



**MANAGEMENT'S
REPORT ON BUSINESS
OPERATIONS OF
ASSECO POLAND S.A.
FOR THE YEAR ENDED
31 DECEMBER 2011**

1,225 Clients for our
services

Sales revenues
in 2011 **1,327** PLNm

PLNm **315** in net profit
for 2011

Dividends paid
for 2010 **140** PLNm

3,196 committed
employees

7th largest software
vendor in Europe

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President's Letter



The past 2011 was a year of significant importance for our organization. Asseco Poland S.A. celebrated its twentieth anniversary of business operations. Barely two decades ago, we made our first steps on the domestic IT market. Nowadays we are present in most of the European countries as well as in Israel, USA, Japan, and Canada. The Asseco Group companies are listed on the Warsaw Stock Exchange, Tel-Aviv Stock Exchange, as well as on the NASDAQ Global Markets. Therefore, it is a great pleasure for me to summarize our successful anniversary year.

The Company earned a solid net profit of PLN 315 million, while our EBIT neared PLN 318 million. For a consecutive year, Asseco Poland S.A. managed to significantly improve its sales revenues, which reached almost PLN 1.33 billion in 2011.

Asseco Poland S.A. is fully committed to its strategy of building competitive advantage through proprietary products and services. We continue to expand our business by consolidating the Polish information technology market as well as by building a global software powerhouse through company acquisitions. Presently, Asseco Poland S.A. is the number one IT company in Poland and ranks as the seventh largest producer of software in Europe.

We proud ourselves on the Asseco's long-lasting customer relationships and ability to implement the most complex IT projects in our country. In 2011, we extended our contracts with Poland's leading financial and insurance institutions, such as PKO BP Bank and PZU Group. We derive a lot of satisfaction from our cooperation with the Social Security Institution, whereby we jointly implement the largest Polish IT project ever. We are also grateful for the confidence that Telekomunikacja Polska placed in us by choosing Asseco as one of its strategic IT vendors. Last year we carried out numerous complex projects for the financial sector, public administration, and enterprises alike. Therefore, despite the prevailing economic slowdown, we managed to turn the past year into a success.

On behalf of our management, I would like to sincerely thank all our Clients, Employees and Shareholders for their contribution in the development of Asseco Poland S.A. I am convinced that consistent implementation of our business strategy will bring measurable benefits to all of us.

Adam Góral

**President of the Management Board of
Asseco Poland S.A.**

General Information

Organizational structure and nature of business operations

Asseco Poland S.A. ("Asseco", the "Company") is the largest IT company listed on the Warsaw Stock Exchange. It is included in the prestigious WIG20 index of Polish blue chips. Asseco also ranked in the top ten of the largest producers of software in Europe (TOP100 European Software Vendors, Truffle Capital 2011).

Asseco Poland S.A. concentrates on the production and development of proprietary software, dedicated for each sector of the economy. It is one of the very few companies in Poland to develop and implement centralized and comprehensive IT systems for the banking sector that are utilized by over half of domestic banks. Asseco also offers software solutions for the insurance sector. One of the Company's major clients is PZU, the largest insurance company in Poland. Furthermore, Asseco Poland implements dedicated systems for the public administration, among others for the Polish Social Insurance Institution (ZUS), Agency for Restructuring and Modernization of Agriculture (ARMiR), and the Ministry of the Interior and Administration (MSWiA), just to mention a few. Asseco implements numerous IT projects for the power industry, telecommunications, healthcare, local governments, agriculture, uniformed services, as well as for international organizations and institutions such as NATO or FRONTEX. The Asseco's product portfolio also includes sector-independent ERP and Business Intelligence solutions.

Financial highlights

At the beginning of 2011, Asseco Poland S.A. merged with its two fully consolidated subsidiaries, namely Asseco Systems S.A. and Alatus Sp. z o.o. The first of these has created an independent Infrastructure Division headed by newly appointed Vice President Wojciech Woźniak. The second one joined the team of consultants responsible for the Oracle technology implementations, being incorporated into the Enterprises Division managed by Vice President Paweł Płowar. The above-mentioned business combination had a direct impact on the

amounts presented in the operating section of our profit and loss account. This amalgamation is part of the Company's strategy to improve efficiency of the Polish market operations and to simplify the organizational structure of the Asseco Group. We may observe some indirect effects of the merger in the form of increased seasonal sales, resulting from the nature of the infrastructure business. The merger with subsidiary Asseco Systems S.A. and Alatus Sp. z o.o. had no impact on our consolidated financial statements whatsoever.

The table below presents selected items from the Asseco Poland's profit and loss account.

PLN millions	2011	2010	2009
Sales	1,327.4	1,168.4	946.4
EBITDA ¹⁾	368.7	388.1	351.8
Operating profit	317.6	333.3	309.7
Pre-tax profit	378.3	380.1	346.5
Net profit	315.3	422.5	290.7
EPS²⁾ (PLN)	4.0	5.9	4.2

Results presented for each year ended 31 December.

¹⁾ EBITDA – operating profit plus depreciation and amortization
²⁾ EPS – net earnings per share (in PLN)

The table below presents selected items from the separate balance sheet of Asseco Poland S.A. Total current assets as at the end of 2011 grew by 57.0% from the level reported a year ago. In the same period the balance of liabilities increased by 36.6%, as a result of greater use of an investment loan facility for the construction of the Asseco Poland's office building in Wilanów and higher trade accounts payable following the merger with Asseco Systems S.A. and Alatus Sp. z o.o.

PLN millions	2011	2010	2009
Assets	5,241.3	4,898.6	4,153.2
Goodwill from mergers and acquisitions	3,541.4	3,627.7	3,252.7
Trade accounts receivable	294.0	172.5	102.9
Cash and cash equivalents	282.2	166.2	30.4
Shareholders' equity	4,432.9	4,307.0	3,517.5
Interest-bearing debt	322.1	259.6	231.1
Trade accounts payable	99.5	47.2	59.3
Total liabilities	808.4	591.6	635.6

Balance sheet items presented as at 31 December of each year.

The liquidity items analyzed by the Management Board, referred to as the "operating balance", are presented in the following table.

PLN millions	2011	2010	2009
Cash, net of debt ³⁾	130.8	74.2	(17.5)
Receivables, net of liabilities ⁴⁾	194.5	125.3	43.6
Inventories	18.5	4.7	1.1
Operating balance⁵⁾	343.8	204.2	27.3

³⁾ The difference between cash at bank accounts and total interest-bearing debt

⁴⁾ The difference between trade receivables and trade liabilities

⁵⁾ The total of: cash net of debt + trade receivables net of trade liabilities + inventories

The following table presents major lines of the separate statement of cash flows.

PLN millions	2011	2010	2009
CFO ⁶⁾	235.5	263.2	235.9
CFI ⁷⁾	(14.7)	(508.1)	(174.0)
CAPEX ⁸⁾	(97.3)	(154.5)	(50.7)
M&A expenditures ⁹⁾	(17.1)	(486.9)	(189.1)
Dividend income	64.0	63.2	52.3
CFF ¹⁰⁾	(104.8)	380.7	(146.8)
Dividend payment	(139.6)	(106.0)	(70.3)
Net change in cash and cash equivalents	116.0	135.8	(84.9)

⁶⁾ CFO – net cash provided by (used in) operating activities

⁷⁾ CFI – net cash provided by (used in) investing activities

⁸⁾ CAPEX – purchases of non-current tangible and intangible assets

⁹⁾ Expenditures for company acquisitions

¹⁰⁾ CFF – net cash provided by (used in) financing activities

Lower profitability ratios in 2011 are a consequence of the Asseco Poland's merger with its subsidiary Asseco Systems S.A., which is largely engaged in the low-margin integration and resale of computer hardware. Furthermore, it needs to be clarified that net profit margin for 2010 was inflated by a one-time income recognized following reversal of a deferred income tax provision, which had a significant impact on the Company's separate results. Basic profitability ratios for the last three years are presented in the following table.

	2011	2010	2009
Gross profit margin	35.0%	41.0%	44.1%
EBITDA margin	27.8%	33.2%	37.2%
EBIT margin	23.9%	28.5%	32.7%
Net profit margin	23.8%	36.2%	30.7%
ROE	7.2%	10.8%	8.6%
ROA	6.2%	9.3%	7.0%

Return on equity (ROE) = net profit / average annual equity

Return on assets (ROA) = net profit / average annual assets

Financial figures disclosed in the annual financial statements were translated into Euro applying the following exchange rates:

EUR/PLN	2011	2010	2009
Average exch. rate ¹¹⁾	4.1401	4.0044	4.3406
Closing exch. rate ¹²⁾	4.4168	3.9603	4.1082

¹¹⁾ Applied for translation into EUR of the profit and loss account and the cash flow statement items. Calculated as the arithmetic average of mid exchange rates as published by the National Bank of Poland (NBP) and in effect on the last business day of each month.

¹²⁾ Applied for translation into EUR of the balance sheet items. Corresponding to the mid exchange rate announced by the NBP on the last business day of the year.

The table below presents selected items from the separate profit and loss account as translated into Euro.

EUR millions	2011	2010	2009
Sales	320.6	291.8	218.0
EBITDA ¹⁾	89.1	96.9	81.0
Operating profit	76.7	83.2	71.4
Pre-tax profit	91.4	94.9	79.8
Net profit	76.2	105.5	66.9
EPS²⁾ (EUR)	0.98	1.49	0.98

The item descriptions are included under the analogous table presenting these figures in PLN.



The table below presents selected items from the balance sheet as translated into Euro.

EUR millions	2011	2010	2009
Assets	1,186.7	1,236.9	1,011.0
Goodwill from mergers and acquisitions	801.8	916.0	791.8
Trade accounts receivable	66.6	43.6	25.0
Cash and cash equivalents	63.9	42.0	7.4
Shareholders' equity	1,003.6	1,087.5	856.2
Interest-bearing debt	72.9	65.6	56.3
Trade accounts payable	22.5	11.9	14.4
Liabilities	183.0	149.4	154.7

The "operating balance" translated into Euro is presented below.

EUR millions	2011	2010	2009
Cash, net of debt ³⁾	29.6	18.7	(4.6)
Receivables, net of liabilities ⁴⁾	44.0	31.6	10.6
Inventories	4.2	1.2	0.3
Operating balance⁵⁾	77.8	51.6	6.6

The item descriptions are included under the analogous table presenting these figures in PLN.

The table below presents selected items from the statement of cash flows as translated into Euro.

EUR millions	2011	2010	2009
CFO ⁶⁾	56.9	67.5	54.3
CFI ⁷⁾	(3.6)	(126.9)	(40.1)
CAPEX ⁸⁾	(23.5)	(38.6)	(50.7)
M&A expenditures ⁹⁾	(4.1)	(121.6)	(43.6)
Dividend income	15.5	15.8	12.0
CFF ¹⁰⁾	(25.3)	95.0	(33.8)
Dividend payment	(33.7)	(26.5)	(16.2)
Net change in cash and cash equivalents	28.0	33.9	(19.6)

The item descriptions are included under the analogous table presenting these figures in PLN.

Vision and Strategy

Strategy and development outlook

The mission of Asseco Poland S.A. is to build a reliable and profitable, global information technology powerhouse providing high quality software and services.

The Company aims to maximize the value for its Shareholders through the execution of complex information technology projects based on its own products and services, as well as by consistent implementation of its business strategy to create an international group of profitable companies engaged in the production and supply of IT solutions.

As a leader of the Group, Asseco Poland S.A. intends to be an active player in mergers and acquisitions both on the domestic and foreign markets, seeking to strengthen its position across Europe and worldwide. Now the Company is expanding its investment spectrum for the top software houses, with an eye to gain knowledge of their local markets and customers, or access to innovative and unique IT solutions. Our Management Board believes it is extremely important for Asseco to maintain global market presence in order to be able to grasp the opportunities for implementation of the largest information technology projects, which are often entrusted exclusively to companies running worldwide operations.

The adopted strategy will also facilitate expansion of our product portfolio. Asseco does not preclude investments in small-scale undertakings offering unique technologies or products.



The Asseco Poland's strategy focuses on maintaining a leading position in Poland as well as on gaining strong market position in countries where the Asseco Group companies operate. Owing to our long-term presence in the IT market, the Group companies have established stable cooperation with financial institutions, institutions of public administration, and leading enterprises. The Group's strategy assumes furthering of business relations with our key accounts by developing a product portfolio that would satisfy their needs.

Asseco Poland S.A. intends to optimize its production processes and promote more effective use of its human resources. This shall improve our operational efficiency, helping to curb costs and, consequently, to increase the profitability of operations of both Asseco Poland and our subsidiaries.

The Company's strategy involves obtaining significant cost synergies from the combining of administrative departments of the Group companies operating in the territory of the same country.

Asseco Poland S.A. actively initiates and supports all cross-selling activities, emphasizing the possibility of leveraging on the Group's international potential, as a driver of sales growth.

Characteristics of factors significant for the Company's development

Organic growth and acquisitions

Dynamic expansion of the Asseco Group has been achieved through sustained organic growth on one hand, and on the other hand through take-overs. Successive company acquisitions not only broaden our competence in innovative products, but make it possible to penetrate into new markets.

Proprietary software

Both Asseco Poland S.A. and its subsidiaries position themselves as producers of the highest quality software. We gain a cutting-edge competitive advantage by offering proprietary solutions. High quality of our software is guaranteed by consistent observance of procedures implemented under our Total Quality Management

System, which has been certified for compliance with the ISO 9001:2008 standard. We have also obtained NATO security certificates which strengthen our position as a reliable partner in the field of data security and specialized products for the uniformed services.

Diversification of products and services

The pursued strategy of building an international group of IT companies enables us to reach new groups of clients and to diversify our products and services portfolio. Because we work with clients from various industries and in many countries, our business operations are not dependent on any sector or region of the world.

Human capital

A key resource of Asseco are highly qualified specialists, who are engaged in the development of the latest IT solutions. The vast majority of our employees are analysts, designers, programmers, testers and implementers, who hold certificates confirming their competence in software development and project management.

Asseco Poland S.A. pursues an optimum personnel policy to encourage continuing professional development and further qualification of our employees.



Company's Authorities

Members of our Management Board and Supervisory Board are presented below.

Management Board

Wojciech Woźniak was appointed as Vice President of the Management Board in February 2011. Apart from this nomination, the composition of the Management Board remained unchanged.

The following table presents the composition of the Management Board along with the periods of service. Additionally, on 6 December 2011 the Supervisory Board appointed the below mentioned members of the Management Board to serve during the forthcoming term of office spanning from 2012 to 2016.

Management Board	Period of service
Adam Góral	01.01.2011 – 31.12.2011
Renata Bojdo	01.01.2011 – 31.12.2011
Przemysław Borzestowski	01.01.2011 – 31.12.2011
Tadeusz Dyrga	01.01.2011 – 31.12.2011
Marek Panek	01.01.2011 – 31.12.2011
Paweł Piwowar	01.01.2011 – 31.12.2011
Zbigniew Pomianek	01.01.2011 – 31.12.2011
Włodzimierz Serwiński	01.01.2011 – 31.12.2011
Przemysław Sęczkowski	01.01.2011 – 31.12.2011
Robert Smułkowski	01.01.2011 – 31.12.2011
Wojciech Woźniak	01.02.2011 – 31.12.2011



Adam Góral

President of the Management Board

responsible for development vision and strategy of the Asseco Group



Renata Bojdo

Vice President of the Management Board

responsible for financial management



Przemysław Borzestowski

Vice President of the Management Board

responsible for the divisions of: Public Administration, Postal Systems, Information Management, Capital Market, International Organizations and Uniformed Services, and for the Contracts Support Department



Tadeusz Dyrga

Vice President of the Management Board

responsible for the divisions of: Social Insurance and Healthcare



Marek Panek

Vice President of the Management Board responsible for Marketing Department, Sales Coordination Department, and PR and Investor Relations Department



Przemysław Sęczkowski

Vice President of the Management Board responsible for the Capital Investments Division



Paweł Piwowar

Vice President of the Management Board responsible for the divisions of: Key Enterprises, Agriculture, Telecommunications and Media, and Energy, Gas and Utilities



Robert Smułkowski

Vice President of the Management Board responsible for the PKO Bank Division



Zbigniew Pomianek

Vice President of the Management Board responsible for the divisions of: Commercial Banks, Cooperative Banks, Business Intelligence



Wojciech Woźniak

Vice President of the Management Board responsible for the Building Automation and Data Center Division and for the Infrastructure Division



Włodzimierz Serwiński

Vice President of the Management Board responsible for the Commercial Insurance Division

Supervisory Board

The table below presents the composition of the Supervisory Board in 2011. During the period reported, the Supervisory Board composition changed as follows. On 29 April 2011, the term of office of Mr. Andrzej Szukalski, Member of the Supervisory Board, expired as a result of his death. Thus, on 31 May 2011, the Extraordinary General Meeting of Shareholders appointed Mr. Antoni Magdoń as a new Member of the Supervisory Board.

Supervisory Board	Period of service
Jacek Duch	01.01.2011 – 31.12.2011
Dariusz Brzeski	01.01.2011 – 31.12.2011
Artur Kucharski	01.01.2011 – 31.12.2011
Adam Noga	01.01.2011 – 31.12.2011
Andrzej Szukalski	01.01.2011 – 29.04.2011
Antoni Magdoń	31.05.2011 – 31.12.2011

On 31 May 2011, the Extraordinary General Meeting of Shareholders appointed the below mentioned members of the Supervisory Board to serve during the forthcoming term of office from 2012 to 2016.



Jacek Duch
*Chairman of the
Supervisory Board*



Adam Noga
*Vice Chairman of the
Supervisory Board*



Dariusz Brzeski
*Member of the
Supervisory Board*



Artur Kucharski
*Member of the
Supervisory Board*



Antoni Magdoń
*Member of the
Supervisory Board*

Company's Business Profile

Product portfolio and target markets

Asseco Poland S.A. has a comprehensive product portfolio dedicated virtually for all sectors of the economy. The Company offers IT solutions for the sectors of banking and finance, public administration, telecommunications and utilities enterprises. These are mostly complex proprietary solutions designed to support mission-critical business processes in each industry. Furthermore, the Company provides implementation, support and maintenance services for large enterprises across various industries. We have advanced expertise in the field of infrastructure solutions, building automation and ERP and BI systems.

Financial sector

The Asseco Poland's portfolio features software solutions for banks, insurance companies, brokerage houses, investment and pension funds, and leasing companies. In addition to comprehensive, proprietary core systems, our Company offers a wide range of complementary solutions and services.

Public institutions

Asseco Poland S.A. is highly specialized in the development of dedicated IT systems for public administration. Apart from the central administration, we also provide solutions and services for the local government administration, uniformed services, healthcare facilities, and international agencies and institutions (NATO and the EU).

Telco & Utilities

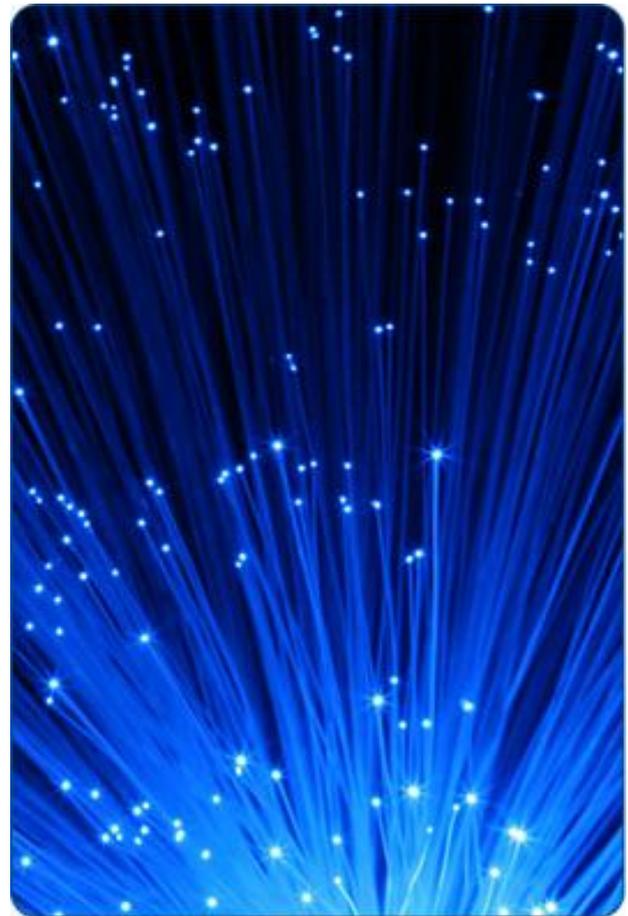
Asseco Poland S.A. offers comprehensive, flexible, proprietary solutions, which are capable of handling multi-million customer databases and are customized for the specific needs of telecommunication, media, energy, gas and utility enterprises.

Infrastructure services

Asseco Poland S.A. provides a wide range of services within the consolidation of heterogeneous information processing environments as well as the design and construction of multiple-scale networks. The Company implements state-of-the-art building automation systems and data processing centers. The main advantage of our services is full automation of IT processes, while maintaining a maximum level of security.

Competence centers

The product offering is well supplemented with our extensive and proven competence in ERP and Business Intelligence solutions, appealing to all sectors of the economy. Owing to that Asseco Poland S.A. is one of the most versatile IT suppliers.



Financial Sector

Banks



Insurance Companies



Brokerage Houses



Investment and Pension
Funds



Public Institutions

Social Insurance



Central Administration



Local Administration



Healthcare



Uniformed Services



International
Organizations



Telco & Utilities

Telecommunication



Power Industry



Gas Industry



Municipal Utilities



**Infrastructure
Services**

IT Infrastructure



Building Automation and
Data Centers



Competence Centers

ERP Solutions



Business Intelligence



Financial sector

Banks



From the very beginning of its operations Asseco Poland S.A. has cooperated with banks, providing them with comprehensive information systems.

Nowadays, the Company's solutions are utilized by over half of banks operating in Poland. Among Asseco Poland's major clients are: PKO BP Bank, BGŻ (Rabobank), Deutsche Bank PBC, Get Bank, Euro Bank (Societe Generale), Bank Pocztowy, Bank Ochrony Środowiska, Bank Gospodarstwa Krajowego, and Volkswagen Bank Poland. The Company also works with the cooperative banking sector, where it serves all the association leader banks as well as over 70% of stand-alone cooperative banks.

Insurance companies



Asseco Poland S.A. is a leader among Polish producers of software for the insurance industry. Our cooperation with this sector has been initiated with the development and implementation of the Integrated Information System for the PZU Group, the largest insurer in Poland. Today, the Company's portfolio features a variety of comprehensive information solutions that support property and life insurance operations. The list of offered solutions includes industry-leading systems from major global providers, such as Sapiens International, IDIT Technologies and FIS Software, which are all part of the Asseco Group.

Among our clients in this sector in Poland are the PZU Group, Warta Group, HDI Asekuracja TU, Insurance Guarantee Fund, ING Group, TU Generali, and Chartis Europe.

Brokerage houses



Asseco Poland S.A. is a leading provider and producer of comprehensive information systems that support the operations of brokerage houses. Our solutions are utilized by the Brokerage House of PKO BP, Brokerage House of Bank Handlowy, Investment House of BRE Bank, Brokerage Office of Alior Bank, and Millennium Brokerage House.

Investment and pension funds



The product portfolio of Asseco Poland S.A. also includes specialized asset management solutions dedicated to investment and pension funds. Our largest client in this area is Pioneer Pekao Investment Management S.A.

Public institutions

Social insurance



Asseco Poland S.A. is a leading supplier of IT solutions dedicated to the social insurance sector. Our services include assistance in the

analysis of the client's needs, design, development and implementation of information solutions, as well as their integration with the client's technical and software infrastructure. Our major client, the Social Insurance Institution (ZUS) won the main prize in the European competition "eEurope Awards for eGovernment – 2005" for its Comprehensive Information System that has been developed significantly by Asseco Poland S.A.

Over 12 years of experience allows us to implement, safely and efficiently, even the most complicated modifications of this system, which is critical for proper operation of the state's pension system.

Central administration



Asseco Poland S.A. is specialized in the development of IT solutions dedicated to institutions of central administration. The largest projects implemented by the Company in this sector included the IACS system for the Agency for Restructuring and Modernisation of Agriculture, Central Register of Vehicles and Drivers for the Ministry of Interior and Administration, and ODPRAWA Information System for the National Border Guard.

Local administration



Asseco Poland S.A. provides IT solutions for the self-government administration at all levels. The offered software enables the integration of various technology IT systems that are utilized in administration offices. Our solutions are scalable, configurable and

designed to match the current needs of local administration.

Healthcare



Asseco Poland S.A. has become a leader in the supply of information systems for the healthcare sector. Our clients include 450 largest hospitals in Poland and most of Poland's blood donation and haemotherapy centers, who use Asseco's patient service solutions as well as contract settlement and facility management systems. The Company cooperates with the National Healthcare Fund units both on the plane of IT infrastructure and software. Services of all the spa centres working with the NHF are accounted for using an Internet application developed and implemented by Asseco Poland S.A.

Uniformed services



Information technology projects implemented for the Ministry of National Defence, Land Forces Headquarters, and the National Border Guard Service are the best proof of the Asseco's competence. These position our Company among most credible providers of IT solutions that satisfy increased security standards.

For the recent 4 years, Asseco Poland S.A. has conducted research and development projects resulting in innovative technological and methodological concepts and prototypes of IT solutions based on NAF (NATO Architecture Framework), including the implementation of a tactical system gathering information on the location of own forces, SOA-based integration platform, and semantic imaging services.

International organizations



As the only IT company of Central and Eastern Europe, Asseco Poland S.A. executed over 50 projects directly for the EU institutions and agencies as well as for NATO. In this market we are able to compete effectively with the world's major information technology companies. Our completed projects often involved high-end technology implementations for such institutions and agencies as NATO (JFTC in Bydgoszcz, NC3A) and the European Union (FRONTEX and EDA).

Telco & Utilities

Telecommunication



Asseco Poland S.A. is a leading IT provider to telecom operators in the areas of Business Intelligence, Reporting Systems, Billing and Settlement Systems, Systems Integration, Portal Solutions, Customer Relationship Management Systems as well as value-added services.

The Company is responsible for development and maintenance of several dozen information systems that support business operations of leading telecom operators and media companies. These are often mission-critical solutions, including billing systems, mediation systems, service platforms, and data warehouses.

We are the only Polish capital company which has been chosen as a Strategic Partner to the Polish Telecom Group. Our proprietary solutions are also utilized by the ITI Media Group.

Power industry



As a key player in the IT market, Asseco Poland S.A. executes the largest projects for the leading power industry groups. Almost 65% of the Polish electric power firms have placed their trust in our company. We have a very good insight into this market and focus our activities on maximizing the benefits arising from the use of information systems. We are a stable business partner for many years. Nearly 60% of all electricity bills in Poland are generated from the proprietary billing systems implemented by Asseco Poland S.A. Our solutions are successfully used by the power industry holdings such as ENEA, ENERGA, TAURON, PGE, RWE Poland, and Vattenfall.

Gas industry



Asseco Poland S.A. offers a billing system that is capable of managing a multi-million client base and supports the changes resulting from deregulation of the gas market. It is used by the headquarters of Polish Oil and Gas Company (PGNiG) as well as by gasworks belonging to the Pomeranian Gas Company. We find the gas sector to be a very promising market, where we will introduce further products and services.

Municipal utility enterprises



Asseco Poland S.A. is a pioneer of state-of-the-art IT solutions for the public utilities sector. Our software solutions support operations of more than 60% of water supply and sewerage companies and over 50% of heating stations in the Polish cities of more than 100 thousand inhabitants. The Company's major clients in the municipal utilities sector include: Dalkia in Poznań and Łódź, SPEC and MPWIK in Warsaw, SAUR Neptun in Gdańsk, and MPWIK in Lublin.

Infrastructure services

IT Infrastructure



The Company's IT infrastructure offering features a full range of services necessary for the design, installation and configuration of telecommunication and data transmission networks of any scale, which enable efficient exchange of information between computer systems using modern transmission technologies.

Asseco Poland S.A. is engaged in the supply of equipment and components (from such manufacturers as Cisco Systems, Hewlett-Packard, 3Com, Enterasys, D-link), but it also provides design services based on many years of experience and best data transmission practices. We are also engaged in the implementation of network infrastructure management systems, based on the monitoring software and management tools from Cisco Systems, Hewlett-Packard, and LANDesk.

Building Automation and Data Centers



For over 18 years Asseco Poland S.A. has implemented the most modern systems supporting the management of building infrastructure in order to ensure comfort and security of buildings, as well as to optimize their functionality and operating costs. The Company is also specialized in the design, construction, modernization and equipping of various types of data centers. Versatile offering is a strong competitive advantage of Asseco Poland S.A. The Company undertakes even the most complicated projects in office buildings, shopping malls, as well as in hospitals or sports arenas.

Competence Center

ERP Solutions



The Company has gained vast experience and expertise in the implementation of the world's leading ERP systems dedicated for large and medium-sized enterprises. Asseco Poland S.A. provides consulting and implementation services covering the solutions of SAP, Oracle, and Microsoft Dynamics AX. Our specialists are highly proficient in using the world's most powerful integration tools (SAP NetWeaver, IBM WebSphere, Oracle Fusion, webMethods) for practical business applications. Asseco Poland's competence is confirmed by our statuses of SAP NetWeaver Expert and IBM SOA Center of Excellence. We have completed implementation projects for such clients as the Lotos Group (oil production), Bioton (biotechnology), Polpharma (pharmaceuticals), Południowy Koncern Węglowy (coal mining),

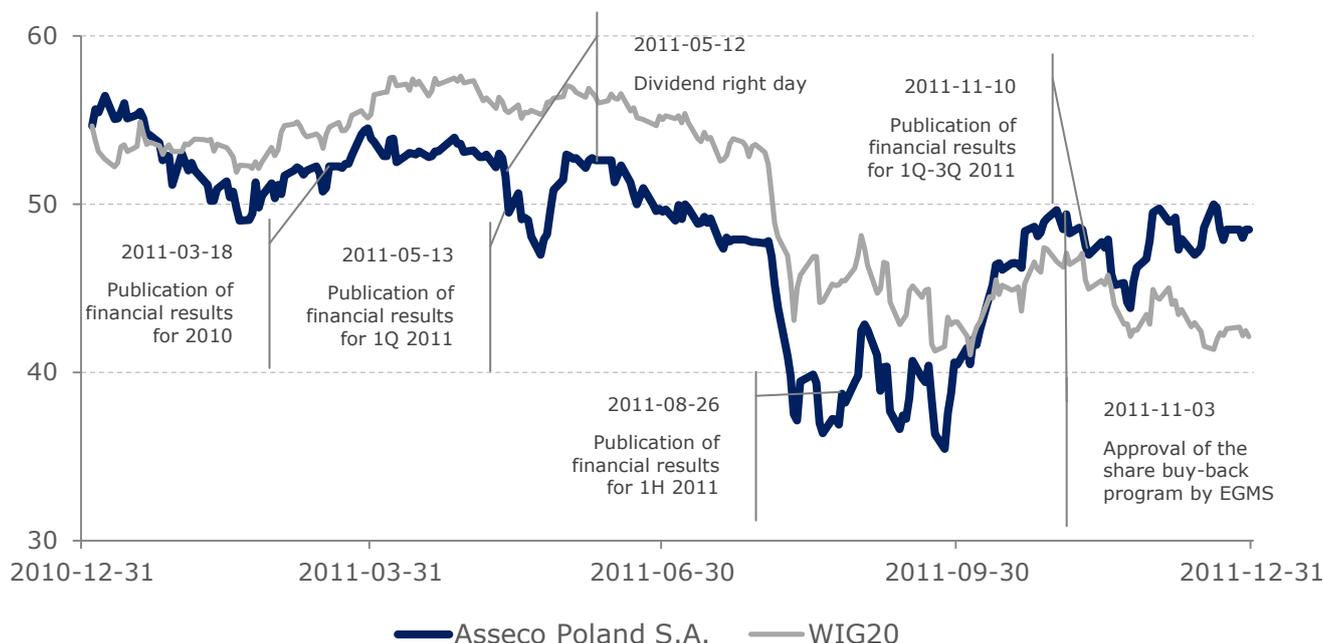
PKN Orlen (oil production), and Zakłady Azotowe Puławy (fertilizers production).

Business Intelligence



Asseco Poland S.A. is a major provider of Business Intelligence solutions on the Polish market. It has a strong position in IT services for the financial sector, telecommunications and public administration. The Company's products are used among others by PKO BP Bank, Polish Telecom and the Central Statistical Office. Asseco Poland S.A. is a key supplier of solutions for mandatory reporting to the National Bank of Poland, as well as systems to support financial institutions in the prevention of money laundering and terrorism financing. We offer both solutions designed for a particular customer and ready-to-implement products.

Asseco Poland S.A. in the Capital Market



	2011-01-03*	2011-03-31	2011-06-30	2011-09-30	2011-12-31	12-month change
Asseco Poland S.A. (PLN)	53.60	53.90	49.56	40.47	48.50	(9.5%)
WIG20 (points)	2,754.67	2,816.96	2,802.01	2,188.73	2,144.48	(22.2%)
WIG (points)	47,649.12	48,729.83	48,414.36	38,268.75	37,595.44	(21.1%)
WIG-Info (points)	1,245.19	1,318.44	1,258.34	964.30	1,079.26	(13.3%)

* Opening price

In 2011, the WIG20 index of Polish blue chips (inclusive of Asseco Poland S.A.) lost some of its ground. As shown in the table above, WIG20 decreased by 22.2% over the last year. In the same period Asseco Poland shares dropped 9.5%, becoming one of the five most defensive stocks in the WIG20 index.

Pessimistic sentiment among investors, and weak quotations of Asseco Poland likewise, were caused by macroeconomic events associated with the euro-zone crisis and downgrade of the U.S. credit rating by Standard & Poor's agency on 5 August. Following the rating cut, investors started to withdraw capital from the market; hence the security prices and index values suffered substantial declines. Asseco Poland's stock decreased sharply in the period from 2 to 11 August 2011. During only seven trading days, our shares dived from PLN 47.80 to PLN 37.15 or by more than 22%.

The internal factors independent from our continuing operations, which affected the quotations of Asseco Poland shares included:

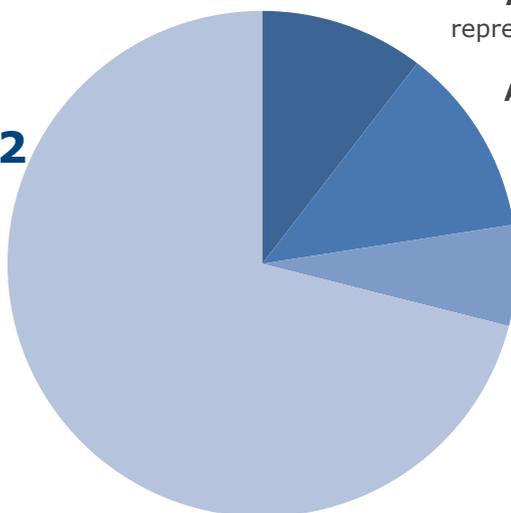
- distribution of net profit for the year 2010, with the dividend right day on 17 May 2011;
- adoption of a resolution on the share buy-back program by the Extraordinary General Meeting of Shareholders on 3 November 2011.

Stock Information

Total number of shares	77,565,530
ISIN	PLSOFTB00016
WSE	ACP
Reuters	ACPP.WA
Bloomberg	ACP PW

Shareholder Structure

Major Shareholders as at 16 March 2012



Adam Góral holds **8,083,000** shares representing **10.42%** of votes at the GMS

AVIVA BZ WBK Pension Fund holds **9,384,498** shares representing **12.10%** of votes at the GMS

PZU Złota Jesień Pension Fund holds **5,000,000** shares representing **6.45%** of votes at the GMS¹⁾

Other shareholders hold **55,098,032** shares representing **71.03%** of votes at the GMS

To the best knowledge of the Company's Management Board, as at the publication date of this report, i.e. on 16 March 2012, the Shareholders who, either directly or through their subsidiaries, held at least 5% of the total votes at the General Meeting of Shareholders were as follows:

Shareholders as at 16 March 2012	Number of shares held	Voting interest at the GMS
Adam Góral, President of the Management Board	8,083,000	10.42
Aviva Pension Fund	9,384,498	12.10
PZU Pension Fund ¹⁾	5,000,000	6.45
Other shareholders	55,098,032	71.03
	77,565,530	100.00

¹⁾ According to the number of votes exercised at the EGMS on 3 November 2011. PZU Pension Fund notified of surpassing the 5% threshold on 2 June 2010, when they held 4,281,040 shares or 5.26% of votes at the GMS.

According to the best knowledge of the Management Board of Asseco Poland S.A., the Shareholders who as at 31 December 2011, either directly or through their subsidiaries, held at least a 5% voting interest at the General Meeting of Shareholders were as follows:

Shareholders as at 31 December 2011	Number of shares held	Voting interest at the GMS
Adam Góral, President of the Board	8,083,000	10.42
Aviva Pension Fund ²⁾	9,000,000	11.60
ING Pension Fund ³⁾	4,390,000	5.66
PZU Pension Fund ¹⁾	5,000,000	6.45
Other shareholders	51,092,530	65.87
	77,565,530	100.00

¹⁾ As in the table presenting our shareholders as at 16 March 2012.

²⁾ According to the number of votes exercised at the EGMS on 3 November 2011. Aviva Pension Fund notified of their shareholding on 18 December 2010, when they held 7,818,006 shares or 10.08% of votes at the GMS.

³⁾ According to the number of votes exercised at the EGMS on 3 November 2011. ING Pension Fund notified of surpassing the 5% threshold on 7 November 2007, when they held 2,381,911 shares or 5.13% of votes at the GMS.

To the best knowledge of the Company's Management Board, as at the publication date of the prior quarterly report, i.e. on 10 November 2011, the Shareholders who, either directly or through their subsidiaries, held at least a 5% voting interest at the General Meeting of Shareholders were as follows:

Shareholders as at 10 November 2011	Number of shares held	Voting interest at the GMS
Adam Góral, President of the Board	8,083,000	10.42
Aviva Pension Fund	9,000,000	11.60
ING Pension Fund	4,390,000	5.66
PZU Pension Fund	5,000,000	6.45
Other shareholders	51,092,530	65.97
	77,565,530	100.00

Since 1 January 2012 till the publication of this report, i.e. 16 March 2012, our shareholders changed as follows:

On 5 January 2012, the Company was notified by Aviva BZ WBK Open-End Pension Fund that, as a result of acquisitions of Asseco Poland shares effected on 29 December 2011, Aviva Pension Fund increased its voting interest in the Company by at least 2% up from 10.08% of the total number of votes held in the Company previously (as informed in the current report no. 74/2010 of 18 December 2010). Following the above-mentioned transactions, as at 3 January 2012, Aviva Pension Fund held 9,384,498 shares in Asseco Poland, representing a 12.10% equity interest and the same voting interest in the Company.

On 12 January 2012, the Company was notified by ING Open-End Pension Fund that, as a result of disposal of the Company's shares on 9 January 2012, ING Pension Fund's voting interest in the Company dropped below 5%. As at 12 January 2012,

Shares held by the management and supervisory personnel

The table below discloses the numbers of Asseco Poland shares held by its management and supervisory staff as at the dates of publication of this and last year's Management report on the Company's business operations, as well as at the end of 2011 and 2010.

	16 March 2012	31 Dec. 2011	18 March 2011	31 Dec. 2010
Jacek Duch – Chairman of the Supervisory Board	19,667	19,667	19,667	19,667
Adam Góral – President of the Management Board	8,083,000	8,083,000	8,083,000	8,083,000
Tadeusz Dyrka – Vice President of the Management Board	21,724	21,724	21,724	21,724
Robert Smułkowski – Vice President of the Management Board	2,212	2,212	2,212	2,212
Wojciech Woźniak – Vice President of the Management Board	25	25	25	25

The remaining members of the Supervisory Board and Management Board did not hold any shares in Asseco Poland S.A. at any of the above-mentioned dates.

ING Pension Fund held 3,860,257 of Asseco Poland shares, representing a 4.98% voting interest in the Company.

Issuance of securities

During the period reported, Asseco Poland S.A. did not conduct any transactions of issuance, redemption or repayment of equity or debt securities.



Information Technology Market and Future Outlook

Gartner's analyses show the global ICT market was worth USD 3.7 trillion in 2011, growing by 6.9% if compared to the previous year.

Whereas, IDC estimated the IT market value in 2011 at USD 1.6 trillion, reporting a 5.7% increase. However, these estimates cover the IT market excluding telecommunications.

The forecasts for 2012 assume further growth in individual categories of expenditures on information technology. According to Gartner's forecasts published in January, this year the global IT market is supposed to grow by 3.7%. Analogous estimates made in 2011 expected a 4.6% increase; now the forecasts are more cautious due to the flooding in Thailand, weaker economic sentiment in the world, and the euro-zone debt crisis.

Gartner estimates that in 2012 the total value of the global IT market will reach almost USD 3.8 trillion. The value of the telecommunication services market is estimated at USD 1.74 trillion (2.3% more than in 2011), while global spending on IT services is anticipated to increase to nearly USD 875 billion or by 3.1%. The telecom equipment market will be worth USD 475 billion (6.9% more than in 2011), while the computer hardware sector will grow to USD 425 billion or by 5.1%. Sales of business software should amount to USD 285 billion (a 6.5% increase).

Many analytical firms believe that the prospects for the IT sector in Poland are optimistic. According to Erste Group's forecasts, IT spending in Poland should increase by 7.8% in 2012. Such higher expenditures will be driven by the need to improve productivity and reduce costs, growing demand for mobile solutions and flexible infrastructure (the popularity of smartphones, tablet PCs, development of wireless networks, cloud computing). EU funding will continue to provide substantial support for IT investment decisions.

Forecast of IT spending in 2012	2012	2011	Change
Computer hardware	425	404	5.1%
Software	285	268	6.5%
IT services	875	849	3.1%
Telecommunication services	1,740	1,701	2.3%
Telecom equipment	475	444	6.9%
	3,800	3,666	3.7%

Source: Gartner, Computerworld; figures in USD billions

According to analysts of another research agency, PMR, the majority of IT companies expect the market to grow by more than 10% in 2011-2012. The most promising segments include the services related to information security, solutions offered in IT outsourcing, virtualization, SaaS, cloud computing, BI market, and services for the SME segment.

Whereas DiS agency, having analyzed long-term and quarterly market trends as well as the dynamics of newly concluded contracts, reported that the Polish IT market will see moderate growth, not exceeding 10% in 2011 and in the next two years. The largest IT spending increases should be observed in the sectors of small and medium-sized enterprises, telecommunications, games and multimedia, public administration, and large enterprises.

IDC reported that the value of the Polish IT market in 2011 will increase by 5% to USD 9.7 billion. Their analysts anticipate that purchases of hardware will still represent the largest market share (58%), yet this segment is poised to recede in favour of IT services and software. Investments in hardware should increase by 3% year on year; whereas, expenditures for software and IT services should increase by 8% and 7%, respectively. According to IDC, the major engine of market development will be the process of replacement of obsolete IT systems in Polish enterprises. On a worldwide basis, the market shares of IT services, software and hardware are approximately one-third each, and the Polish market is going to converge towards such a model.

EU funds

Market analysts share an opinion that European Union funds are one of the key growth drivers of the Polish IT industry. In addition to direct use in IT projects, such funds also contribute indirectly to the purchases of equipment, software and services. The Ministry of Regional Development estimates that the total aid provided to Poland by the European Union over the years 2007-2013 will reach EUR 87 billion. In this period our contribution to the European budget will aggregate at EUR 22 billion. Hence, Poland is going to be a net recipient of around EUR 65 billion. According to the latest data available, the value of financing applications submitted by Polish parties to the European Commission since the launch of the Cohesion Fund strategy till 31 December 2011 amounted to approximately EUR 5.5 billion. The total amount of payments received from the EC by the end of December 2011 amounted to EUR 4.8 billion, representing 85.16% of the available allocation under the Cohesion Fund. The value of contracts signed under the framework of ongoing projects amounted to EUR 9.5 billion.

The value of funds transferred to Poland by the European Commission (advances and reimbursements) amounted to nearly EUR 16.5 billion. We are the European leader in this respect. Close behind are Spain and Germany, which received from the EC, 7.8 billion and 7.5 billion, respectively. In total, the European Commission paid EUR 78.4 billion to the EU member states. The amount transferred to Poland by the EC constitutes 25.2% of total funds available to our country in the years 2007-2013. This result places Poland roughly in the middle among all EU countries.

Public administration

Thanks to EU funds, the public sector is one of the most important engines of growth of the IT market in Poland. In 2011, this sector continued implementing a number of projects initiated in previous years. Furthermore, public institutions announced new large procurement contracts. One of the major tenders worth PLN 360 million was announced in February 2011; it involved the design, implementation and warranty supervision of systems to be provided under

the project "Electronic platform for gathering, analysis and distribution of digital data on medical procedures". Many significant projects were also launched by: Ministry of Finance (relocation of infrastructure and servers), Ministry of Justice (modernization of the courts), Ministry of the Interior and Administration (e-government projects), General Police Headquarters (modernization program), local governments (implementation of e-offices), transportation management institutions (incl. the Silesian Public Services Card), road inspection and management bodies (incl. the Centre for Automated Traffic Surveillance, traffic management and passenger information systems), defense sector (replacement of hardware and software).

IT services market

IDC expects that the Polish IT services market, currently estimated at USD 3 billion, will develop over the next five years at a rate of 4.6% per year. In 2012, this sector is expected to grow by 4% – to USD 3.2 billion. Analysts point to the growing importance of outsourcing and application maintenance services. They also emphasize that the market is small enough to recognize a significant increase on any large contract.

Banking and finance sector

DiS analytical agency forecasted IT expenditures of this sector to reach PLN 3 billion in the years from 2007 to 2010. Out of that aggregate amount PLN 1-1.2 billion was supposed to be spent for purchases of software, of which PLN 300 million for purchases of banking software.

For several years, the banking sector has been limiting its investment outlays worldwide. As quoted by "Computerworld", Celent's analysis estimates that in 2012 global banking institutions will allocate almost USD 173.5 billion for IT solutions, which is 2.8% more than in 2011, but still less than 4.3% anticipated when the initial forecasts for 2012 were released. The smallest increases are to be observed in European banking institutions, where the average growth rate of IT investments will be 0.3%. Analysts predict that European banks will spend USD 59.2 billion on IT solutions in 2012. In 2013, this amount is expected to grow by another 0.4%. In the

case of American banking institutions, spending on IT solutions is expected to grow just under 2.4% in 2012 and about 2.9% in 2013.

Position of the Company and the Group in the IT sector

The Asseco Group continues to strengthen its market position year by year. Asseco Poland and other companies of our Group top the rankings of IT vendors, prepared both by Polish and international research institutes.

The following table presents the position of Asseco Poland in the Truffle 100 ranking, which lists the largest European software vendors by sales of their proprietary software generated in 2010.

Name of company	Country	Sales of proprietary software in EUR millions
1. SAP	DE	12,336.7
2. Dassault Systems	FR	1,563.8
2. Sage	UK	1,542.9
4. Software AG	DE	919.2
5. DATEV	DE	684.6
6. Autonomy	UK	657.0
7. Asseco Poland	PL	516.4
8. SWIFT	BE	511.1
9. Wincor Nixdorf	DE	461.6
10. Misys	UK	431.2

As estimated by COMPUTERWORLD TOP200, in 2010 the Polish IT services market was worth PLN 9.0 billion. Asseco Poland's share in this sector is estimated at 10.5%, which puts our company into second place, just behind HP Poland, but well before IBM Poland.

Share in sales of IT services in Poland	Sales of services	Market share
HP Poland	948.6	10.6%
Asseco Poland S.A.	929.3	10.5%
IBM	598.0	6.7%

Again, according to COMPUTERWORLD TOP200 rankings, Asseco Poland S.A. held leading positions in terms of sales to

individual sectors of the Polish economy, as shown in the table below.

Ranking of software providers to the sector of	Ranking position
banking	1
financial services	1
public administration	1
agriculture	1
healthcare	1
education	5
utilities	1

COMPUTERWORLD TOP200, Ranking of IT and telecom companies of June 2010, ranking by the amount of sales revenues for 2010

Whereas, the table below presents the positions taken by Asseco Poland S.A. in the TOP200 ranking compiled by COMPUTERWORLD that compares leading companies operating in the Polish market, by type of business.

Ranking	Ranking position
Providers of IT maintenance services	1
Providers of IT services	1
Providers of software implementation services	1
Producers of customer-tailored software	2
Producers of proprietary software	5
Providers of BI system licenses	4
Providers of ERP systems	4
Providers of IT trainings	3
Providers of system integration services ¹⁾	5
Providers of network design and construction services ¹⁾	1

COMPUTERWORLD TOP200, Ranking of IT and telecom companies of June 2010, ranking by the amount of sales revenues for 2010

¹⁾ *Asseco Systems S.A. – presently incorporated into Asseco Poland S.A.*

Regulatory environment and its impact on development of the IT market

Polish legal regulations are subject to numerous amendments, which are often due to obligatory adjustments of the local law to the EU regulations.

Legislative acts that have the most significant bearing on the Company's business operations are as follows:

Public Procurement Law

This Act lays down the rules and procedures for the awarding of public contracts, legal enforcement measures, controlling of public contract awards, and indicates the authorities competent with respect to the matters governed by the Act. The Public Procurement Law shall apply to public contracts for provision of services, supplies or construction work.

Informatization Act

The Act determines the rules for informatization of the public administration performing public tasks. Such entities include, among others, government administration bodies, courts, prosecutor offices, regional self-governments and their organizational units, the Social Insurance Institution, the Agricultural Social Insurance Fund, and the National Healthcare Fund.

Following the Act on Informatization, the Council of Ministers adopted a resolution on establishing the State Informatization Plan in order to plan and coordinate various informatization projects of the public administration as well as to modernize and link together their information and communications systems. The State Informatization Plan may only be adopted for a period not longer than five years and it shall determine the information technology projects aiming at achievement of priority objectives in the development of IT systems. In order to implement the State Informatization Plan, there should be established sectoral and intersectoral IT projects stipulating the objectives of a given project and the entity accountable for execution thereof.

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

Copyright Law

In Poland computer software is protected by the Copyright Law Act. For the Company's operations especially important are the provisions on obtaining intellectual property rights in software developed by the Company's employees, and on licensing

software to the Company's clients, as well as other regulations pertaining to personal copyrights owned by software developers.

According to articles 66 and 67 of the Copyright Law Act, a software license agreement may authorize to use the licensed work over a period of five years in the territory of the country, where the licensee has its registered office. A license agreement shall determine the fields of use where the licensee is permitted to use the software, and indicate the scope, place and period of such use. Unless a license agreement provides otherwise, the licensee is not allowed to authorize use of software by other persons, under the obtained license.

Personal Data Protection Act

The processing of personal data can be carried out in public interest, interest of the data subject, or interest of any third party, within the scope and manner determined by the Personal Data Protection Act.

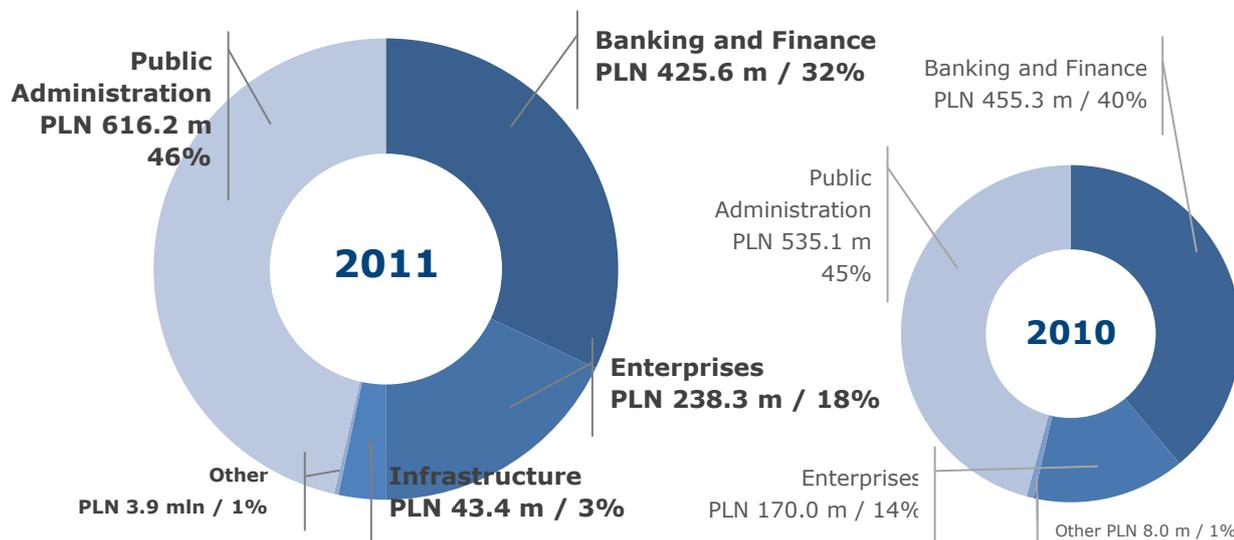
The controller performing the processing of data should protect the interests of data subjects with due care. In particular, he/she shall implement appropriate technical and organizational measures to ensure adequate protection of personal data. The controller shall appoint a data security administrator in order to supervise adhering to the data protection procedures.

Banking Law

This regulation applies to the Company in respect of the use of outsourcing services by banks. This model of cooperation is governed by the provisions of art. 6c of the Banking Law which stipulates that, when entering into an outsourcing arrangement, a bank must satisfy a number of conditions and grant the Financial Supervision Authority (FSA) the right to exercise effective supervision over the performance of the outsourced activities, and in particular the right to control such performance at each stage. The PFSA may also issue a decision ordering the bank to take actions aiming at amendment or termination of the agreement under which certain activities have been outsourced.

Operating Activities and Financial Information

Sales revenues by sectors (to external customers)



Major events and factors with impact on our financial performance

The above charts show the breakdown of sales generated in 2011 and 2010 by sectors. Revenues in the segment of banking and finance dropped by 6.5% year on year due to completion of the implementation phase of the central IT system PKO BP Bank, our main client in this segment. Currently, the Company provides maintenance services for that system. A significant event affecting our financial performance in 2011 was the Company's merger with its subsidiaries Asseco Systems S.A. and Alatus Sp. z o.o. The following table presents the pro-forma changes in operating costs for 2011 and 2010 following that business combination.

PLN millions	2011	2010 ¹⁾	Change
Average workforce	3,083	3,293	(6.4%)
Operating costs ²⁾	572.4	595.9	(4.0%)
Depreciation and amortization	51.1	58.9	(13.3%)
Operating costs ²⁾ less depreciation and amortization	521.3	537.0	(3.0%)

¹⁾ Consolidated figures (pro-forma): Asseco Poland S.A., Asseco Systems S.A. and Alatus Sp. z o.o.

²⁾ This item includes production costs (excluding the costs of merchandise, materials and third-party work sold), and selling and general administrative expenses.

Activities of each of the operating segments identified by Asseco Poland S.A. in 2011 are described below.

Banking and Finance

In 2011, our Banking and Finance segment generated slightly lower revenues than in 2010. Both sales and profit margins decreased as the implementation of the Integrated Information System (ZSI) for PKO BP Bank has been completed. In 2011, Asseco Poland S.A. implemented three upgrades of ZSI, and extended its contract with PKO BP Bank for the provision of development and maintenance services on their core system for another three years. Last year the Company signed an agreement for the implementation of its proprietary core banking system at Idea Bank, as described below in this subsection. We also entered into a number of smaller agreements for the development of system functionality or for implementation of individual system modules. Furthermore, the Company concluded numerous contracts for the implementation of its brand new online trading platform ePROMAK Plus as well as investor mobile platform mPROMAK, both for brokerage houses and investment funds. In the Commercial Insurance Division, Asseco Poland S.A. signed significant agreements with PZU S.A., for implementations of ERP

systems and provision of maintenance services for their *Insurer* system till the end of 2014.

The following table presents the financial results generated by our Banking and Finance segment for the years 2011 and 2010.

PLN millions	2011	2010	Change
Sales*	467.1	494.4	(5.5%)
Operating costs excluding depreciation and amortization	(296.8)	(284.9)	4.2%
EBITDA	128.8	170.4	(24.4%)
EBITDA margin	27.6%	34.5%	
Depreciation and amortization	(15.8)	(18.8)	(16.0%)
EBIT	113.0	151.6	(25.5%)
EBIT margin	24.2%	30.7%	
Employment [persons]	1,030	1,103	(6.6%)
Allocated goodwill	871.4	871.4	-

* Sales to external and internal customers

A prime example of the segment's operations is **the implementation of our flagship core banking system for Idea Bank S.A.**

Asseco Poland S.A. provided and implemented a state-of-the-art comprehensive core banking system based on our proprietary solution *def3000/suit*. The contract also included the supply and preparation of the hardware platform for this implementation.

The target clients of Idea Bank are micro, small and medium-sized enterprises, to whom they offer a broad package of loans, savings and investment products to support business start-ups and development. The bank provides a complete set of customer services through personal advisers. The new banking system implemented by Asseco Poland S.A. acts as a technological heart of the bank. It features modules designed to support all the operations carried out by Idea Bank. *def3000/CB* (Core Banking) provides support for the record keeping, accounting and operating functions, and while working with transaction settlement systems, it enables a comprehensive customer service.

In addition, Asseco Poland S.A. implemented the electronic general ledger, automated investment management module (interbank,

financial, equity and derivative transactions), credit card management module, reporting system, and the module for direct, real-time data exchange between the bank and authorization centers. Idea Bank also uses our specialized solutions that support financial institutions in combat against money laundering and financing of terrorism, as well as our Business Intelligence system. Another module implemented by Asseco Poland S.A. is *def3000/CS* (Credit Status), which includes advanced mechanisms helping to optimize the preparation and transmission of the customers' creditworthiness and indebtedness information to BIK S.A. (credit information agency).

Among the distinctive features of Asseco Poland's solutions are top performance, reliability and rich functionality, all owed to our many-a-year experience in the banking sector. The system ensures a great deal of flexibility by providing the bank's employees with tools allowing for independent development of banking products. The whole project was carried out in line with the time schedule and within the predetermined budget. Vast experience of Asseco Poland S.A., high quality of the offered solution, as well as firm commitment the Idea Bank's employees enabled a pretty quick start-up of the system; the implementation work was commenced in August 2010 and by February 2011 the system was put into operation and running.

Public Administration

In 2011 Asseco Poland S.A. performed its obligations under the agreement with the Social Insurance Institution that was signed at the end of 2010. The Company implemented a set of objective principles for the valuation of manufactured software. Furthermore, within the required regulatory deadline, we upgraded the system in respect of contributions transferred to open pension funds. In the healthcare sector, the Company continues to develop its proprietary Asseco Medical Management Solution (AMMS) intended to support patient services and management at hospitals and outpatient clinics. In 12 hospitals located in the Lower Silesia Province, Asseco Poland S.A. launched an EU-financed project for the regional management of healthcare

resources and sharing of patient data between healthcare providers. At the central administration level, the Company extended its contract for the support and maintenance of the Central Register of Vehicles and Drivers Information System for the next three years. Other contracts signed by Asseco Poland S.A. included: supervision over our proprietary system ODPRAWA SG for the National Border Guard, implementation of the Joint Operation Reporting Application for the FRONTEX agency, design of a pilot emergency management application for the European Defence Agency. Furthermore, we concluded an agreement to build the Digital Archive System for the Agricultural Social Insurance Fund (KRUS).

The following table presents the financial results generated by our Public Administration segment in the years 2011 and 2010.

PLN millions	2011	2010	Change
Sales*	644.3	551.5	16.8%
Operating costs excluding depreciation and amortization	(437.4)	(356.3)	22.8%
EBITDA	178.8	178.8	-
EBITDA margin	27.7%	32.4%	
Depreciation and amortization	(21.8)	(25.6)	(14.8%)
EBIT	157.0	153.2	2.5%
EBIT margin	24.4%	27.8%	
Employment [persons]	1,273	1,278	(0.4%)
Allocated goodwill	925.2	925.2	-

* Sales to external and internal customers

In the public administration sector, Asseco Poland's most prestigious contracts were signed with the Silesian Center for Heart Diseases in Zabrze and the Institute of Meteorology and Water Management. Both the contracts are briefly described below.

Silesian Center for Heart Diseases in Zabrze

Asseco Poland S.A. will supply and implement an IT system for the Silesian Centre for Heart Diseases in Zabrze. The contract will be completed within 13 months. The Silesian Center for Heart Diseases in Zabrze is the country's leading healthcare center specialized in the diagnosis and treatment of heart, blood vessel and lung diseases in adults and

children. The hospital is recognized both nationwide and internationally and has received numerous awards for its clinical, scientific, training and organizational achievements in the fields of cardiology, cardiac surgery and transplantology in adults and children. The mission of this academic center is to "rescue, treat and give hope" which means they are ready 24 hours a day and 7 days a week to provide diagnosis and modern treatment to patients of the Silesian region, southern Poland and the whole country.

The agreement concluded with the SCHD provides for the implementation of the Asseco Poland's proprietary hospital management system. In the medical area, this will include Asseco Medical Management Solutions, a new generation system which has been developed by Asseco since 2008. As far as administrative functions are concerned, we will implement the InfoMedica system. There will be deployed over 30 software modules, all able to utilize the data and information from the hospital's legacy applications (nearly 1.5 million records). The software solution to be implemented by Asseco Poland S.A. will fully support the smart card identification of patients from the Silesian Province. The delivered modules of Hospital Pharmacy, Hospital Warehouse, Departmental Pharmacies and Departmental Auxiliary Warehouses will enable the use of bar code readers. Furthermore, Asseco Poland S.A. will provide the Silesian Center for Heart Diseases in Zabrze with a specialized radiology information system RIS/PACS-CARDIO.

Institute of Meteorology and Water Management

Asseco Poland S.A. has been contracted to develop and implement the IT System for Quality Control of Hydrological and Meteorological Measurements and Hydrological Forecasts, expand the Customer Service System, as well as to create and implement the Central Historical Database. The planned project duration is one and a half years. Our Company has been chosen in accordance with the World Bank procedures.

Floods, which are a more and more frequent phenomenon in Poland, have emphasized the need for using an efficient and reliable system capable of processing the data on actual water levels and rainfall forecasts. Implementation of the new system will

significantly enhance the quality of hydrological forecasting, and improve the distribution of information to adequate state services, local authorities, other public organizations as well as to the public. Implementation of the system will enable centralization of all the key data generated by individual function systems used at IMWM, also providing for the unification of access and better storage security of such data. The project also aims to improve the quality of hydrological forecasts prepared and to streamline the distribution of products developed for IMWM's customers. The system will be built on a centralized architecture, matching the latest standards of service-oriented architecture (SOA) and using the enterprise service bus (ESB). Under this project Asseco Poland S.A. will furthermore supply the necessary hardware infrastructure, install third-party software, conduct a pre-deployment analysis, implement five modules of the system, and provide appropriate user training.

Enterprises

In 2011, Asseco Poland S.A. reinforced its position in the sector by cooperating with the Polish Telecom Group, as described in more detail later in this subsection. Furthermore, the Company completed the implementation of SAP technology based system to support sales of coal by Południowy Koncern Węglowy (mining company). In addition, Asseco Poland S.A. provided support services for the Electricity Market Information System, and implemented its proprietary AUMS systems for the Vattenfall Group.

The following table presents the financial results generated by our Enterprises segment in the years 2011 and 2010.

PLN millions	2011	2010	Change
Sales*	274.1	195.2	40.4%
Operating costs excluding depreciation and amortization	(202.0)	(147.5)	36.9%
EBITDA	36.3	22.5	61.3%
EBITDA margin	13.3%	11.5%	
Depreciation and amortization	(5.3)	(5.8)	(8.6%)
EBIT	31.0	16.7	85.6%
EBIT margin	11.3%	8.6%	
Employment [persons]	557	583	(4.5%)
Allocated goodwill	129.7	128.1	1.2%

* Sales to external and internal customers

The signing of a strategic partnership with the Polish Telecom Group was a milestone in expanding our operations in the enterprises sector. A brief description follows below.

Asseco Poland S.A. has become an important partner to the Polish Telecom Group. The Company is responsible for maintenance and development of over 50 systems operated in two of the client's seven business domains: Billing & Customer Financial Management and Reporting. Vendors Consolidation (VC) is a strategy adopted by the entire group of France Telecom. In Poland, this strategy was implemented by entering into three-year framework agreements with providers of IT services to Polish Telecom and PTK Centertel (mobile network operator).

Following the contract signature on 1 June 2010, we prepared documentation describing the current status of each of 26 billing systems and 25 reporting solutions. This task was aimed to convince our client that the partner, they chose in a tender, is able to provide adequate services up to the specification and terms of delivery defined in the Service Level Agreement, and furthermore take responsibility for meeting the extensive Key Performance Indicators under the framework agreement. After the transition period, we commenced the referral phase. At that time, we determined the values of particular types of services depending on the SLA conditions. The complete assumption of responsibility and provision of services under the VC model has been initiated as of the beginning of 2011.

One of the more curious elements of the model adopted by Polish Telecom is the methodology of estimating labour consumption based on the Function Points Analysis.

Much of the settlements with the service provider are carried out on the basis of a number function points defining the size of the system development, as determined by bilateral professional teams of the client and service provider. This methodology is helpful in estimating the provider's production capabilities and the client's functionality implementation potential. Therefore, it is easier to prepare the implementation of projects planned by the client, as well as measure the cost effectiveness of work teams.

Infrastructure

The key accomplishment of this division was to reorganize its sales processes, which made it possible to reach more customers, reduce the number of suppliers, focus on selected products and technologies, and thereby use the available resources more efficiently. In the area of building automation, we implemented IT solutions, among others, for:

- Sports and Entertainment Hall in Cracow-Czyżyny,
- SWISSMED hospital in Warsaw,
- Centennial Hall in Wrocław.

In the area of infrastructure, we signed contracts, among others, for:

- implementation of the public statistics system for the Central Statistical Office,
- construction of municipal broadband network in Elbląg,
- provision of equipment for Information Management Centers of the Ministry of Justice.

The following table presents the financial results achieved by our Infrastructure segment in the years 2011 and 2010.

PLN millions	2011	2010	Change
Sales*	100.4	n/a	n/a
Operating costs excluding depreciation and amortization	(82.4)	n/a	n/a
EBITDA	18.0	n/a	n/a
EBITDA margin	17.9%		
Depreciation and amortization	(3.8)	n/a	n/a
EBIT	14.2	n/a	n/a
EBIT margin	14.1%		
Employment [persons]	207	n/a	n/a
Allocated goodwill	131.0	n/a	n/a

* Sales to external and internal customers

The infrastructure division commenced its operations in 2011, but has already managed to win a number of prestigious contracts, including the two described below.

Construction of Municipal Broadband Network in Elbląg

Asseco Poland S.A. supplied and installed information and communication equipment under the project called "Construction of Municipal Broadband Network in Elbląg". This project is one of many initiatives undertaken by Elbląg local government with the aim to develop information society and improve the city's competitive position. The investment has been financed under the Regional Operational Program of Warmian-Masurian Province 2007–2013. The municipal network will be also connected to the Regional Broadband Network of Eastern Poland.

The scope of the contract included the supply and installation of ICT equipment necessary for the completion of active elements of the Municipal Broadband Network in Elbląg. The broadband network has 120 kilometres of fibre-optic cables placed in teletechnical ducts which constitute passive elements and have been constructed under another project. This is the next-generation IP network that supports a variety of services. It links together the local government units, schools, kindergartens, libraries and other municipal institutions.

Elbląg citizens and tourists visiting the city can use eight free-of-charge outdoor Wi-Fi hotspots as well as twenty public Internet access points. These are computers

providing free access to the municipal portal, world wide web, and multimedia software. Such computer hardware has been installed, among others, at the City Hall, building located at 2 Red Cross Street, and the Market Gate. There you may also use a multifunction device to print, copy or scan your documents.

Regional Medical Information System in Łódź Province

The Regional Medical Information System (RMIS) is the first IT system in Poland that is going to link all the healthcare facilities subordinate to a provincial self-government. It will allow easier access to medical services for patients as well as more effective management for hospitals. The implementation of RMIS has been divided into two stages. The first involves the construction of an appropriate network infrastructure, installation of hardware and software in 24 healthcare facilities located across Łódź Province. In the second stage, there will be created a medical portal enabling patients to get quick information about the availability of medical professionals they are looking for. Another important functionality of the portal will be to keep records indicating the place where each patient's treatment dossier is stored.

Asseco Poland S.A. was also assigned to build network infrastructure. The company's specialists will construct the passive infrastructure, including fiber optic connections between buildings and structured cabling, modernize the server rooms, as well as they will install all active devices needed for the local ICT networks at particular healthcare centers. They will be also responsible for the purchase and installation of a VoIP system, which is much cheaper to operate than traditional telephony. The project will require laying a total of 6,706 lines of structured cabling. Asseco Poland S.A. will provide 13 VoIP centers and 1,500 VoIP-enabled phones. Furthermore, the company will equip 23 server rooms with the systems of emergency power supply, monitoring and security, and air conditioning.

Non-recurring events with impact on our financial performance

As at 31 December 2011, the Company's airplane (used since 2008) was reclassified from property, plant and equipment to non-current assets held for sale. The airplane was reclassified as in the fourth quarter of 2011 the Parent Company began to actively seek a buyer for this asset, which process was successfully completed in February 2012 by signing a conditional sale agreement. At the time of reclassification, the airplane's carrying amount exceeded its fair value less costs necessary to make the sale, and therefore an impairment charge of PLN 2.3 million has been recognized.

Assessment of financial resources management

Spare financial resources generated by Asseco Poland S.A. in 2011 were allocated to dividend payments, while the remaining portion was utilized to finance company acquisitions or current operations. Some funds, serving as security for guarantee lines or due performance of contracts, were invested in financial instruments.

This money was invested in financial instruments available in the local interbank market, which offered maximum yield while keeping the risks at the level acceptable to the Management Board.

Liquidity ratios

Working capital (defined as the difference between current assets and current liabilities) represents the amounts of fixed capital (equity plus long-term debt) which are used to finance current assets. The following table shows the closing balances of working capital in the last three years.

	2011	2010	2009
Working capital (in PLN millions)	448.9	249.3	(21.6)
Current liquidity ratio	2.06	1.81	0.94
Quick liquidity ratio	1.91	1.67	0.85
Absolute liquidity ratio	0.66	0.57	0.09

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

The main factors behind the growth in working capital included:

- the surplus of cash over short-term debt amounting to PLN 120.8 million;
- the surplus of trade receivables over trade liabilities amounting to PLN 69.2 million;
- the surplus of other receivables over other liabilities amounting to PLN 33.4 million.

Debt ratios

During the year 2011, the Company's total short- and long-term liabilities increased by PLN 216.8 million (of which interest-bearing debt inclusive of finance lease commitments grew by PLN 62.5 million, among others, due to drawing additional funds from a bank loan facility intended for the construction of our new office building in Warsaw's Wilanów). Consequently, general debt ratio increased from the level of 12.1% to 15.4%. The following table presents basic debt ratios reported in the closing balance sheets for the last three years.

	2011	2010	2009
Debt ratio	15.4%	12.1%	15.3%
Debt / equity ratio	3.4%	2.1%	1.4%
Debt / (debt + equity) ratio	3.3%	2.0%	1.3%

Debt ratio = (long-term liabilities + short-term liabilities) / assets

Debt / equity ratio = interest-bearing bank loans and debt securities / shareholders' equity

Debt / (debt + equity) ratio = interest-bearing bank loans and debt securities / (interest-bearing bank loans and debt securities + shareholders' equity)

Opinion on feasibility of investment plans

The Company pays its trade liabilities, settles the state obligatory charges, and fulfils its investment obligations on a timely basis. We maintain loan facilities at various banks in order to diversify our sources of financing. The Company pays its liabilities from current operating revenues which may be supplemented with third-party financing, in the form of short-term bank overdraft facilities, bank term loans, borrowings, or capital contributions. The table below presents the utilization of cash provided by operating activities.

PLN millions	2011	2010	2009
Taxable EBITDA [I]	325.9	329.8	282.7
EBITDA cash conversion ¹⁾ [II]	72.3%	79.8%	83.4%
Cash flows from operating activities [III]	235.5	263.2	235.9
CAPEX ²⁾ [IV]	(97.3)	(141.3)	(50.7)
M&A ³⁾ [V]	(17.1)	(15.1)	(189.1)
Repayment / taking out of loans, net [VI]	65.3	43.1	(46.1)
Total IV + V + VI [VII]	(49.1)	(113.3)	(285.9)
Net dividends [VIII]	(75.6)	(42.8)	(17.9)
Payment of finance lease commitments and interest on loans [IX]	(24.7)	(26.3)	(30.1)
Total VII + VIII + IX [X]	(149.4)	(182.4)	(333.9)
Utilization of cash provided by operating activities X / III [XI]	63.4%	69.3%	141.5%

¹⁾ EBITDA cash conversion = Cash flows from operating activities / Taxable EBITDA

²⁾ Expenditures for the acquisition of property, plant and equipment and intangible assets

³⁾ Acquisitions of shares in related companies including buy-outs of minority interests; in 2010 M&A are presented net of proceeds from the issuance of shares intended for the acquisition of Formula Systems

The table above shows a decrease in the utilization of cash generated from current operations to PLN 141.3 million or 60.0% of total cash flows from operating activities, as compared with 70.1 utilized in 2010. Despite a higher amount of dividends paid, such decrease was caused primarily by lower expenditures for fixed assets. Whereas, high capital expenditures reported for 2010 resulted from the commencement of the construction of our new office building in Warsaw's Wilanów).

Discussion of significant risk factors and threats

Risk related to intensified competition

The Company's operations are under the pressure of intense competition both from the local players and international IT corporations, which has to be faced especially when tendering for large and prestigious contracts. Foreign competitors are getting continually stronger as they have got faster access to innovative technological solutions, but also to cheaper sources of funds which makes it possible to finance large contracts more efficiently. It is not certain that the increasing competition will have no significant adverse impact on the

Company's operations, financial position, financial results and future development outlook.

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

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

Risk related to market saturation

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

Risk related to consolidation of the banking sector

The banking and finance sector is the place of ongoing consolidation processes. There is a risk that consolidators of this sector will force the acquired financial institutions to

use their global IT solutions, which may slow down the gaining of new contracts or even result in termination of already concluded contracts for the provision of information systems. Such circumstances might have a negative impact on the Company's operations, financial position and results as well as on its future outlook.

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 unsatisfactory utilization of the EU funds granted for improving innovation at public offices, this might substantially reduce the local demand for IT services and thereby exert negative impact on the operations and financial performance of the Company as well as on its future development.

Risk of underestimation of the project cost

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

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

Risk involved in gaining new contracts

It is characteristic of the IT business that most of contracts of Asseco Poland S.A. are awarded under tendering procedures. Therefore, it is not certain that the Company will be able to gain such new contracts that

would ensure sufficiently high and satisfactory revenues in the future.

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

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

Risk related to the macroeconomic situation of Poland

Development of the IT services sector is closely correlated to the overall economic prosperity. The main factors affecting financial results of Asseco Poland S.A. include the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, the inflation rate, and foreign currency exchange rates versus the Polish zloty.

Risk of losing the clients' trust

Operations of Asseco Poland S.A. are to a large extent based on the customers' trust. Implementation of an IT system, which has critical importance for the customer's business, usually results in signing a long-term agreement with the system user. The quality of solutions and services provided to such clients determines their confidence in the Asseco brand. In the event the quality of delivered products and services was poor, our customers might lose their trust in Asseco which would hurt our reputation in the market and make it impossible to continue successful business operations.

Risk of becoming dependent on the key customers

The implementation of contracts with key client will heavily impact the level of sales revenues generated by the Parent Company in the coming years. It cannot be precluded that a potential loss of any major client, deterioration in the financial terms for provision of services, or potential compensatory claims would have an adverse

impact on the operations, financial position and financial performance of the Company, as well as on its future development.

Risk of concluding a contract with a dishonest customer

Asseco Poland S.A. is exposed to the risk of defaulting contractors. This risk is associated firstly with the financial credibility and good will of customers to whom Asseco Poland S.A. provides its IT solutions, and secondly with the financial credibility of contractors with whom supply transactions are concluded.

Hence, the risk control measures usually consist in monitoring the timely execution of bank transfers and, if needed, sending a reminder of outstanding payment. Yet in case of smaller clients, it is quite helpful to monitor their industry press as well as to analyze previous experience gathered by ourselves and by our competitors, etc.

Risk of increasing cost of work

Salaries account for over 70% of costs related to the implemented projects. Taking into account such high human resource requirements, an increase in salaries may squeeze the margins achieved on the projects and consequently have an unfavourable impact on the Company's results.

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

Risk related to losing the key personnel

The Company'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. Still there is a risk that resignation by the key personnel would have a negative impact on the execution of IT contracts conducted by the Company, as well as on ensuring the required quality and range of services provided. This in turn might bring unfavourable effects for the operations, financial position, financial performance, and prospective development of Asseco Poland S.A.

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

Asseco Poland S.A. implements the strategy of development through acquisitions of or capital investments in IT companies. Valuation of the future acquisitions or investments will depend on the market conditions as well as on other factors beyond the control of Asseco Poland S.A. It cannot be entirely precluded that the Parent Company may be unable to accurately estimate the values of undertaken acquisitions or investments. There is also a risk that earnings generated by the acquired or investee companies fall short of the initial estimates which might prevent the Group from achieving the rates of return that were originally expected from such transactions.

Risk of changes in regulations and their interpretation

Frequent amendments, lack of cohesion and uniform interpretation of the provisions of law, concerning in particular the tax regulations, banking law, insurance law (inclusive of social insurance), the Act on public procurement, the Act on personal data protection, the Act on trading in financial instruments, the Act on public offering as well as the Polish Commercial Companies Code, give rise to the regulatory risk occurring in the environment in which the Asseco Group operates. The tax regulations and their interpretations are more than others prone to often changes. Practices of the internal revenue administration and the court judicature are not uniform in this domain. In the event the taxation authorities take a position that is different from our interpretation of tax regulations, the Asseco Poland's operations, economic situation and financial results may be exposed to negative

consequences thereof. Such risk may be materializing especially due to potential doubts expressed by the taxation authorities over the transactions the Parent Company conducts with its related entities. This might have a negative impact on the Company's operations, financial position and results as well as on its future outlook.

Risk of potential legal disputes concerning copyrights

Development of Asseco Poland's operations in the market of IT products depends to a large degree on ownership of intellectual property rights, especially copyrights to computer programs. In some circumstances there may be doubts as to the effectiveness of transferring of copyrights in the software codes compiled in favour of the Company. In order to prevent such situations, any work contracts or other contracts under which employees provide their services to the Company must include adequate provisions to effectively assign such employee's copyrights in software to the Company.

Risk involved in insufficient insurance coverage

Business activities conducted by Asseco Poland S.A., including production and supply of software as well as implementation of integration projects, give rise to a risk of damages that may be incurred by the Group clients or their end customers as a result of defective operation or failure of the products delivered by the Company, whether attributable to its negligence or not. The agreements concluded by Asseco Poland S.A. provide for contractual penalties in the event of non-performance or improper performance of obligations. Any claims for compensation in excess of the guarantee amounts under the carried insurance policies might have a significant negative impact on the operations, financial position, financial performance and prospective development of Asseco Poland S.A.

Risk related to software licenses

Asseco Poland S.A. utilizes IT software licenses granted under legal agreements concluded with the world's leading providers of tools software and thematic applications, such as Business Objects, HP, IBM, Microsoft, Oracle, and SAS Institute. On the basis of solutions and technologies of those

companies the Asseco Group develops its most important products. Termination of the licensing agreements or limitation of the Asseco's rights to use such software, especially of IBM and Oracle, might have a negative impact on the operations, financial position, financial performance, and prospective development of Asseco Poland S.A.

Risk related to offshoring

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

Risk involved in concluding contracts with the related companies

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

Foreign currency risk

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

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

Interest rate risk

Changes in the market interest rates may have a negative influence on the financial results of Asseco Poland S.A. The Company is exposed to the risk of interest rate changes primarily in two areas of its business activities: (i) change in the value of interest charged on loan facilities granted by external financial institutions, which are based on variable interest rates, and (ii) change in valuation of the concluded derivative instruments, which are based on the forward interest rate curve.

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

Other Information

Opinion on feasibility of the Management Board financial forecasts for 2012

The Parent Company's Management did not publish any financial forecasts for the year 2012 nor for subsequent financial periods.

Changes in the principles of the company and group management

In 2011 the Parent Company saw minor changes in its management practice, which basically included improving the management tools in order to enable more effective use, monitoring as well as economic evaluation of the Company's resources.

Remuneration of the management and supervisory personnel

The amounts of remuneration due to our management and supervisory staff have been disclosed in explanatory note 33 to the separate financial statements of Asseco Poland S.A. for the year ended 31 December 2011.

Agreements concluded by Asseco Poland S.A. with its management personnel providing for payment of compensations if such persons resign or are dismissed from their position

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

Changes in capital relationships

Changes in the Company's equity relationships have been described in explanatory note 10 to the separate financial statements of Asseco Poland S.A. for the year ended 31 December 2011.

Related party transactions

Transactions with the related companies have been presented in explanatory note 22 to the separate financial statements of

Asseco Poland S.A. for the year ended 31 December 2011.

Bank loans, borrowings, sureties, guarantees and off-balance-sheet liabilities

Bank loans, borrowings, sureties, guarantees and off-balance-sheet liabilities have been described in explanatory note 20 to the separate financial statements of Asseco Poland S.A. for the year ended 31 December 2011.

Off-balance-sheet items

The nature, purpose and value of significant off-balance-sheet items have been presented in explanatory notes 27 and 28 to the separate financial statements of Asseco Poland S.A. for the year ended 31 December 2011.

Monitoring of employee share option plans

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

Information on judicial proceedings where the value in dispute exceeds 10% of the company's equity

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



Statements of Management Board to the Annual Report of Asseco Poland S.A.

This Management's Report on the Company's Business Operations was prepared on 9 March 2012 and approved for publication by the Management Board of Asseco Poland S.A. on 16 March 2012.

Renata Bojdo

Vice President of the Management Board

Przemysław Borzestowski

Vice President of the Management Board

Tadeusz Dyrga

Vice President of the Management Board

Marek Panek

Vice President of the Management Board

Paweł Piwowar

Vice President of the Management Board

Adam Góral

President of the Management Board

Zbigniew Pomianek

Vice President of the Management Board

Włodzimierz Serwiński

Vice President of the Management Board

Przemysław Sęczkowski

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