ASSECO BUSINESS SOLUTIONS SA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
TOGETHER WITH THE INDEPENDENT CERTIFIED AUDITOR'S REPORT

(in PLN thousand)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

	Note	Year ended 31 December 2012	Year ended 31 December 2011
Revenue on sales		139,558	158,125
Own cost of sales	10.5	(89,044)	(103,421)
Gross profit on sales		**50,514**	**54,704**
Cost of sale	10.5	(3,210)	(4,057)
General and administrative expenses	10.5	(16,865)	(17,147)
Net profit on sales		**30,439**	**33,500**
Other operating income	10.1	537	1,784
Other operating expenses	10.2	(294)	(344)
Profit on operating activities		**30,682**	**34,940**
Financial income	10.3	2,646	2,410
Financial expenses	10.4	(268)	(318)
Gross profit		**33,060**	**37,032**
Income tax	11.1	(6,528)	(7,198)
Net profit on continued operations		**26,532**	**29,834**
Net profit for the financial year		**26,532**	**29,834**
Other total income		**–**	**–**
Other total net income		**–**	**–**
Total income for the period		**26,532**	**29,834**
Earnings per share:	**13**		
- basic/diluted profit for the reporting period		0.79	0.89
- basic/diluted profit for continued activity in the reporting period		0.79	0.89

(in PLN thousand)

BALANCE SHEET
as at 31 December 2012

ASSETS	*Note*	31 December 2012	31 December 2011
Non-current assets		**196,223**	**198,623**
Property, plant and equipment	15	10,737	13,826
Intangible assets	17	12,766	11,618
Goodwill	17; 18	170,938	170,938
Non-current receivables	20.1	604	603
Deferred tax assets	11.3	1,069	1,403
Long-term prepayments and accrued income	20.2	109	235
Current assets		**80,374**	**89,685**
Inventories	22	1,646	943
Prepayments and accrued income	20.2	527	505
Trade receivables	23	26,387	28,720
Income tax receivables		1,297	–
Other receivables	23	1,979	2,507
Financial assets valued at fair value through profit or loss	19	39	–
Cash and short-term deposits	24	48,499	57,010
Non-current assets classified as held for sale		–	–
TOTAL ASSETS		**276,597**	**288,308**

EQUITY AND LIABILITIES			
Share capital	25	167,091	167,091
The surplus from the sale of shares above their nominal value		62,423	62,423
Retained gains		29,094	34,643
Total equity		**258,608**	**264,157**
Non-current liabilities		**320**	**346**
Provisions	27	282	224
Long-term accruals and deferred income	28.3	38	122
Current liabilities		**17,669**	**23,805**
Trade liabilities	28.1	4,688	5,568
Other liabilities	28.1; 28.2	5,337	6,221
Financial liabilities	16.2; 28.1	–	433
Income tax liabilities	28.2	–	2,521
Provisions	27	256	256
Accrued expenses and deferred income	28.3	7,388	8,806
Total liabilities		**17,989**	**24,151**
TOTAL EQUITY AND LIABILITIES		**276,597**	**288,308**

(in PLN thousand)

CASH FLOWS STATEMENT
for the year ended 31 December 2012

	Note	Year ended 31 December 2012	Year ended 31 December 2011
Cash flows from investing activities			
Gross profit		33,060	37,032
Adjustments:		**(3,724)**	**(3,077)**
Amortization	10.6	10,235	9,881
Change in inventories		(703)	(78)
Change in receivables		1,563	5,634
Change in liabilities, excluding credits and loans		(466)	(3,862)
Change in accruals and prepayments		(1,398)	(1,627)
Change in provisions		58	(794)
Revenues on interest		(2,242)	(2,239)
Interest expense		4	24
Investment gain/(loss)		(762)	(330)
Other		–	717
Income tax paid		(10,013)	(10,403)
Net cash from operating activities		**29,336**	**33,955**
Cash flows from investing activities			
Proceeds from the sale of non-financial assets		1,669	3,051
Acquisition of property, plant and equipment		(3,042)	(4,547)
Purchase of intangible assets		(6,519)	(6,493)
Acquisition/settlement of financial at fair value through profit or loss		79	(12)
Established bank deposits		(40,066)	(39,700)
Cash returned from bank deposits		79,766	47,955
Interest received		2,285	2,092
Net cash from investing activities		**34,172**	**2,346**
Cash flows from investing activities			
Dividend paid		(32,081)	(30,076)
Repayment of interest		(4)	(24)
Repayment of liabilities under lease agreements		(191)	(432)
Net cash from financial activities		**(32,276)**	**(30,532)**
Increase/(Decrease) in net cash and cash equivalents		31,232	5,769
Net differences in exchange rates		–	–
Opening cash	24	**16,968**	**11,199**
Closing cash	**24**	**48,200**	**16,968**

(in PLN thousand)

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Share capital	Surplus from the sale of shares above their nominal value	Retained profit/(loss) and current period	Total equity
As at 1 January 2012	**167,091**	**62,423**	**34,643**	**264,157**
Total income for period	–	–	26,532	**26,532**
Payment of dividends	–	–	(32,081)	**(32,081)**
As at 31 December 2012	**167,091**	**62,423**	**29,094**	**258,608**

	Share capital	Surplus from the sale of shares above their nominal value	Retained profit/(loss) and current period	Total equity
As at 1 January 2011	**167,091**	**62,423**	**34,885**	**264,399**
Total income for period			29,834	**29,834**
Payment of dividends	–	–	(30,076)	**(30,076)**
As at 31 December 2011	**167,091**	**62,423**	**34,643**	**264,157**

Accounting rules (policies) and supplementary notes (in PLN thousand)

ACCOUNTING RULES (POLICIES) AND SUPPLEMENTARY NOTES

1. General Information

These financial statements of Asseco Business Solutions SA covers the year ended 31 December 2012 and includes comparative data for the year ended 31 December 2011.

Asseco Business Solutions SA ("Company", "unit") was created under a Notarial Deed dated 18 May 2001. The Company headquarters is located in Lublin, ul. Konrada Wallenroda 4c, 20-607.

The Company is registered in the Companies' Register of the National Court Register maintained by the District Court in Lublin, VI Economic Department of the National Court Register, under KRS: 0000028257 The Company has a business statistical number REGON 017293003.

The Company was established for an indefinite period of time.

Within the Asseco Capital Group, the Company comprises a Competence Centre for ERP systems, software for small and medium-sized enterprises and mobile management-supporting systems. This comprehensive offering includes the provision, adaptation and configuration of business applications for enterprises, design and construction of infrastructure at the client or in the outsourcing model, providing equipment and system software of renowned partners, training for client's personnel, service and remote support for users. Asseco Business Solutions owns a Data Centre whose capacity parameters meet the highest standards of security, reliability and effectiveness of systems operation.

Direct parent entity of Asseco Business Solutions SA is Asseco Poland SA, which holds 46.47% of the Company's shares and, in accordance with the Company's Articles of Association, is able to exercise its right to appoint three of the five members of the Supervisory Board as long as it remains a Company's shareholder holding at least 20% of the Company's share capital.

2. Composition of the Management Board

On 31 December 2012, the Management Board of the Company consisted of:

Wojciech Barczentewicz	President of the Management Board
Piotr Masłowski	Vice-President of the Management Board
Mariusz Lizon	Member of the Management Board

On 20 June 2012, Mr. Romuald Rutkowski tendered his resignation from the position of President of the Management Board and as member of the Management Board of Asseco Business Solutions SA effective from 30 June 2012.

On 2 July 2012, the Supervisory Board appointed Mr. Wojciech Barczentewicz to act in the capacity of the President of the Management Board of Asseco Business Solutions SA.

On 2 July 2012, the Supervisory Board appointed Mr. Jaroslaw Adamski as member of the Management Board for the current term. The appointment of a member of the Management Board is done for a definite period of time until the date of registration in the relevant register of the resolution of the Extraordinary General Meeting convened on 25 July 2012 concerning the amendment to Article 14(2) of the Articles of Association determining the minimum number of members of the Management Board to be fewer than 4.

On 5 October 2012, as a result of the official registration of the amendments to the Company's Articles of Association, Mr. Jarosław Adamski was dismissed from the position of a member of the Management Board.

On 31 December 2012, the Supervisory Board of the Company consisted of:

Romuald Rutkowski	Chairman of the Supervisory Board
Adam Góral	Vice-Chairman of the Supervisory Board
Zbigniew Pomianek	Member of the Supervisory Board

Adam Pawłowicz	Member of the Supervisory Board
Grzegorz Ogonowski	Member of the Supervisory Board

The Supervisory Board does not operate through separate committees, the committees' duties are performed by the Supervisory Board.

On 20 June 2012, the Company received a notice of resignation from Mr. Jarosław Adamski as member of the Supervisory Board of Asseco Business Solutions SA effective from 30 June 2012.

On 20 June 2012, Mr. Adam Góral tendered his resignation as Chairman of the Supervisory Board of Asseco Business Solutions SA effective from 30 June 2012.

On 20 June 2012, the Company received a statement of Asseco Poland SA on the appointment to the Supervisory Board of Asseco Business Solutions SA of Mr. Romuald Rutkowski, effective from 1 July 2012.

3. Approval of the financial statements

These financial statements were approved for publication by the Management Board on 4 March 2013.

4. Significant values based on estimates and professional judgement

4.1. Professional judgement

In the process of applying accountancy rules (policies) to the issues listed below, of utmost importance, in addition to accounting estimates, was professional judgement of the management.

Classification of lease agreements

The Company classifies leases as operating or finance based on an assessment of the extent to which risks and benefits of ownership of the leased item fall in the share of the lessor and the lessee, respectively. This assessment is based on the economic substance of each transaction.

4.2. Estimation uncertainty

Below, the main assumptions have been made about the future and other key sources of uncertainty occurring on the balance sheet date, which carry a significant risk of substantial adjustments to the carrying amounts of assets and liabilities within the next financial year.

Impairment of assets

The Company tests goodwill for impairment. This requires an estimate of the value in use of the cash-generating unit to which goodwill has been allocated. Estimating the value in use consists in determining future cash flows generated by the cash-generating unit and requires the discount rate to use in order to calculate the present value of those cash flows. Discount factor is the weighted average cost of capital (WACC). Assumptions adopted to that end are set out in Note 18.

Valuation of provisions for employee benefits

Provisions for employee benefits were estimated using actuarial methods. Assumptions adopted to that end are set out in Note 21. A change in financial indicators underlying the estimation, i.e. an increase in the discount rate by 1% and a decline in wage rate by 1% would cause a decrease in the provision by PLN 64 thousand.

Deferred tax asset

The Company recognizes deferred tax asset based on the assumption that the future tax profits will be achieved allowing for its use. Deterioration of the tax results in the future could make the assumption unjustified.

The fair value of financial instruments

The fair value of financial instruments, for which there is no active market, is determined by appropriate valuation techniques. When selecting appropriate methods and assumptions, the Company is guided by professional judgement.

Revenue recognition

The Company uses the percentage method of work progress in accounting for long-term contracts. The use of this method requires the Company to estimate of the proportion of the work done so far to the total services to be provided.

Amortization rates

The amount of amortization rates is determined on the basis of the expected economic lifetime of tangible fixed assets and intangible assets. The Company will review annually the adopted periods of economic useful life based on current estimates.

5. Basis for the preparation of these financial statements

These financial statements have been prepared in accordance with the historical cost accounting model, except for derivative financial instruments measured at their fair value.

These financial statements are presented in zloty ("PLN") and all values, unless specified otherwise, are given in thousands of PLN.

While preparing these financial statements, it was assumed that the Company would continue its business activity in the foreseeable future. At the date of approval of these financial statements, no fact or circumstances were identified that might pose a threat to the Company in continuing its business.

5.1. Compliance statement

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS adopted by the EU. On the day of approval of these financial statements for publication, taking into consideration the EU's ongoing process of introducing the IFRS and activities conducted by the Company, there is no difference in the accounting rules applied by the Company between the IFRS, which entered into force, and the IFRS adopted by the EU.

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

5.2. Functional currency and reporting currency

The functional currency of the Company and the reporting currency of these financial statements is the Polish zloty (PLN).

6. Changes in accounting rules used

The accounting rules (polices) used to prepare these financial statements are consistent with those applied in preparing the Company's financial statements for the year ended 31 December 2011,
except that the following amendments to the standards were applied along with new interpretations effective for the annual periods beginning on 1 January 2012:

- Amendments to IFRS 7 *Financial Instruments: Disclosures*: *Transfer of Financial Assets* – applicable to annual periods beginning on or after 1 July 2011.
- Amendments to IAS 12 *Income Tax*: *Recovery of Underlying Assets* – applicable to annual periods beginning on or after 1 January 2012.

- Amendments to IFRS 1 *First-Time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* - applicable to annual periods beginning on or after 1 July 2011.

The application of these amendments had no impact on the Company's financial position or performance, nor on the extent of information presented in the Company's financial statements.

The Company has not opted for early application of any other standard, interpretation or amendment that has been published but has not yet entered into force.

7. New standards and interpretations that have been published and not yet in force

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee and are not yet in force:

- IFRS 10 *Consolidated Financial Statements* – applicable to annual periods beginning on or after 1 January 2013,
- IFRS 11 *Joint Ventures* – applicable to annual periods beginning on or after 1 January 2013,
- IFRS 12 *Disclosure of Interests in Other Entities* – applicable to annual periods beginning on or after 1 January 2013.
- IFRS 13 *Fair Value Measurement* – applicable to annual periods beginning on or after 1 January 2013,
- IAS 27 *Consolidated and Separate Financial Statements* – applicable to annual periods beginning on or after 1 January 2013,
- IAS 28 *Investment in Associates and Joint Ventures* – applicable to annual periods beginning on or after 1 January 2013,
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* – applicable to annual periods beginning on or after 1 January 2013,
- Amendments to IFRS 7 *Financial Instruments: Disclosures*: *Compensation of Financial Assets and Liabilities* - applicable to annual periods beginning on or after 1 January 2013,
- Amendments to IAS 32 *Financial Instruments: Presentation: Compensation of Financial Assets and Liabilities* - applicable to annual periods beginning on or after 1 January 2014,
- Amendments to IAS 19 *Employee Benefits* – applicable to annual periods beginning on or after 1 January 2013,
- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Other Comprehensive Income* - applicable to annual periods beginning on or after 1 July 2012,
- Phase 1 of IFRS 9 *Financial Instruments: Classification and Measurement* – applicable to annual periods beginning on or after 1 January 2015 - not approved by the EU until the date of approval of these financial statements. In the subsequent phases, the International Accounting Standards Board will address hedge accounting and impairment. Application of Phase 1 of IFRS 9 will have an impact on the classification and measurement of the Company's financial assets. The Company will assess this impact in conjunction with other phases, as soon as they are published in order to present coherent data.
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*: *Government Loans* – applicable to annual periods beginning on or after 1 January 2013 - not approved by the EU until the date of approval of these financial statements.

Accounting rules (policies) and supplementary notes (in PLN thousand)

- Amendments resulting from the review of IFRS (published in May 2012) - applicable to annual periods beginning on or after 1 January 2013 – not approved by the EU until the date of approval of these financial statements.
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Units* (published on 31 October 2012) – applicable to annual periods beginning on or after 1 January 2011 – not approved by the EU until the date of approval of these financial statements.

The Management Board does not anticipate that the introduction of these standards and interpretations may have a significant impact on the Company's applicable accounting rules (policies).

8. Significant accounting policies

8.1. Conversion of items denominated in foreign currency

Transactions denominated in currencies other than the Polish zloty are translated into Polish zlotys at the rate applicable on the date of transaction.

On the balance sheet date, monetary assets and liabilities denominated in currencies other than the Polish zloty are converted into the Polish zloty using the average rate fixed at the end of the reporting period for a given currency by the National Bank of Poland. The resulting foreign exchange differences arising on translation are recognised as financial income (expense) or, in the cases referred to in the accounting rules (policies), capitalized as assets values. Non-monetary assets and liabilities recognised at historical cost expressed in foreign currency are restated at the rate on initial transaction date. Non-monetary assets and liabilities recognised at fair value denominated in foreign currency are restated at the rate of valuation to fair value.

For the purpose of valuation, the following exchange rates were adopted:

	31 December 2012	*31 December 2011*
USD	3.0996	3.4174
EUR	4.0882	4.4168

8.2. Property, plant and equipment

Property, plant and equipment, other than land, are stated at acquisition or production cost, less accumulated depreciation and impairment losses. Initial cost of property, plant and equipment comprises the acquisition cost plus all costs directly related to their acquisition and adaptation for use. This cost also includes the cost of replacing component parts of machinery and equipment when incurred, if relevant recognition criteria are met. Costs incurred after the date of commissioning of the asset to be used, such as maintenance and repair costs, are charged to profit or loss when incurred.

The purchase price of property, plant and equipment provided by the customer is measured at fair value at the date of taking over the control.

Property, plant and equipment at the time of purchase are divided into components which are items of significant value to which a specific period of economic useful life may be assigned. Components are also the cost of overhauls.

Depreciation is calculated on straight line basis over the estimated useful life of the asset, amounting to:

Type	**Period**	
Buildings and structures	10	years
Machinery and equipment	2-5	years
Office equipment	2-7	years
Motor vehicles	5	years
Computers	2-5	years

The residual value, useful life and depreciation method of assets are reviewed annually and, if necessary, adjusted with effect from the beginning of the financial year just ended.

The item of property, plant and equipment may be derecognised from the balance sheet if sold, or if there are no expected economic benefits resulting from its further use. Any gain or loss resulting from the derecognition of the asset from the balance sheet (calculated as the difference between the net sales proceeds and the carrying value of the asset) are recognized in profit or loss for the period in which such derecognition was made.

Investment in progress concern the tangible assets in the course of construction or assembly and are disclosed at purchase price or production cost, less any impairment losses. Tangible assets under construction are not subject to depreciation until the end of the construction and transfer of the asset to use.

8.3. Intangible assets

Intangible assets acquired in separate transactions, or produced (if they meet the recognition criteria for the development costs) are valued at initial recognition, respectively in the purchase price or production cost. The purchase price of intangible assets acquired in a business combination is equal to their fair value at the date of the combination. After initial recognition, intangible assets are valued at acquisition or production cost less accumulated amortization and impairment losses. Expenditures incurred on intangible assets produced in-house, with the exception of capitalized expenditures on development work, are not capitalised and are included in the cost of the period in which they are incurred.

The Company determines whether the useful life of intangible assets is determined or undetermined. Intangible assets with determined useful lives are amortised over the useful life and tested for impairment whenever there are indications of loss of their value. The period and the amortization method for intangible assets with limited useful lives are reviewed at least at the end of each financial year. Changes in the expected useful life, or expected pattern of consumption of economic benefits from the asset are accounted for by a change of the period or amortization method, and treated as changes in accounting estimates. Amortization charge for intangible asset with determined use is recognized in profit or loss in the category which corresponds to the function of the intangible asset.

Intangible assets with undetermined useful lives and those which are not occupied, are tested annually for possible impairment in respect of individual asset or at the level of cash-generating unit.

Periods of use are subject to annual review and, if necessary, adjusted with effect from the beginning of the just-completed financial year.

Costs of research and development

Research costs are recognised in profit or loss when incurred. Expenditure on development activities carried out within a project are carried forward to a further period if it can be concluded that they will be recovered in the future. After initial recognition of expenditure on development, the historical cost model is applied which requires that the assets were recorded at purchase price less any accumulated amortization and accumulated impairment losses. Capitalized expenditure is amortized over the projected period of obtaining revenues from the sale of a given project.

Goodwill

Goodwill on acquisition of a business entity is initially recognized at cost constituting the surplus of the amount: i) of the payment transferred, ii) of the amount of all non-controlling shares in the acquiree, and iii) in the case of combining entities executed at fair value as at the day of acquiring share in the capital of the acquiree, formerly owned by the acquirer, over the net amount determined as at the day of acquiring values of the identifiable acquired assets and assumed liabilities.

After initial recognition, goodwill is recorded at acquisition cost less any accumulated impairment losses. Impairment test is carried out annually or more frequently if there are grounds for doing so. Goodwill is not amortized.

At the date of acquisition, goodwill acquired is allocated to each cash-generating units that can benefit from the merger synergy. Each unit or group of units to which goodwill has been allocated:

- corresponds to the lowest level in the Company, at which goodwill is monitored for internal management and
- is not greater than one operating segment determined in accordance with IFRS 8 *Operating Segments*.

An impairment loss is determined by estimating the recoverable amount of cash-generating unit to which a given goodwill is allocated. Where the recoverable value of the cash-generating unit is less than carrying value, impairment loss is recognised. Where goodwill forms part of the cash-generating unit and part of the activities within the unit is sold, in determining profit or loss from sales of such an activity, goodwill associated with the sold activity is included in its carrying amount. In such circumstances, the sold goodwill is determined on the basis of the relative value of sold activity and the value of what remains of the cash-generating unit.

Summary of the rules applicable to the Company's intangible assets is as follows:

	Patents and licences	*Cost of development*	*Computer software*
Periods of use	Unspecified. For patents and licences used under an agreement for a specified period of time, this period will be adopted having regard to the additional period for which the use may be extended.	2 – 5 years2 – 5 years	
Used method of amortisation	Values for an indefinite period of use are not amortized or revaluated. Amortized over the term of the agreement (2 - years) - straight-line method.	2 - 5 years straight-line	2 - 5 years straight-line
Generated internally or acquired	Acquired	Generated internally	Acquired
Impairment test	An indefinite useful life - annual and if there is evidence of impairment. For other - annual assessment of whether there had been indications of impairment.	Annual (for the assets yet to use) and if there is evidence of impairment.	Annual assessment of whether there had been indications of impairment.

Gains or losses resulting from the removal of intangible assets from the balance sheet are valued according to the difference between net sales proceeds and the carrying amount of the asset, and are recognized in profit or loss during derecognition.

8.4. Lease

The Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and rewards of ownership of the leased asset, are recognised in the balance sheet at the inception of the lease at the lower of the following two values: the fair value of an asset being the subject of lease or current value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the outstanding lease liability so as to obtain a constant periodic rate of interest on the remaining balance of the liability. Financial expenses are recognised in profit or loss, unless the requirements of capitalization are met.

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

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

Conditional lease payments are recognized as an expense in the period in which they fall due.

8.5. Impairment of non-financial assets

At every balance sheet date, the Company carries out valuation of its non-financial assets concerning any possible impairment. If any such indication exists, or if it is necessary to perform an annual impairment test, the Company shall estimate the recoverable amount of an asset or cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is fair value less costs of selling the asset or, where appropriate cash-generating unit, its value in use, depending on whichever is higher. The recoverable amount is determined for individual assets, unless the asset does not generate cash inflows independently, most of which are independent from those that are generated by other assets or groups of assets. If the carrying value of an asset exceeds its recoverable value, impairment charges are made reducing the carrying value to the level of recoverable value. When estimating the value in use, projected cash flows are discounted to their present value using a discount rate before the effects of taxation, which reflects the current market estimate of time value of money and the risks specific to the asset. Impairment losses for assets used in continuing operations are recognised in these categories of costs that correspond to the functions of the asset for which impairment was found.

At each balance sheet date, the Company assesses whether there is any indication that an impairment loss, which was included in previous periods for an asset, is redundant, or whether it should be reduced. If any such indication exists, the Company estimates the recoverable amount of the asset. Previously recognised impairment loss is reversed if and only if since the last impairment loss recognised, there has been a change in the estimates used to determine the recoverable amount of the asset. In this case, the carrying value of an asset is increased to its recoverable amount. The increased value cannot exceed the asset's carrying value that would have been determined (after allowing for depreciation), if in previous years no impairment loss had been recognised in respect of that asset. Reversal of impairment loss for an asset is recognized immediately as income. After the reversal of an impairment, amortization/depreciation charge for the asset in subsequent periods is adjusted in a way that allows systematic write-down of its revised carrying value less its residual value throughout the remaining useful life.

8.6. Cost of external borrowing

Borrowing costs are capitalized as part of the manufacturing cost of fixed assets and intangible assets. Borrowing costs consist of interest calculated using the effective interest method, the financial burden of financial lease contracts and foreign exchange differences incurred in connection with external borrowing to the amount corresponding to the adjustment of interest expense.

8.7. Shares in subsidiaries, associates and joint ventures

Shares in subsidiaries, associates and joint ventures are stated at historical cost, including impairment losses.

8.8. Financial assets

Financial instruments are divided into the following categories:

- Financial assets held to maturity,
- Financial assets valued at fair value through profit or loss,
- Granted loans and receivables,
- Financial assets available for sale.

Financial assets held to maturity are non-derivative financial assets quoted in an active market of definite or definable payments and fixed maturity that the Company intends and is able to hold to that time, other than:

- designated upon initial recognition as at fair value through profit or loss,
- designated as available for sale,
- meeting the definition of loans and receivables.

Financial assets held to maturity are valued at amortized cost using the effective interest rate. Financial assets held to maturity are classified as non-current assets if their maturity exceeds 12 months from the balance sheet date.

A financial asset measured at fair value through profit or loss is an asset fulfilling one of the following conditions:

a) is classified as held for trading. Financial assets are classified as held for trading if they are:
   - acquired principally for the purpose of sale in the short term,
   - part of a portfolio of identified financial instruments that are managed together and for which there is a likelihood of obtaining a profit in the short term,
   - derivative instruments, excluding derivatives, which are part of hedge accounting and financial guarantee contracts,

b) in accordance with IAS 39, it was qualified for this category at initial recognition.

Financial assets measured at fair value through profit or loss are measured at fair value taking into account their market value on the balance sheet date without taking into account the costs of sale. Changes in the value of these financial instruments are recognized in the statement of comprehensive income as income (favourable net changes in fair value) or financing costs (unfavourable net changes in fair value). If a contract contains one or more embedded derivatives, the entire contract may be classified into categories of financial assets measured at fair value through profit or loss. This does not apply to cases where the embedded derivative does not significantly affect the cash flows under the contract or it is clear without any, or after a cursory examination, that if a similar hybrid instrument were to be the first taken into account, then the separation of the embedded derivative would be prohibited. Financial assets may originally be designated as measured at fair value through profit or loss if the following criteria are met: (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch), or (ii) assets are part of a group of financial assets that are managed and evaluated at fair value, according to a documented risk management strategy, or (iii) financial assets contain embedded derivatives that should be recognised separately.

Loans and receivables are financial assets not included under derivatives and having fixed or determinable payments not quoted in the active market. They are classified as current assets if the maturity date does not exceed 12 months from the balance sheet date. Loans and receivables with the maturity date exceeding 12 months from the balance sheet date are classified as fixed assets.

Financial assets available for sale are non-derivative financial assets, which have been classified as available for sale or belonging to any of the aforementioned three categories of assets. Financial assets available for sale are recognized at fair value plus transaction costs that may be directly attributable to the acquisition or issue of a financial asset. In the absence of stock quotes in the active market and the inability to reliably determine their fair value alternatively, financial assets available for sale are valued at cost adjusted for impairment loss of value. Positive and negative difference between the fair value of assets available for sale (if there is a fixed market price in the active regulated market or whose fair value can be reliably determined in any other way) and their purchase price, net of deferred tax, is recognized in other comprehensive income. Decline in the value of assets available for sale due to loss of value is recognised as financial expense.

Purchase and sale of financial assets are recognised at the date of the transaction. On initial recognition, a financial asset is measured at fair value plus, in the case of an asset unqualified as measured at fair value through profit or loss, transaction costs, which can be directly attributable to the acquisition.

A financial asset is removed from the balance sheet when the Company loses control over contractual rights that make up a financial instrument; it usually occurs when an instrument is sold, or if all the cash flows attributable to that instrument are transferred to an independent third party

8.9. Impairment of financial assets

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

8.9.1 Assets carried at amortized cost

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. Such reversal of the impairment write-down shall be recognized in profit or loss to the extent that the carrying amount of the financial asset does not exceed its amortized cost at the date the impairment is reversed.

8.9.2 Financial assets carried at cost

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

8.9.3 Financial assets available-for-sale

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

8.10. Embedded derivatives

Embedded financial derivatives shall be separated from host contracts and treated as financial derivatives, if the following conditions are jointly met:

- the economic characteristics and risks of the embedded instrument are not closely related to economic characteristics and risks of the contract in which the instrument is embedded;
- on a standalone basis, the embedded instrument meets the definition of a derivative financial instrument;
- a hybrid (combined) instrument containing the embedded financial derivative is not measured at fair value and the adjustments of its fair value are not recognised in profit or loss.

Embedded derivatives are recognized in the same way as other derivatives that are not designated as hedging instruments.

The extent to which, in accordance with IAS 39, the economic characteristics and risks specific to the embedded derivative in a foreign currency are closely related to the economic characteristics and risks applicable to the main contract (host contract) also covers situations where the currency of the main contract is the customary currency for acquisition or sales contracts for non-financial items in the market for a given transaction.

The assessment whether an embedded derivative shall be subject to separation is made by the Company at the time of initial recognition.

8.11. Derivative financial instruments and security

Derivatives used by the Company to hedge against the risks associated with changes in interest rates and exchange rates are primarily foreign exchange forward contracts. This type of derivative financial instruments are measured at fair value. Derivatives are presented as assets when their value is positive, and as liabilities when their value is negative.

Gains and losses arising from changes in fair value of derivatives, which do not meet the hedge accounting rules, are taken directly to the net profit and loss in the financial year.

The fair value of foreign exchange forward contracts is determined by reference to current forward rates occurring in contracts with similar maturity. The Company does not apply hedge accounting.

8.12.
Inventories

Inventories are valued at the lower of the following two values: purchase price/production cost or net realizable value.

The purchase price or production cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, both in the current and previous year, and are determined as follows:

Materials	• in the purchase price determined by the "first in-first out" method;
Finished products and work-in-progress	• cost of direct material and labour and an appropriate mark-up of indirect production overheads determined given the normal capacity utilization, excluding borrowing costs;

Goods
- in the purchase price determined by the "first in-first out" method.

The selling net realizable price is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

8.13. Trade receivables and other receivables

Trade receivables are recognized and carried at original invoiced amounts, including an allowance for doubtful debts. Allowance for receivables is evaluated when the recovery of the full amount is no longer probable.

Where the effect of the value of money in time is material, the amount of receivables is be determined by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the value of money in time. Where discounting method is used, the increase in receivables due to the passage of time is recognized as financial income.

Other receivables include, in particular, advances provided for future purchases of inventory and services, budget receivables, receivables on accrued income, other commercial settlements for the security and the security deposit. Advances are presented in accordance with the nature of the assets to which they relate - to as fixed assets or current assets. As non-monetary assets, advances are not discounted.

Budget receivables are presented under other non-financial assets, excluding receivables of corporate income tax, which constitute a separate item on the balance sheet.

8.14. Cash and short-term deposits

Cash and short-term deposits presented in the balance sheet consist of cash at bank and in hand and short-term cash deposits. The balance of cash and cash equivalents presented in the statement of cash flows consists of cash at bank and in hand and bank deposits with the original maturity not exceeding three months. Short-term deposits with the original maturity over three months are considered for the sake of the statement of cash flows as part of investment activity.

8.15. Interest-bearing bank credits, loans and debt securities

All the bank credits, loans and debt securities are initially recognized at fair value less the costs related to obtaining a credit or loan.

Subsequently to such initial recognition, bank credits, loans and debt securities are measured at amortized purchase price using the effective interest rate.

Determination of the amortized purchase price shall take into account the costs related to obtaining a credit or loan, as well as the discounts or bonuses obtained on repayment of the liability.

Gains and losses are recognized in the profit and loss after the liability has been removed from the balance sheet and as a result of the settlement by the effective interest rate method.

8.16. Trade and other liabilities

Current trade liabilities are recognised in an amount requiring payment. Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially qualified for the category measured at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired in order to be sold in the near future. Derivatives, including separated embedded instruments, are also classified as held for trading unless they are recognised as effective hedging instruments. Financial liabilities may originally be recognised as measured at fair value through profit or loss if the following criteria are met: (i) such designation eliminates or significantly reduces recognition inconsistency, when both the measurement and recognition of gains or losses are subject to other regulations, or (ii) liabilities are part of a group of financial liabilities that are managed and evaluated based on fair value, according to a documented risk management strategy, or (iii) financial liabilities contain embedded derivatives that should be recognised separately.

Financial assets measured at fair value through profit or loss are measured at fair value taking into account their market value on the balance sheet date without taking into account the costs of sale. Changes in the fair value of these instruments are recognised in profit or loss as an expense or income accounts.

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

The Company excludes financial liabilities from its balance sheet when a liability expires, i.e. when the obligation specified in the contract is fulfilled, cancelled or has expired. Replacement of the existing debt instrument by instrument of substantially different conditions made between the same parties the Company recognises as the expiry of the original financial liability and the recognition of a new financial liability. Similarly, significant modifications to a contract for the existing financial liability are recognised by the Company as termination of the initial and recognition of a new financial liability. Any differences arising through the change and related to the carrying value are recognised in profit or loss.

Other non-financial liabilities comprise in particular liabilities to the Inland Revenue for value added tax, social insurance liabilities, wage liabilities, liabilities for the valuation of long-term IT contracts and liabilities arising from received advances, which will be settled by delivery of goods, services or fixed assets. Other non-financial liabilities are recognised in an amount requiring payment.

8.17. Provisions

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

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

8.18. Retirement benefits

According to the Company's remuneration system, the Company's employees are entitled to retirement benefits. Retirement benefits are paid only once, at the time of retirement. The amount of retirement benefits depend on length of service and average salary of the employee. The Company creates a provision for future liabilities for retirement benefits in order to assign costs to the periods to which they relate. According to IAS 19, retirement benefits are defined as post-employment benefit programmes. Current value of these liabilities for each balance sheet date is calculated by an independent actuary. Accrued liabilities are equal to the discounted payments, which will be made in the future, taking into account the rotation of employment, and concern the period to the balance sheet date. Demographic information and information about job rotation are based on historical data. Gains and losses on actuarial calculations are recognized in profit or loss.

8.19. Revenues

Revenues are recognized in the amount reflecting probable economic benefits associated with a given transaction to be obtained by the Company and when the amount of revenue can be measured reliably. Revenues are recognized at fair value of the consideration received or receivable, net of value added tax (VAT) and discounts. While recognizing revenues, the following criteria are also taken into account.

8.19.1 Sales of goods and products

Revenues are recognized when the significant risks and benefits of ownership of the goods and products have been transferred to the buyer, and the amount of revenue can be measured reliably.

8.19.2 Provision of services

Revenues from services are recognised based on the percentage of their completion. The percentage of the progress of service is determined as the ratio of the number of completed man-hours to the estimated number of man-hours needed to complete the work, or as the ratio of costs incurred to the estimated costs necessary to complete the work.

Should it be impossible to estimate reliably the result of the contract, the revenues shall only be recognized in the amount of costs incurred which the Company expects to recover.

8.19.3 Interest

Interest income is recognized as it accrues (taking into account the effective interest rate which accurately discounts future cash flows during the estimated period of use of a financial instrument) to the net carrying value a financial asset.

8.19.4 Dividends

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

8.19.5 Revenue from rent (operating lease)

Revenues from rental of investment property are recognised on a straight-line basis over the rental period for open contracts.

8.19.6 Government subsidies

If there is reasonable certainty that the subsidy is received and all the relevant conditions are met, the government subsidies are recognized at their fair value.

When a subsidy relates to an item of cost, then it is recognized as income in a manner commensurate with the costs that this grant is intended to compensate. If a subsidy corresponds to a specific asset, then its fair value is first recognized in the deferred income account to be afterwards gradually written off, by way of equal annual write-offs, and recognised as income in profit or loss over the estimated useful life of the related asset.

8.20. Taxes

8.20.1 Current tax

Current tax liabilities and receivables for current and previous periods are measured at the amounts expected to be paid to the tax authorities (which are recoverable from tax authorities), using the tax rates and tax laws, which were legally in force at the balance sheet date.

8.20.2 Deferred tax

For the purpose of financial reporting, deferred tax is calculated applying the balance sheet liability method to all temporary differences that exist, at the balance sheet date, between the tax base of an asset or liability and its carrying value in the balance sheet.

Deferred income tax provisions are established in relation to all positive temporary differences:

- except for situations when a deferred tax provision arises from initial recognition of goodwill or initial recognition of an asset or liability on a transaction other than combination of companies, which at the time of its conclusion has no influence on gross profit or loss and taxable income or tax loss, and
- in relation to positive temporary differences arising from investments in subsidiary or associated companies or from participation in joint ventures – except for situations when the investor is able to control the timing of reversal of such temporary differences and when it is probable that such temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognized in relation to all negative temporary differences, as well as unutilized deferred tax assets or unutilized tax losses carried forward to subsequent years, in such amount that it is probable that future taxable income will be sufficient to allow the above-mentioned temporary differences, assets or losses to be utilized.

- except when deferred tax assets related to negative temporary differences arise from initial recognition of an asset or liability on a transaction other than combination of companies, which at the time of its conclusion has no influence on gross profit or loss and taxable income or tax loss, and
- in the case of negative temporary differences arising from investments in subsidiary or associated companies or from participation in joint ventures, deferred tax assets are recognized in the balance sheet in such amount only that it is probable that the above-mentioned temporary differences will be reversed in the foreseeable future and that sufficient taxable income will be available to offset such negative temporary differences.

The carrying value of an individual deferred tax asset is verified at every balance sheet date and is adequately decreased or increased in order to reflect any changes in the estimates of achieving taxable profit sufficient to utilize such deferred tax asset partially or entirely. An asset not included in deferred tax will be reassessed at each balance sheet and is recognised to the extent that reflects the likelihood of achieving future taxable income conducive to the recovering of the asset.

Deferred tax assets and deferred tax provisions are valued using the future tax rates anticipated to be applicable at the time when a deferred tax asset is realized or a deferred tax provision is reversed, the basis for which will be the tax rates (and tax regulations) legally or factually in force at the balance sheet date.

Income tax relating to items recognised outside profit or loss is recognised outside profit or loss: in other comprehensive income relating to items recognised in other comprehensive income or directly in equity relating to items recognised directly in equity.

The Company offsets deferred tax assets against deferred tax provisions if and only if it has a legally enforceable right to offset receivables against liabilities for current tax, and deferred tax is linked to the same taxpayer and same tax authority.

8.20.3 Value added tax

Revenues, expenses and assets are recognised in the amounts excluding value added tax unless:

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

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

8.21. Net profit per share

Net profit per share for each period is calculated by dividing the net profit for the period by the weighted average number of shares in the reporting period.

9. Operating segments

For the management purposes, the Company was divided into segments reflecting its manufactured products and rendered services. There are the following reportable operating segments:

ERP systems segment – ERP solutions based on the technology by Oracle and Microsoft that support company's management and original solutions intended for companies operating on the network of field representatives. The IT applications support business processes and information flow and are able to handle most areas of the business, including: finance and accounting, Business Intelligence, personnel management, payroll and HR, logistics and sales, production, and Internet tools. Technical capabilities allow these systems to be implement in various network architectures.

Outsourcing segment included: collocation, hosting, storage (backup copies and data archiving), monitoring, security solutions and the supply of technologies. IT outsourcing allows clients to not only control costs associated with the development of IT infrastructure, but also enable most optimum use of resources and management of IT processes in the company. Outsourcing services offered by Asseco BS were rendered based on own Data Processing Centre (DPC) and its top class, certified professional staff.

In the item of unallocated revenue, the presented sale is not attributable to any of the main Company's segments. Segment results do not include the unallocated part of administrative costs, the value of resold goods, materials and external services (COGS) related to unallocated sales and operating expenses of the organizational unit responsible for unallocated sales.

None of the Company's operating segments has been connected to another segment in order to create these reportable operating segments.

The Management Board monitors the operating results in separate segments in order to make decisions about allocating resources, assessing the impact of this allocation, and performance. The basis for the assessment of performance is profit or loss on operating activities, which to some extent, as explained in the table below, are measured differently than the profit or loss from operations in the financial statements. The financing of the

Accounting rules (policies) and supplementary notes (in PLN thousand)

Company (including costs and financial income) and income tax are monitored at the levels of the Company and they are not allocated to the segments.

Transaction prices used in transactions between operating segments are determined on the arm's length basis as in transactions with unrelated parties.

Year ended 31 December 2012	ERP systems	Outsourcing	**Total reportable segments**	Unallocated	**Activities total**
Sales to external customers	129,501	3,732	**133,233**	6,325	**139,558**
Sales between segments	–	–	**–**	–	**–**
Total segment revenue	**129,501**	**3,732**	133,233	**6,325**	139,558
Segment profit/(loss)	**29,029**	**329**	29,358	**1,081**	30,439
Other net operating income/ (expenses)				243	**243**
Net financial income/(expenses)				2,378	**2,378**
Income tax				(6,528)	**(6,528)**
Profit for the period	**29,029**	**329**	29,358	**(2,826)**	26,532
Segment assets	223,755	–	**223,755**	52,842	**276,597**
Other information					
Capital expenditure	8,214	276	**8,490**	1,109	**9,599**
Amortization	(9,878)	(304)	**(10,182)**	(53)	**(10,235)**

1. Segment operating profit does not include financial income (PLN 2,646 thousand), financial expenses (PLN 268 thousand), other operating income (PLN 537 thousand) and other operating expenses (PLN 294 thousand) and the result of unallocated activity (PLN 1,081 thousand).
2. Segment assets do not include deferred tax (PLN 1,069 thousand), cash and short-time deposits (PLN 48,499 thousand), non-current receivables (PLN 604 thousand), income tax receivables (PLN 1,297 thousand), financial assets measured at fair value through profit or loss (PLN 39 thousand) and other unallocated assets (PLN 1,334 thousand) because these assets are managed at the level of the Company.

Year ended 31 December 2011	ERP systems	Outsourcing	**Total reportable segments**	Unallocated	**Activity total**
Sales to external customers	139,564	12,198	**151,762**	6,363	**158,125**
Sales between segments	–	–	**–**	–	**–**
Total segment revenue	**139,564**	**12,198**	151,762	**6,363**	158,125
Segment profit/(loss)	**29,929**	**2,706**	32,635	**1,106**	33,741
Other net operating income/ (expenses)				1,199	**1,199**
Net financial income/(expenses)				2,092	**2,092**
Income tax				(7,198)	**(7,198)**
Profit for the period	**29,929**	**2,706**	32,635	**(2,801)**	29,834
Segment assets	222,485	5,704	**228,189**	60,119	**288,308**
Other information					

Capital expenditure	9,735	186	**9,921**	1,119	**11,040**
Amortisation/depreciation	(9,053)	(738)	**(9,791)**	(90)	**(9,881)**

1. Segment operating profit does not include financial income (PLN 2,410 thousand), financial expenses (PLN 318 thousand), other operating income (PLN 1,784 thousand) and other operating expenses (PLN 344 thousand) and the result of unallocated activity (PLN 1,106 thousand). Segment operating profit includes the government subsidy to assets (PLN 241 thousand), which in the financial statements is recognised as an item in other operating assets.
2. Segment assets do not include deferred tax (PLN 1,403 thousand), financial assets and short-term deposits (PLN 57,010 thousand), non-current liabilities (PLN 603 thousand) and unallocated assets (PLN 1,103 thousand) because these assets are managed at the level of the Company.

Geographic information

Revenues from external customers:

	Year ended 31 December 2012	Year ended 31 December 2011
Poland	133,111	150,355
Abroad, including:	6,447	7,770
- Netherlands	1,661	2,224
- France	1,508	1,597
- Spain	901	1,525
- Portugal	502	39
- Germany	81	415
- Baltic States (Lithuania, Latvia, Estonia)	336	479
- other	1,458	1,491
	139,558	**158,125**

This information on revenue is based on data from customers' headquarters. Non-current assets:

	31 December 2012	31 December 2011
Poland	23,503	25,444
	23,503	**25,444**

These non-current assets consist of tangible and intangible assets.

Accounting rules (policies) and supplementary notes (in PLN thousand)

10. Income and expense

10.1. Other operating income

Other operating income	Year ended 31 December 2012	Year ended 31 December 2011
Profit from the sale of non-financial assets Reversal of provisions	419	623
received compensation	–	732
grants Received	–	90
compensation Subsidies	–	241
Sales to employees	1	3
Other	117	95
	537	**1,784**

10.2. Other operating expenses

Other operating expenses	Year ended 31 December 2012	Year ended 31 December 2011
Donations to unrelated parties	(25)	(19)
Accident repair costs	(2)	(103)
Penalties and damages	(70)	(106)
Liquidation of fixed assets	(17)	(12)
Other operating expenses	(180)	(104)
	(294)	**(344)**

Accounting rules (policies) and supplementary notes (in PLN thousand)

10.3. Financial income

Financial income	Year ended 31 December 2012	Year ended 31 December 2011
Income from bank interest	2,241	2,239
Other interest income	45	28
Positive exchange rates	–	143
Gains from changes in fair value of currency derivatives - entered forward contracts	281	–
Gains from foreign currency derivatives - entered forward contracts	79	–
	2,646	**2,410**

10.4. Financial expenses

Financial expenses	Year ended 31 December 2012	Year ended 31 December 2011
Interest of finance lease	(4)	(24)
Negative exchange rates	(263)	–
Loss from changes in fair value of currency derivatives - entered forward contracts	–	(13)
Loss from foreign currency derivatives - entered forward contracts	–	(280)
Bank fees and charges	(1)	(1)
	(268)	**(318)**

10.5. Expenses by type

	Year ended 31 December 2012	Year ended 31 December 2011
The value of goods sold, materials and external services (COGS)	(18,736)	(27,246)
Consumption of materials and energy	(2,969)	(3,184)
External services	(18,225)	(20,487)
Payroll	(47,954)	(52,027)
Employee benefits	(9,351)	(9,276)
Amortization/depr	(10,235)	(9,881)
eciation Taxes	(835)	(896)
and fees Business	(661)	(964)
trips Other	(153)	(664)

Accounting rules (policies) and supplementary notes (in PLN thousand)

Total	**(109,119)**	**(124,625)**

Own cost of sales, including:	(89,044)	(103,421)
production cost	(70,308)	(76,175)
the value of resold goods, materials and external services (COGS)	(18,736)	(27,246)
Cost of sale	(3,210)	(4,057)
Cost of management and administration	(16,865)	(17,147)
Total	**(109,119)**	**(124,625)**

10.6. Amortization and depreciation costs and write-downs recognized in profit or loss

	Year ended 31 December 2012	Year ended 31 December 2011
The items included in cost of goods sold:		
Depreciation of fixed assets	(4,297)	(4,234)
Amortization of intangible assets	(4,731)	(3,570)
Impairment of inventories		
The items included in sales costs		
Depreciation of fixed assets	(65)	(100)
Amortization of intangible assets	21	(2)
The items included in general and administrative expenses:		
Depreciation of fixed assets	(471)	(1,311)
Amortization of intangible assets	(692)	(664)
	(10,235)	**(9,881)**

10.7. Employee benefit costs

	Year ended 31 December 2012	Year ended 31 December 2011
Payroll	(47,941)	(52,024)
Establishing retirement provision	(58)	(38)
Termination of retirement provision	–	–
Establishing/terminating provisions for unused leave	45	35
Total	**(47,954)**	**(52,027)**
Employee benefits, including:	(8,684)	(8,544)
Social security costs	*(8,001)*	*(7,733)*
CSBF	(667)	(732)
Total	**(9,351)**	**(9,276)**
Total employee benefit costs, including:	(57,305)	(61,303)
The items included in cost of goods sold	(44,586)	(47,489)
The items included in sales costs	(1,893)	(2,195)
The items included in general and administrative expenses	(10,826)	(11,619)

Accounting rules (policies) and supplementary notes (in PLN thousand)

11. Income tax

11.1. Tax burden

The main components of tax expense for the year ended 31 December 2012 and 31 December 2011 are as follows:

	Year ended 31 December 2012	Year ended 31 December 2011
Current income tax	(6,194)	(7,310)
Deferred income tax	(334)	112
Tax expense reported in the statement of comprehensive income, including:	**(6,528)**	**(7,198)**
Income tax attributed to continued activity	*(6,528)*	*(7,198)*

11.2. Approval of effective tax rate

Reconciliation of the income tax payable on gross profit according to the statutory tax rates with the income tax computed at the Company's effective tax rate for the year ended 31 December 2012 and 31 December 2011 is as follows:

	Year ended 31 December 2012	Year ended 31 December 2011
Gross profit before tax from continuing operations	33,060	37,032
Gross profit before tax from discontinued operations	–	–
Gross profit before tax	**33,060**	**37,032**
Income tax according to the statutory tax rate of 19% (2011 19%)	6,281	7,036
Adjustments to current income tax from previous years	–	–
Costs which are not deductible	247	208
Other	–	(46)
According to effective tax rate of: 19.75% (2011: 19.43%)	**6,528**	**7,198**
Income tax (charge) shown in profit and loss account	(6,528)	(7,198)
Income tax attributed to discontinued operations	–	–
	(6,528)	**(7,198)**

11.3. Deferred income tax

Deferred tax due to the following items:

Accounting rules (policies) and supplementary notes (in PLN thousand)

	Balance sheet		Profit and loss account for 12 months ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Provision for deferred tax				
Difference between fiscal value and accounting value of fixed assets and intangible fixed assets	(290)	(322)	32	345
Revaluation of currency contracts to fair value	(7)	–	(7)	3
Accrued sales revenues	(230)	(358)	128	164
Financial revenue from accrued interest	(57)	(65)	8	(28)
Other	–	(19)	19	(217)
Deferred tax gross provisions	**(584)**	**(764)**		
Deferred tax assets				
Retirement benefits	55	44	11	7
Difference between fiscal value and accounting value of fixed assets and intangible fixed assets	49	62	(13)	(3)
Valuation of financial assets to fair value	–	46	(46)	46
Provisions for bonuses, holidays, estimated costs	1,252	1,532	(280)	(354)
Revaluation write-downs on current assets	197	168	29	14
Deferred income	96	313	(217)	212
Other	4	2	2	(77)
Deferred tax gross assets	**1,653**	**2,167**		
Deferred tax net assets	**1,069**	**1,403**		
Deferred income tax charge			**(334)**	**112**

12. Social assets and liabilities to the Company Social Benefit Fund

The Act of 4 March 1994 on the Company Social Benefit Fund with amendments provides that the Company Social Benefit Fund be established by employers with over twenty full time employees. The Company maintains such a fund and makes periodic allowances of the basic allowance level. The objective of the Fund is to finance the social activities of the Company, loans to its employees and other social expenses.

The Company offset the Fund's assets with its commitments to the Fund because these assets do not fall within the definition of Company assets. Accordingly, the net balance at 31 December 2012 is PLN 13 thousand (at 31 December 2011: PLN 1 thousand).

The tables below break down the Fund's assets, liabilities and expenses.

	31 December 2012	31 December 2011
Fixed assets brought to the Fund	–	–
Loans granted to employees	50	24
Cash	87	196
Liabilities to the Fund	124	219
Balance after offset	**13**	**1**

Accounting rules (policies) and supplementary notes (in PLN thousand)

	Year ended 31 December 2012	Year ended 31 December 2011
Allowances to the Fund in the financial period	667	732

13. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of issued ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of issued ordinary shares outstanding during the period adjusted by the weighted average of ordinary shares, which would be issued on conversion of all dilutive potential equity instruments into ordinary shares.

Data on earnings and shares that were used to calculate the basic and diluted earnings per share:

	Year ended 31 December 2012	Year ended 31 December 2011
Net profit from continuing operations	26,532	29,834
Loss from discontinued operations	–	–
Net profit	26,532	29,834
Interest on redeemable preference shares convertible into ordinary shares	–	–
Net profit attributable to ordinary shareholders used in the calculation of diluted earnings per share	26,532	29,834
Weighted average number of issued shares used in the calculation of basic earnings per share	33,418,193	33,418,193
Effect of dilution:	–	–
Stock options	–	–
Redeemable preference shares	–	–
Adjusted weighted average number of ordinary shares used to calculate diluted diluted earnings per share	33,418,193	33,418,193

In the period between the balance sheet date and the date of these financial statements, there were no other transactions involving ordinary shares or potential ordinary shares.

14. Paid and proposed dividends

The dividend on ordinary shares for 2011, paid on 1 June 2012, amounted to PLN 32,081 thousand (for 2010 paid on 1 June 2011: PLN 30,076 thousand).

The dividend per share paid for 2011 amounted to PLN 0.96 (2010: PLN 0.9).

The Company has not paid an advance for dividend for the year 2012.

Accounting rules (policies) and supplementary notes (in PLN thousand)

15. Property, plant and equipment

Year ended 31 December 2012	Land and buildings	Machinery and equipment	Means of transport	Other fixed assets	Total
Gross value as at 1 January 2012	**5,513**	**24,065**	**5,978**	**2,530**	**38,086**
Acquisitions	–	2,301	560	181	**3,042**
Sales	(2,924)	(8,638)	(653)	(305)	**(12,520)**
Liquidation	(219)	(7,016)	–	(412)	**(7,647)**
Gross value as at 31 January 2012	**2,370**	**10,712**	**5,885**	**1,994**	**20,961**
Depreciation and write-downs as at 1 January 2012	**(2,617)**	**(17,484)**	**(2,811)**	**(1,348)**	**(24,260)**
Depreciation write-down for period	(455)	(3,201)	(854)	(361)	**(4,871)**
Sales	2,293	8,290	533	161	**11,277**
Liquidation	219	7,000	–	411	**7,630**
Depreciation and write-downs as at 31 December 2012	**(560)**	**(5,395)**	**(3,132)**	**(1,137)**	**(10,224)**
Net value as at 1 January 2012 2010	2,896	6,581	3,167	1,182	**13,826**
Net value as at 31 December 2012 2010	1,810	5,317	2,753	857	**10,737**

Year ended 31 December 2011	Land and buildings	Machinery and equipment	Means of transport	Other fixed assets	Total
Gross value as at 1 January 2011	**5,508**	**21,981**	**6,252**	**2,553**	**36,294**
Acquisitions	5	3,977	542	23	**4,547**
Sales	–	(1,005)	(816)	–	**(1,821)**
Liquidation	–	(888)	–	(46)	**(934)**
Gross value as at 31 January 2011	**5,513**	**24,065**	**5,978**	**2,530**	**38,086**
Depreciation and write-downs as at 1 January 2011	**(2,043)**	**(15,480)**	**(2,399)**	**(1,024)**	**(20,946)**
Amortization for the period	(574)	(3,638)	(1,064)	(370)	**(5,646)**
Sales	–	757	652	–	**1,409**
Liquidation	–	877	–	46	**923**
Depreciation and write-downs as at 31 December 2011	**(2,617)**	**(17,484)**	**(2,811)**	**(1,348)**	**(24,260)**
Net value as at 1 January 2011	3,465	6,501	3,853	1,529	**15,348**
Net value as at 31 December 2011	2,896	6,581	3,167	1,182	**13,826**

The carrying value of the machinery and equipment at 31 December 2012, under finance leases and lease purchase contracts, is PLN 0 (at 31 December 2011: PLN 525 thousand). No security deposit was set up as regards the assets operated under lease contracts and lease purchase contracts for the related obligations under finance lease and lease purchase contracts.

Land and buildings are not covered by mortgages to secure Company's bank loans.

Accounting rules (policies) and supplementary notes (in PLN thousand)

16. Lease

16.1. Commitments under operating lease – the Company as lessee

The Company has lease contracts on office space, which as at 31 December 2012 and as at 31 December 2011 entailed the following future minimum payments under the non-cancellable operating lease contracts:

	31 December 2012	31 December 2011
Within 1 year	4,786	5,515
In the period from 1 to 5 years	14,753	16,087
More than 5 years	–	2,119
	19,539	**23,721**

16.2. Commitments under finance lease and lease purchase contracts

As at 31 December 2012, the Company had no commitments under finance lease. As at 31 December 2011, the future minimum lease payments under these contracts and the current value of minimum net lease payments were as follows:

	31 December 2012		31 December 2011	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within 1 year	–	–	204	191
In the period from 1 to 5 years	–	–	–	–
More than 5 years	–	–	–	–
Total minimum lease payments	**–**	**–**	**204**	**191**
Minus financial expenses	–		(13)	
Current value of minimum lease payments, including:	**–**	**–**	**191**	**191**
Current		–		191
Non-current		–		–

17. Intangible assets

Year ended 31 December 2012	Patents and licences	Company goodwill	IA not put into use	Other	Total
Gross value as at 1 January 2012	**23,367**	**170,938**	**1,446**	**444**	**196,195**
Acquisitions	415	–	6,142	–	**6,557**
Transfer from IA in progress	6,039	–	(6,039)	–	**–**
Sales	(51)	–	–	–	**(51)**
Liquidation	(2,717)	–	–	–	**(2,717)**

Accounting rules (policies) and supplementary notes (in PLN thousand)

Gross value as at 31 January 2012	**27,053**	**170,938**	**1,549**	**444**	**199,984**
Amortisation and write-downs as at 1 January 2012	**(12,754)**	**–**	**(604)**	**(281)**	**(13,639)**
Amortisation write-down for period	(5,402)	–	–	–	**(5,402)**
Sales	44	–	–	–	**44**
Liquidation	2,717	–	–	–	**2,717**
Amortisation and write-downs as at 31 December 2012	**(15,395)**	**–**	**(604)**	**(281)**	**(16,280)**
Net value as at 1 January 2012 2010	10,613	170,938	842	163	**182,556**
Net value as at 31 December 2012 2010	11,658	170,938	945	163	**183,704**

Year ended 31 December 2011	Patents and licences	Company goodwill	IA not put into use	Other	Total
Gross value as at 1 January 2011	**15,648**	**170,938**	**2,672**	**444**	**189,702**
Acquisitions354		–	6,139	–	**6,493**
Transfer from IA in progress7,365		–	(7,365)	–	**–**
Sales	–	–	–	–	**–**
Liquidation	–	–	–	–	**–**
Gross value as at 31 January 2011	**23,367**	**170,938**	**1,446**	**444**	**196,195**
Amortization and write-downs as at 1 January 2011	**(8,519)**	–	–	**(281)**	**(8,800)**
Amortisation write-down for period	(4,235)	–	–	–	**(4,235)**
Sales	–	–	–	–	**–**
Liquidation	–	–	–	–	**–**
Write-down	–	–	(604)	–	**(604)**
Amortisation and write-downs as at 31 December 2011	**(12,754)**	**–**	**(604)**	**(281)**	**(13,639)**
Net value as at 1 January 2011 2010	7,129	170,938	2,672	163	**180,902**
Net value as at 31 December 2011 2010	10,613	170,938	842	163	**182,556**

Intangible assets not put into use are expenditure incurred in connection with the implementation of new software. The Management Board has analysed the current value of the costs with their recoverable amount and found that there is no need for an impairment loss.

18. Goodwill

Goodwill presented in the separate financial statements includes goodwill created from the merger of Asseco Business Solutions SA, Safo Sp. z o.o., Softlab Sp. z o.o., Softlab Trade Sp. z o.o. and WA-PRO Sp. z o.o., and goodwill on consolidation resulting from the merger of Asseco Business Solutions SA with Anica System SA.

	31 December 2012	31 December 2011
Carrying value of goodwill	170,938	170,938

Accounting rules (policies) and supplementary notes (in PLN thousand)

Goodwill is allocated to cash-generating unit, who was also a separate operating segment – ERP systems.

Goodwill is tested annually for impairment.

Key assumptions used to calculate the recoverable amount:

- The recoverable amount of the unit was estimated on the basis of use value, calculated on cash flow projections based on financial budgets approved by the Management Board and the Supervisory Board.
- A detailed forecast covered the period of 5 years, during which flows were assumed to increase in subsequent years; for the rest of the period of the unit's operation, the residual value was calculated with the assumed absence of flow increase.
- Probable increases in flows depend on the strategy for the whole Company and tactical plans of the units and take into account the conditions governing individual market; at the same time, they reflect the current and potential portfolio of orders. A potential portfolio of orders assumes the retention of current and prospecting for new customers. The envisaged increases do not depart from the average market growth.
- The discount rate is consistent with the weighted average cost of capital for the Company.

As a result of the test for impairment, it should be noted that on 31 December 2012, there was no need to apply impairment to goodwill.

	ERP systems
Goodwill assigned to cash-flow generating unit	170,938
Gross margin	32%
Growth rate	2% - 3%
Discount rate	7.75%
Recoverable amount of the cash-generating unit	348,404

The carrying value of a cash-generating unit comprises the sum of net operating assets attributable to the reporting segment, i.e. tangible fixed assets, intangible assets, goodwill, inventories, receivables and trade payables.

Sensitivity to changes in assumptions

Estimating the value in use of the unit shows certain sensitivity to changes in the assumptions concerning the discount rate and percentage increase in sales revenues. The Management Board is convinced, however, that no reasonably possible change in any of the key assumptions set out above will enable the carrying value of the unit to exceed the recoverable value.

If the budgeted increase in revenue used to calculate the value in use of the cash-generating unit were 1% lower than the estimates of the Management Board at 31 December 2012, the recoverable amount of the unit would be PLN 329 million.

If the estimated pre-tax discount rate used in discounted cash flow for the cash-generating unit was about 1% higher than the estimates of the Management Board, the recoverable amount of this unit would be PLN 335 million.

Accounting rules (policies) and supplementary notes (in PLN thousand)

19. Financial instruments valued at fair value through profit or loss

Financial assets	31 December 2012	31 December 2011
Short-term forward currency contracts	39	–
	39	**–**

The fair value of these derivative instruments is determined by reference to current exchange rates of comparable maturities available on the active market.

20. Other assets

20.1. Non-current receivables

	31 December 2012	31 December 2011
Other receivables	604	603
Total	**604**	**603**
- current	–	–
- non-current	604	603

Other receivables consist of deposits in escrow account securing the payment of rent in the rented office.

20.2. Prepayments

Prepayments	31 December 2012	31 December 2011
Prepaid maintenance services	334	517
Prepaid insurance	111	63
Prepaid subscriptions	19	18
Other prepaid services	172	142
Total	**636**	**740**
- current	527	505
- non-current	109	235

21. Employee benefits

21.1. Retirement benefits and other post-employment benefits

The unit shall pay retiring employees retirement benefits in the amount determined by the Labour Code. Accordingly, the Company on the basis of valuation by a professional actuary entity establishes a provision for the present value of retirement liabilities. The amount of this provision and a reconciliation showing its fluctuating status during the financial period are shown in the table below:

Accounting rules (policies) and supplementary notes (in PLN thousand)

	31 December 2012	31 December 2011
At 1 January	230	192
Establishment of provision	58	38
The costs of benefits paid	–	–
Termination of provision	–	–
At 31 December	**288**	**230**

An employee who meets the eligibility conditions for an invalidity allowance or pension, and whose employment is terminated in connection with the retirement, is entitled to severance pay equal to one-month salary. Pensioners re-employed do not acquire the right to another severance pay.

The resulting value of provision for employee benefits is the present (discounted) value of anticipated future payments, which are required to be made in order to meet the obligations arising from the employee's service in previous periods. This value is the sum of provisions, calculated individually for each person employed by the Company.

The value of expected future payments for retirement benefits is calculated by multiplying the probability of employee's survival to retirement in the Company (taking into account the probability of survival to retirement), the percentage of the basis of severance pay that the employee is entitled to upon payment and undiscounted value of the basis at the time of payment of the benefit. The obtained value is distributed evenly over the number of years, through which the employee becomes entitled to severance payment, and then the amount falling to the already acquired benefit rights is discounted. This discounted amount represents the value of provision for a single employee.

The current employment cost is calculated by discounting the expected nominal value of the benefit associated on a linear basis to a single period. The nominal value of the current employment cost increases with time closer to the expected payment of benefits due to discounting.

Interest expense for the period is calculated by multiplying the initial balance of commitments (i.e. arising from work performed by employees in prior periods) by the interest rate, which is the same as a discount rate adopted for determining the current value of liabilities.

For the calculation of provisions, the following assumptions have been made:

- Assumed long-term annual growth rate of wages is the sum of two assumptions: the annual growth rate of wages and long-term annual rate of inflation.
- For discounting future payments of benefits, a discount rate was assumed at the viability level of the long-term safest securities traded on the Polish capital market, according to the balance sheet date.
- The likelihood of workers retirements was calculated on the basis of historical data on employment fluctuation in the Company and statistics on employees leaving their employers within the industry.
- Mortality and the probability of survival was adopted in accordance with the Life Expectancy Tables 2011 published by the Central Statistical Office. It was assumed that the population employed in the Company is comparable to the Polish average in terms of mortality.
- No provisions for retirement benefits were calculated separately; in return, the likelihood of retirement was not considered when calculating the probabilities of workers departures.
- A normal employee transition into retirement was assumed according to the Pensions Act, except for those employees who, according to the information provided by the Company, meet the conditions required to exercise the right of early retirement.

The main assumptions used by the actuary at the balance sheet date to calculate the amount of the liability are as follows:

	31 December 2012	31 December 2011
Discount rate (%)	4.7%	5.9%

Accounting rules (policies) and supplementary notes (in PLN thousand)

Expected inflation rate (%)	2.5%	2.5%
Expected salary growth rate (%)	5.0%	5.0%

22. Inventories

	31 December 2012	31 December 2011
Goods	1,805	1,045
Goods in transit	–	–
Inventory allowance	(159)	(102)
	1,646	**943**

In the year ended 31 December 2012, the Company wrote down the inventory recoverable net value in the amount of PLN 64 thousand (in 2011: PLN 0). The created write-down was related to computer accessories stored in the warehouse for more than 12 months.

In the year ended 31 December 2012, the Company reversed the inventory write-down in the amount of PLN 7 thousand (in 2011: PLN 52 thousand).

No inventory category served as a security for credits or loans in the year ended 31 December 2012 and in the year ended 31 December 2011. As at 31 December 2012 or 31 December 2011, there were no inventories carried at net realizable value.

23. Trade receivables and other receivables

Trade receivables (short-term)	31 December 2012	31 December 2011
Trade receivables	24,805	27,658
Trade receivables from related parties	1,582	1,062
Trade receivables (net)	**26,387**	**28,720**
Allowance on doubtful accounts	880	784
Trade receivables (gross)	**27,267**	**29,504**

Other receivables	31 December 2012	31 December 2011
Other receivables from third parties	1,756	2,209
Other receivables from related parties	223	298
	1,979	**2,507**

Other receivables	31 December 2012	31 December 2011
Receivables from the balance sheet valuation of long-term IT contracts	1,211	1,487
Receivables from non-invoiced delivery	–	–
Advances paid to suppliers	54	75
Other trade receivables (bid bonds, deposits)	624	815

Accounting rules (policies) and supplementary notes (in PLN thousand)

Receivables from employees	47	76
CSBF	12	1
Other receivables	31	53
	1,979	**2,507**

Terms and conditions of related party transactions are set out in Note 31.

The Company has appropriate policies in place for making the sale only to verified customers. Thus, in the opinion of management, there is no additional credit risk beyond the level specified in the allowance for bad debts applicable to the Company's trade receivables.

At 31 December 2012, trade receivables in the amount of PLN 880 thousand (2011: PLN 784 thousand) were covered by a write-down. Changes in the allowance for receivables were as follows:

	31 December 2012	31 December 2011
Allowance write-down as at1 January	784	658
Increase	347	342
Use	(126)	(58)
Deduction of unused amounts	(125)	(158)
Allowance write-down as at 31 December	**880**	**784**

Below is the analysis of trade and other receivables, which at 31 December 2012 and 31 December 2011 were overdue, but were not considered to be irrecoverable and were not written down.

	Total	Not overdue	Overdue				
			< 1 mth	1 – 3mths	3 -6mths	6 – 12mths	>12 mths
31 December 2012							
Trade receivables	26,387	18,585	4,573	2,088	1,026	66	49
Other receivables	1,979	1,979	–	–	–	–	–
31 December 2011							
Trade receivables	28,720	21,161	5,243	1,313	437	254	312
Other receivables	2,507	2,507	–	–	–	–	–

24. Cash and short-term deposits

Cash at bank bears interest at variable interest rates, the amount of which depends on the rate on overnight bank deposits. Short-term deposits are made at different periods, from one day to six months, depending on the actual Company's demand for cash, and bear interest at a fixed interest rate. The fair value of cash and cash equivalents at 31 December 2012 amounts to PLN 48,499 thousand (31 December 2011: PLN 57 010 thousand).

The balance of cash and cash equivalents shown in the statement of cash flows consisted of the following items:

Cash	31 December 2012	31 December 2011
Cash at bank and in hand	1,535	2,593
Short-term deposits to 3 months	46,964	14,385

Accounting rules (policies) and supplementary notes (in PLN thousand)

Short-term deposits from 3 to 6 months	–	40,032
Cash in the balance	**48,499**	**57,010**
Interest accrued on short-term deposits	(299)	(343)
Cash in the balance adjusted by accrued interest	**48,200**	**56,667**

For the purposes of the statement of cash flows, short-term deposits with the original maturity over three months are treated as part of investment activity.

The balance of cash and short-term deposits shown in the statement of cash flows consisted of the following items:

Cash	31 December 2012	31 December 2011
Cash at bank and in hand	1,535	2,593
Short-term deposits to 3 months	46,964	14,385
Cash in the balance	**48,499**	**16,978**
Interest accrued on short-term deposits	(299)	(10)
Cash in cash flows statement	**48,200**	**16,968**

25. Spare capital and supplementary/reserve capitals

25.1. Share capital

Share capital	31 December 2012	31 December 2011
Series A ordinary shares with a nominal value of PLN 5	50,000	50,000
Series B ordinary shares with a nominal value of PLN 5	65,070	65,070
Series C ordinary shares with a nominal value of PLN 5	28,000	28,000
Series D ordinary shares with a nominal value of PLN 5	24,021	24,021
	167,091	**167,091**

Ordinary shares issued and fully paid up	Quantity	Value
As at 1 January 2012	33,418	167,091
Change during the year	–	–
As at 31 December 2012	33,418	167,091
As at 1 January 2011	33,418	167,091
Change during the year	–	–
As at 31 December 2011	33,418	167,091

25.1.1 Nominal value of shares

All issued shares have a nominal value of PLN 5 and have been fully paid up.

Accounting rules (policies) and supplementary notes (in PLN thousand)

25.1.2 Shareholders' rights

All shares are ordinary shares. There are no preference shares.

25.1.3 Shareholders with significant share

Shareholder	**Share in share capital**	**% of total votes at AGM**
Asseco Poland SA	46.47%	46.47%
Amplico Powszechne Towarzystwo Emerytalne S.A.	12.41%	12.41%
Other shareholders41.12%	41.12%	
	100.00%	**100.00%**

25.1.4 Shares held by the Management Board and Supervisory Board

Shareholder	31 December 2012		31 December 2011	
	number of shares held	shareholding in %	number of shares held	shareholding in %
Managing persons				
Wojciech Barczentewicz	1,061,267	3.18%	1,056,500	3.16%
Piotr Masłowski	985,063	2.95%	984,713	2.95%
Mariusz Lizon	254,954	0.76%	241,459	0.72%
Supervising persons				
Romuald Rutkowski	426,828	1.28%	426,828	1.28%
TOTAL	**2,728,112**	**8.16%**	**2,709,500**	**8.11%**

25.2. Surplus from the sale of shares above their nominal value

Supplementary capital has been created from the issue of series C shares over their par value in the amount of PLN 33,600 thousand, which was less share issue costs recognised as a reduction of supplementary equity amounting to PLN 3,683 thousand by the costs associated with raising the capital in connection with the merger in the amount of PLN 319 thousand. In addition, supplementary capital has been created from the surplus of the issue of series D shares over their par value of PLN 33,630 thousand, which was less share issue costs recognised as a reduction of supplementary capital in the amount of PLN 805 thousand. In total, supplementary capital at 31 December 2012 was PLN 62,423 thousand.

25.3. Retained earnings and restrictions on the payment of dividend

In accordance with the provisions of the Code of Commercial Companies and Partnerships, the Company is required to establish supplementary capital to cover for losses. This capital is supplemented by at least 8% of the profit for the financial year disclosed in the Company's statements until it reaches at least one third of the initial capital. The use of supplementary and reserve capital is decided by the General Meeting; however, part of the supplementary capital of one third of the share capital can be used only to cover the loss disclosed in the financial statements and is not distributed for other purposes.

At 31 December 2012, there are no other restrictions on the payment of dividend.

Accounting rules (policies) and supplementary notes (in PLN thousand)

26. Interest-bearing loans and borrowings

At 31 December 2012 (and at 31 December 2011), the Company did not have open credit lines. The Company uses finance lease. The interest rate is floating and based on WIBOR. As at 31 December 2012, the Company had no lease liabilities (as at 31 December 2011, a short-term lease commitment was PLN 191 thousand).

27. Provisions

27.1. Changes in provisions

	Provision for retirement gratuity	Other provisions	**In total**
As at 1 January 2012	230	250	**480**
Created during the financial year	58	–	**58**
Used	–	–	**–**
Dissolved	–	–	**–**
As at 31 December 2012	**288**	**250**	**538**
Short-term as at 31 December 2012	6	250	**256**
Long-term as at 31 December 2012	282	–	**282**
	288	**250**	**538**
			–
As at 1 January 2011	192	1,082	**1,274**
Created during the financial year	38	–	**38**
Used	–	(100)	**(100)**
Dissolved	–	(732)	**(732)**
As at 31 December 2011	**230**	**250**	**480**
Short-term as at 31 December 2011	6	250	**256**
Long-term as at 31 December 2011	224	–	**224**
	230	**250**	**480**

In other reserves, the presented reserves are for claims registered by the Company's contractors.

28. Trade and other liabilities and accruals and deferred income

28.1. Trade and other liabilities (current)

Trade liabilities	31 December 2012	31 December 2011
To related parties	76	1
To other parties	4,612	5,567
	4,688	**5,568**

Accounting rules (policies) and supplementary notes (in PLN thousand)

Financial liabilities	31 December 2012	31 December 2011
Liabilities under finance lease (short-term)	–	191
Liabilities under finance lease (long-term)	–	–
Short-term forward contracts	–	242
Long-term forward contracts	–	–
	–	**433**

Other liabilities	31 December 2012	31 December 2011
Amounts owed to employees for wages	379	226
Liabilities arising from the valuation of long-term IT contracts	321	370
Liabilities due to non-invoiced deliveries	497	361
Advance payments received for supplies	37	29
Other liabilities	14	136
	1,248	**1,122**

Terms and conditions of payment of the above financial liabilities:

Terms and conditions of related party transactions are set out in Note 31.

Trade and other liabilities are not interest-bearing.

Unrealized gains by way of foreign currency contracts represent net amounts due in respect of forward currency contracts.

Interest liabilities are generally settled on a monthly basis throughout the financial year.

28.2. Other non-financial liabilities

Liabilities from taxes, duties, social security and other	31 December 2012	31 December 2011
Liabilities from taxes, duties, social security and other	4,089	5,099
Liabilities to Social Security	1,305	1,290
Personal income tax	519	566
VAT	2,206	3,163
Other budgetary commitments	59	80
Corporate income tax liabilities	–	2,521
Total	**4,089**	**7,620**
- current	4,089	7,620
- non-current	–	–

The amount of the difference between the liabilities and receivables in respect of value added tax is paid to the competent tax authorities on a monthly basis.

Accounting rules (policies) and supplementary notes (in PLN thousand)

28.3. Accrued expenses

	31 December 2012	31 December 2011
Accrued expenses for:		
Unused leaves	1,563	1,608
Bonuses	4,817	6,173
Provision for other expenses	470	713
	6,850	**8,494**
Accrued income for:		
Prepaid services	552	345
Other income	24	89
	576	**434**
Total	**7,426**	**8,928**
- current	7,388	8,806
- non-current	38	122

Accrued expenses are primarily provisions for unused leave, provisions for wages of a period intended for distribution in subsequent periods, resulting from the principles of bonus systems effective Asseco Business Solutions SA, and provisions for the costs of current operations of the Company. The balance of deferred income concerns primarily prepayments for services rendered, such as maintenance and IT assistance.

29. Long-term contracts

In 2012 and 2011, Asseco Business Solutions S.A. implemented a number of the so-called implementation contracts (IT). In accordance with IAS 11, revenues from such contracts are recognized in accordance with the degree of their advancement. The Company measured the degree of advancement of realised implementation contracts by the cost method, i.e. by determining the ratio of costs incurred to the cost of the entire project, or by the method of "workload", i.e. by determining the ratio of work done to the total labour input on the project.

At 31 December 2012 and at 31 December 2011, the Company had no advances in respect of long-term contracts. The amount of revenues from contracts for the year ended 31 December 2012 amounted to PLN 7,988 thousand (in the year ended 31 December 2011: PLN 7,034 thousand). Costs related to the performance under contracts for the year ended 31 December 2012 amounted to PLN 3,661 thousand (in the year ended 31 December 2011: PLN 2,885 thousand).

The amount due from the valuation of contracts for the year ended 31 December 2012 amounted to PLN 1,211 thousand (in the year ended 31 December 2011: PLN 1,487 thousand).

	31 December 2012	31 December 2011
Costs incurred by the implementation of IT Contracts (-)	(3,340)	(2,515)
Gains/(losses) from IT contracts	**4,327**	**4,149**
Invoiced revenue by the implementation of IT contracts	6,777	5,547
Receivables arising from the valuation of IT contracts	1,211	1,487

Accounting rules (policies) and supplementary notes (in PLN thousand)

Liabilities arising from the valuation of IT contracts	(321)	(370)

30. Contingent liabilities

Contingent liabilities	31 December 2012	31 December 2011
Other contingent liabilities	–	85
	–	**85**

Contingent liabilities consisted of promissory notes which secure liabilities under finance lease. In connection with the termination of lease contracts, the Company has no contingent liabilities as at 31 December 2012.

30.1. Lawsuits

The Company is a party to several lawsuits and enforcement proceedings to recover payments for delivered products and services.

30.2. Tax settlement

Tax settlements and other areas of regulated activity (such as customs matters and foreign exchange) may be subject to review of administrative bodies that are entitled to impose heavy fines and penalties. No reference to fixed legal regulations in Poland reveals ambiguities and inconsistencies in the existing legislation. Frequent differences of opinion as to the legal interpretation of tax regulations both within state bodies and between government bodies and enterprises give rise to uncertainties and conflicts. These phenomena prove that the tax risk in Poland is significantly higher than that in countries with more developed tax systems.

Tax settlements may be subject to inspection for a period of five years starting from the end of the year in which the tax payment has been made. As a result of carried out inspections, the Company's tax settlements to date may be increased by an additional tax liability. According to the Company, at 31 December 2012, adequate reserves were established for known and quantifiable tax risk.

31. Information about related parties

All transactions between the Company and related parties were routine and standard transactions, respecting the arm's length principle, and their nature and conditions resulted from Company's current operations. Related party transactions made in the ordinary course of operation cover primarily the sale of software, implementation services, maintenance and software maintenance, lease of premises and the payment of dividend.

The amounts of outstanding payments are not protected and will be settled in cash. No guarantees were granted or received. In the accounting period, the costs attributable to bad or unsafe debts arising from transactions with related parties were not recognised.

The following table shows the total amount of transactions with related parties for the current and previous financial year:

Related party	*Sales to related parties*	*Purchase from related parties*	*Receivables from related parties*	*Amounts due to related parties*

The Parent:					
Asseco Poland SA	*2012*	7,506	915	1,571	76
	2011	12,404	1,367	1,049	1
Other related parties:					
Other parties	*2012*	84	11	234	–
	2011	499	3	312	–
	2012	**7,590**	**926**	**1,805**	**76**
	2011	**12,903**	**1,370**	**1,361**	**1**

According to the information held by Asseco Business Solutions SA, neither at 31 December 2012 nor at 31 December 2011 there was no outstanding balance of receivables arising from related party transactions held by the Company Executives and with the Company Executives.
According to the information held by Asseco Business Solutions SA, neither at 31 December 2012 nor at 31 December 2011 there were outstanding liabilities arising from related party transactions held by the Company Executives and with the Company Executives.
According to the records of Asseco Business Solutions SA, for the financial year ended 31 December 2012, the (net) value of purchase transactions for goods and services (including rental) with related parties by the Company Executives and with the Company Executives amounted to PLN 1,756 thousand (in the financial year ended 31 December 2011: PLN 1,514 thousand).

31.1. The parent of the Group

Asseco Poland SA is the parent of the Company. In the financial year ended 31 December 2012, transactions occurred between the Company and Asseco Poland SA, the details of which are provided in Note 31.

31.2. Entity with significant impact on the Company

At 31 December 2012, Asseco Poland SA holds 46.47% of ordinary shares of Asseco Business Solutions SA (at 31 December 2011: 46.47%).

31.3. The remuneration of Company executives

31.3.1 Remuneration paid or payable to the members of the Management Board and Supervisory Board of the Company

Remuneration paid to the members of the Management Board and Supervisory Board		Year ended 31 December 2012	Year ended 31 December 2011
Management Board		**5,101**	**5,061**
Romuald Rutkowski	until 30 June 2012	1,067	1,029
Wojciech Barczentewicz		1,713	1,702
Piotr Masłowski		1,713	1,726
Mariusz Lizon		598	604
Jarosław Adamski	from 2 July 2012 to 5 October 201	10	–
Supervisory Board		**348**	**228**
Romuald Rutkowski	from 1 July 2012	150	–
Adam Góral		72	84
Jarosław Adamski	to 30 June 2012	18	36

Accounting rules (policies) and supplementary notes (in PLN thousand)

Wojciech Kowalczyk	until 20 October 2011	–	29
Zbigniew Pomianek		36	36
Adam Pawłowicz		36	36
Grzegorz Ogonowski	from 20 October 2011	36	7
		5,449	**5,289**

The amount of remuneration paid for the year ended 31 December 2011 contains a management bonus for 2011 paid in 2012.

Remuneration payable to the members of the Management Board and Supervisory Board		Year ended 31 December 2012	Year ended 31 December 2011
Management Board		**3,113**	**3,689**
Romuald Rutkowski	until 30 June 2012	254	637
Wojciech Barczentewicz		1,221	1,363
Piotr Masłowski		1,221	1,363
Mariusz Lizon		417	326
Jarosław Adamski	from 2 July 2012 to 5 October 2012	-	-
Supervisory Board			
Romuald Rutkowski	from 1 July 2012	–	–
Adam Góral		–	–
Jarosław Adamski	to 30 June 2012	–	–
Wojciech Kowalczyk	to 20 October 2011	–	–
Zbigniew Pomianek		–	–
Adam Pawłowicz		–	–
Grzegorz Ogonowski	from 20 October 2011	–	–
		3,113	**3,689**

The item of remuneration payable for the year ended 31 December 2012 contains a management bonus for 2012 to be paid in 2013.

	Year ended 31 December 2012	Year ended 31 December 2011
Management Board		
Holiday provision27	102	
Post-employment benefits (retirement provision)	8	19
	35	**121**

32. Information about the remuneration of the auditor or entity authorized to audit financial statements

The following table shows the remuneration of the entity authorized to audit accounts paid or payable for the year ended 31 December 2012 and 31 December 2011 by type of service:

Accounting rules (policies) and supplementary notes (in PLN thousand)

Type of service	Year ended	
	31 December 2012 *	31 December 2011 *
Mandatory audit of the annual financial statements and the review of the interim financial statements	185	220
Other attesting services	–	–
Tax advisory services	–	–
Other services	–	–
	185	**220**

*refers to Ernst & Young Audit Sp. z o.o.

33. Objectives and principles of financial risk management

The main financial instruments used by the Company include financial lease contracts and lease purchase contracts, cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the activities of the Company. The Company also has other financial instruments such as receivables and payables for supplies and services that are created directly in the course of its business.

The company also enters into transactions involving derivatives, primarily foreign currency forward contracts. The purpose of these transactions is to manage currency risks arising in the Company's operations.

The principle currently applied by the Company and throughout the period covered by this report is trading in no financial instruments.

The main risks arising from the Company's financial instruments include interest rate risk, liquidity risk, currency risk and credit risk. The Management Board reviews and agrees on rules for the management of each of these risks - such rules are briefly discussed below. The Company also monitors market price risks relating to all financial instruments in its possession. The size of this risk in the period is shown in Note 34.

The methods adopted in carrying out a sensitivity analysis

The percentages which were subject to a sensitivity analysis - which aims to identify fluctuations in exchange rates that may affect the Company's financial result - amount to +/- 10%. In carrying out the analysis, the rate of the balance sheet date is enlarged or decreased by that value.

Interest rate risk is analysed at the value changes (deviation) of +/- 15%.

33.1. Interest rate risk

The Company's exposure to the risk of changing interest rates concerns primarily bank deposits.

As at 31 December 2012, the Company had no non-current liabilities on credits and loans.

Interest rate risk - sensitivity to changes

The following table shows the sensitivity of the gross financial result to the reasonably possible changes in interest rates, assuming that other factors remain fixed. No impact was reported on equity or total income of the Company.

	Carrying value	Increase/ decrease in percentage points	Effect on gross financial result
Year ended 31 December 2012			

Accounting rules (policies) and supplementary notes (in PLN thousand)

Liabilities under finance lease based on a variable WIBOR rate	–	+ 15%	–
		- 15%	–
Bank deposits			
	46,964	+ 15%	336
		- 15%	(336)
Year ended 31 December 2011 2010			
Liabilities under finance lease based on a variable WIBOR rate	191	+ 15%	(2)
		- 15%	2
Bank deposits	54,417	+ 15%	336
		- 15%	(336)

33.2. Currency risk

The Company is but merely exposed to currency risk by way of conducted transactions. Such a risk arises as a result of operational unit's sales or purchases in currencies other than its valuation currency. About 5% of the Company's sales transactions are denominated in currencies other than the reporting currency of the operational unit making the sale, while 97% of costs are denominated in that reporting currency.

Due to the fact that currency risk is negligible, the Company does not deploy procedures for managing foreign exchange risk. The Company applies simple forward currency transactions in order to secure contracts settled in a foreign currency. The Company does not apply hedge accounting.

The Company does not use financial instruments for speculative purposes.

The following table shows the sensitivity of the gross financial result (in conjunction with the change in fair value of assets and financial liabilities) and comprehensive income of the Company (due to changes in fair value of assets and financial liabilities) on reasonably possible fluctuations in the dollar and euro assuming other factors remaining unchanged.

	Increase/ decrease in the exchange rate	Effect on gross financial result	Impact on comprehensive income
31 December 2012 – EUR/PLN	+10%	242	196
	- 10%	(242)	(196)
31 December 2011 – EUR/PLN	+10%	(14)	(11)
	- 10%	14	11
31 December 2012 – USD/PLN	+10%	(24)	(19)
	- 10%	24	19
31 December 2011 – USD/PLN	+10%	(1)	(1)
	- 10%	1	1

33.3. Commodity risk

There are the following price risk factors in the operations of Asseco Business Solutions:

- competition – in all segments of the Company's activity there is strong competition from both Polish and foreign IT companies. The largest players in the Polish global market, hitherto operating in the large enterprises sector, begin to offer solutions and implementation methodology for medium-sized enterprises.

Accounting rules (policies) and supplementary notes (in PLN thousand)

- exchange rates – the Company enters short-term contracts in foreign currencies. These are both revenue and cost contracts for the supply of equipment and licensing of Oracle and Microsoft SQL. The Company does not apply any security measures due to a short-term risk exposure.

33.4. Credit risk

Credit risk faced by the Company may result from:

- creditworthiness of clients, thus the Company has appropriate policies in place for making sales only to verified customers. All clients who wish to use trade credits are subject to initial verification procedures. If outstanding receivables occur, the Company creates write-offs to receivables and, in some cases, procures debt collection services by prior assignment of receivables. Because the transaction value with any of the recipients did not exceed 10% of the total revenue on sales, there is no significant concentration of clients, thus credit risk is limited.
- credit risk arising from creditworthiness of financial institutions (banks/brokers) - hence the collaboration only with reputable financial institutions.

For other financial assets of the Company, such as cash and cash equivalents, the Company's credit risk arises from the other party's inability to make payment, and the maximum exposure to this risk is equal to the carrying value of these instruments.

The Company reports no significant concentrations of credit risk.

33.5. Financial liquidity risk

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

The Company's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funding, such as finance lease and lease purchase contracts.

The table below shows the Company's financial liabilities as at 31 December 2012 and as at 31 December 2011 by maturity based on contractual undiscounted payments.

31 December 2012	Due already	Less than 3 months	From 3 to 12 months	From 1 year to 5 years	Total
Liabilities under finance lease	-	-	-	-	-
Trade and other liabilities	-	5,553	346	–	5,899
	-	**5,553**	**346**	**-**	**5,899**

31 December 2012	Due already	Less than 3 months	From 3 to 12 months	From 1 year to 5 years	Total
Liabilities under finance lease	-	96	108	-	204
Trade and other liabilities	-	6,149	512	–	6,661
	-	**6,245**	**620**	**-**	**6,865**

Accounting rules (policies) and supplementary notes (in PLN thousand)

34. Financial instruments

34.1. Fair values of each class of financial instruments

Fair values of financial assets and financial liabilities are determined as follows:

- fair value of financial assets and financial liabilities with standard conditions, which are traded on active, liquid markets, is determined by reference to stock prices;
- fair value of other financial assets and financial liabilities (excluding derivatives) is determined in accordance with generally accepted valuation models based on discounted cash flow analysis, using the prices from observable current market transactions and dealer quotes for similar instruments;

The following table compares the carrying values and fair values of all the Company's financial instruments, broken down by classes and categories of assets and liabilities.

	Category in accordance with IAS 39	carrying amounts		fair values	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011
Financial assets					
Forward currency contracts	ALFVPL	39	–	39	–
Trade receivables and other receivables	L&R	28,312	31,152	28,312	31,152
Cash and short-term deposits	ALFVPL	48,499	57,010	48,499	57,010
		76,850	**88,162**	**76,850**	**88,162**
Financial liabilities					
Liabilities under finance lease and lease purchase contracts	FLMAC	–	191	–	191
Trade and other liabilities	FLMAC	5,899	6,661	5,899	6,661
Forward currency contracts	ALFVPL	–	242	–	242
		5,899	**7,094**	**5,899**	**7,094**

Abbreviations used:
FAHM - financial assets held to maturity,
ALFVPL- financial assets/liabilities at fair value through profit and loss,
L&R - Loans and receivables
AFS - Available-for-sale financial assets
FLMAC - Other financial liabilities measured at amortized cost

At 31 December 2011, the Company held the following financial instruments measured at fair value:

	31 December 2012	Level 1	Level 2	Level 3
Financial assets valued at fair value through profit or loss				
Concluded forward currency contracts	39	–	39	–

Accounting rules (policies) and supplementary notes (in PLN thousand)

	39	**–**	**39**	**–**

	31 December 2011	Level 1	Level 2	Level 3
Financial liabilities valued at fair value through profit or loss				
Concluded forward currency contracts	242	–	242	–
	242	**–**	**242**	**–**

In the year ended 31 December 2012 and in the year ended 31 December 2011, there were no transfers between Level 1 and Level 2 of the fair value hierarchy, or none of the instruments was moved from/to the Level 3 of the fair value hierarchy. The fair value of financial assets and liabilities held by the Company as at 31 December 2012 and as at 31 December 2011 does not differ significantly from their carrying value.

Financial statements for the year ended 31 December 2012 Accounting rules (policies) and supplementary notes (in PLN thousand)

34.2. Items of income, expenses, profit and losses included in the profit and loss account are broken down by categories of financial instruments

Year ended 31 December 2012

	Category in accordance with IAS 39	Income /(expense) on interest	Gains/(losses) from exchange rates	Termination/ (creation) of write-downs	Gains/(losses) on valuation	Gains/(losses) from sales/settlement of financial instruments	Total
Financial assets							
Trade and other receivables	L&R	–	(103)	96	–	–	(7)
Cash and short-term deposits	ALFVPL	2,241	(181)	–	–	–	2,060
							2,053
Financial liabilities							
Liabilities under finance lease and lease purchase contracts	FLMAC	(4)	–	–	–	–	(4)
Forward currency contracts	ALFVPL	–	–	–	281	79	360
Trade and other liabilities	FLMAC	–	21	–	–	–	21
							377
Total		**2,237**	**(263)**	**96**	**281**	**79**	**2,430**

Financial statements for the year ended 31 December 2012 Accounting rules (policies) and supplementary notes (in PLN thousand)

Year ended 31 December 2011

	Category in accordance with IAS 39	Income /(expense) on interest	Gains/(losses) from exchange rates	Termination/(creation) of write-downs	Gains/(losses) on valuation	Profit /(loss) from sales of financial instruments	Total
Financial assets							
Trade and other receivables	L&R	–	143	184	–	–	327
Cash and short-term deposits	ALFVPL	2,239	–	–	–	–	2,239
							2,566
Financial liabilities							
Liabilities under finance lease and lease purchase contracts	FLMAC	(24)	–	–	–	–	(24)
Forward currency contracts	ALFVPL	–	–	–	(13)	(280)	(293)
Trade and other liabilities	FLMAC	–	–	–	–	–	–
							(317)
Total		**2,215**	**143**	**184**	**(13)**	**(280)**	**2,249**

Financial statements for the year ended 31 December 2012 Accounting rules (policies) and supplementary notes (in PLN thousand)

34.3. Interest rate risk

The following table shows to the carrying value of the Company's financial instruments exposed to interest rate risk, broken down by age categories.

31 December 2012

Floating interest rate

31 December 2012	<1 year	1 - 2 years	2 - 3 year	3 - 4 years	4 - 5 years	**In total**
Floating interest rate						
Liabilities under finance Lease	–	–	–	–	–	–
Cash assets	48,499	–	–	–	–	**48,499**

31 December 2011

Floating interest rate

31 December 2011	<1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	**In total**
Floating interest rate						
Liabilities under finance Lease	191	–	–	–	–	**191**
Cash assets	57,010	–	–	–	–	**57,010**

The interest rate on financial instruments with a floating rate is updated in periods of less than one year. Interest on financial instruments with fixed interest rate is fixed throughout the period to the expiry of the maturity of these instruments. Other Company's financial instruments, which are not included in the tables above, are not interest-bearing and therefore are not subject to interest rate risk.

35. Capital management

The main objective of the Company's capital management is to secure the Company's ability to continue operations while maintaining an optimal capital structure, allowing to reduce the cost of capital and increasing the shareholder value, and maintaining a good credit rating and secure capital ratios.

The Company manages the capital structure and introduces modifications in response to changing economic conditions. In order to maintain or adjust capital structure, the Company may adjust the level of dividend paid to shareholders, return capital to shareholders or issue new shares. In the year ended 31 December 2012 and at 31 December 2011, no changes were made to the objectives, principles and processes applicable in this area.

As part of net debt, the Company includes trade liabilities and other liabilities, and income tax advances and liabilities minus cash and cash equivalents. Equity includes ordinary shares, surplus from the sale of shares above their nominal value and retained earnings.

Financial statements for the year ended 31 December 2012 Accounting rules (policies) and supplementary notes (in PLN thousand)

	31 December 2012	31 December 2011
Interest-bearing loans and borrowings	-	-
Trade and other liabilities and liabilities under financial lease contracts	10,025	14,743
Less cash and short-term deposits	(48,499)	(57,010)
Net debt	**(38,474)**	**(42,267)**
Equity	258,608	264,157
Equity and net debt	**220,134**	**221,890**
Leverage ratio	-14.88%	-16.00%

36. Employment structure

The Company employees in the year ended 31 December 2012 and 31 December 2011 stood as follows:

Average FTEs during the reporting period	Year ended 31 December 2012	Year ended 31 December 2011
Management Board	4	4
Production departments	511	575
Trade departments	33	32
Administrative departments	38	41
Others	2	2
	588	**654**

Employment at 31 December 2012 and at 31 December 2011 stood as follows:

FTEs on	31 December 2012	31 December 2011
Management Board	3	4
Production departments	498	557
Trade departments	33	35
Administrative departments	39	47
Others	2	2
	575	**645**

37. Events after the balance sheet

After the balance sheet date, there were no significant events that could have a material impact on the presented results for the year 2012, not included in the current financial statements.

38. Signatures of the Management Board Members

Imię i nazwisko	Stanowisko/Funkcja	Podpis
Wojciech Barczentewicz	Prezes Zarządu	
Piotr Masłowski	Wiceprezes Zarządu	
Mariusz Lizon	Członek Zarządu	
Artur Czabaj	Osoba odpowiedzialna za prowadzenie ksiąg rachunkowych	