisory Board	0	0
Marek Jakubik – Member of the Supervisory Board	69	0
Stanisław Janiszewski – Member of the Supervisory Board	69	68
Piotr Mondalski – Member of the Supervisory Board	69	68
Maria Zagrajek – Member of the Supervisory Board	69	0
Alicja Kornasiewicz – Member of the Supervisory Board	0	30
Maciej Grelowski – Member of the Supervisory Board	0	34
Total	**8,431**	**8,343**

The remuneration paid to Members of the Supervisory Board of Softbank SA, who were also Members of the Management Board of Prokom Software SA, in 2006 amounted to PLN 69 thousand, compared to PLN 102 thousand in 2005.

	12 months ended 31 Dec. 2006 PLN '000	12 months ended 31 Dec. 2005 PLN '000
Management Boards – subsidiary companies	3,819	5,722
Supervisory Boards – subsidiary companies	80	287
Total	**3,899**	**6,009**

31. Capital expenditures

In 2006, the Group incurred capital expenditures of PLN 8,931 thousand, of which PLN 8,849 thousand were spent for non-financial fixed assets.

The capital expenditures planned for the year 2007 shall aggregate at approximately PLN 256 million. At present the Company is engaged in negotiations for acquisition of majority stakes of shares in IT companies operating on the markets of South Eastern Europe (the Balkans). The potential amount of investments, which shall be financed from the Group's own funds, shall reach approximately PLN 230 million.

In comparison, the 2005 capital expenditures totalled PLN 77,658 thousand of which PLN 16,799 thousand were spent for non-financial fixed assets.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

32. Seasonal and cyclical business

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

33. Significant events after the balance-sheet date

Operating activities

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, seated in Rzeszów entered in the register of entrepreneurs of the National Court Register under the number KRS 00000104838, which has been described in more detail in the section "Merger with Asseco Poland SA and issuance of shares" of these consolidated financial statements.
(see: current report no. 3/2007 dated 4 January 2007)

On **31 January 2007** the Company signed an annex to the agreement with the Ministry of Internal Affairs and Administration for creation, implementation, operational service and further development of an IT system, namely the Central Register of Vehicles and Drivers (the "CEPiK"). The Agreement was originally signed on 28 October 2003 (as informed about in the current report no. 55/2003 of 28 October 2003). According to the annex, all the elements of the CEPiK system shall have been completed by the deadline of 31 December 2008. Execution of the project has been postponed basically due to delays in construction by the Ministry of the CEPiK WAN network as well as the building intended for the Backup Centre. In consequence a new schedule for further execution of the project was prepared, which in particular includes the postponed deadlines for implementation of the application enabling on-line access by district authorities (ADS), and for keeping the register of vehicles registered under art. 73.3 of the Law on road traffic (CEP-S). The deadline for setting the target Backup Centre into operation was deferred as well.
(see: current report no. 13/2007 dated 1 February 2007)

Investing activities

On **21 February 2007** the Extraordinary General Meeting of Shareholders of Asseco Poland SA (former Softbank SA) gave its consent to sale of an organized part of the Asseco Poland SA enterprise, which operates as the Building Automation Department, to the company Softbank Serwis Sp. z o.o., to be paid with new shares in the increased share capital of Softbank Serwis Sp. z o.o., with the value of at least PLN 40.3 million.
(see: current report no. 16/2007 dated 21 February 2007)

On **29 March 2007** the process of amalgamation of the companies SAFO Ltd., SOFTLAB TRADE Ltd., SOFTLAB Ltd., WAPRO Ltd. and Asseco Business Solutions SA (former Incenti 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.
The shares of subsidiary Asseco Business Solutions SA are going to be introduced to public trading at the Warsaw Stock Exchange till the end of 2007.
(see: current report no. 23/2007 dated 29 March 2007)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ASSECO (former SOFTBANK) GROUP

33. Significant events after the balance-sheet date (continued)

On **15 March 2007** the shares in Softlab Sp. z o.o. (a subsidiary of Asseco Poland SA), representing 44.6% of that company's share capital, were disposed in favour of the Issuer's subsidiary Asseco Business Solutions SA (former Incenti SA) for the total amount of PLN 12,009 thousand.

On **28 March 2007** the Company's subsidiary Asseco Business Solutions SA (former Incenti SA), seated in Warsaw, purchased 540 shares or 28.3% of share capital in SAFO Sp. z o.o.
This acquisition is the initial stage of establishing a Polish leader of IT solutions dedicated to enterprises outside the banking sector, which process is conducted by the Asseco Group based on its subsidiary undertaking Asseco Business Solutions SA.
(see: current report no. 23/2007 dated 29 March 2007)

Financing activities

On **2 January 2007** the Company signed with Bank BPH SA an annex to the credit agreement of 11 September 2003 (as informed about current report 41/2003). The annex increases the credit limit to PLN 100 million and extends the crediting period till 30 September 2009. The credit interest rate equals: 1M WIBOR rate plus the Bank margin. The credit facility shall be initiated after satisfying the conditions specified in the annex.
(see: current report no. 1/2007 dated 3 January 2007)

34. Significant events related to prior years

Until the date of preparing these consolidated financial statements for the year ended 31 December 2006, this is until 13 April 2007, there occurred no significant events related to prior years, which have not but should be included in the accounting books.