ASSECO BUSINESS SOLUTIONS S.A.

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009
WITH THE OPINION OF AN INDEPENDENT AUDITOR

(in PLN thousand)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2009

	Note	*Year ended 31 December 2009*	*Year ended 31 December 2008*
Sales revenue		156,196	168,424
Cost of sales	12.5	(105,556)	109,860
Gross profit on sales		**50,640**	**58,564**
Selling costs	12.5	(6,292)	(9,842)
General and administrative costs	12.5	(18,121)	(20,369)
Net profit on sales		**26,227**	**28,353**
Other operating income	12.1	1,013	968
Other operating costs	12.2	(482)	(629)
Profit on operating activities		**26,758**	**28,692**
Financial revenues	12.3	1,640	1,506
Financial expenses	12.4	(353)	(451)
Gross profit		**28,045**	**29,747**
Income tax	13.1	(5,618)	(5,625)
Net profit from continuing operations		**22,427**	**24,122**
Discontinued operations			
Net profit for the financial year		**22,427**	**24,122**
Other total income		**–**	**–**
Other total net income		**–**	**–**
Total income for the period		**22,427**	**24,122**
Profit attributable to:			
Shareholders of the parent		22,427	23,090
Minority shareholders		–	1,032
		22,427	**24,122**
The total income accruing to:			
Shareholders of the parent		22,427	23,090
Minority shareholders		–	1,032
		22,427	**24,122**

In 2009 and 2008 there were no discontinued operations.

(in PLN thousand)

BALANCE SHEET
as at 31 December 2009

	Note	*31 December 2009*	*31 December 2008 restated*
ASSETS			
Non-current assets		**200,957**	**202,301**
Property, plant and equipment	17	17,725	18,426
Intangible assets	19	10,844	10,355
Goodwill	19	170,938	170,931
Non-current receivables	23.1	777	1,485
Deferred tax assets	13.3	670	1,104
Non-current prepayments	23.2	3	–
Current assets		**87,959**	**81,640**
Inventories	25	806	1,179
Trade receivables	26	32,437	40,599
Other receivables	26	4,689	4,879
Accruals and prepayments	23	542	887
Financial assets available for sale	22	1,056	1,095
Cash and short-term deposits	27	48,429	33,001
TOTAL ASSETS		**288,916**	**283,941**
LIABILITIES			
Equity		**259,371**	**250,980**
Share capital		167,091	167,091
The surplus from the sale of shares above their nominal value		62,423	62,423
Retained earnings/accumulated loss		29,857	21,466
Total equity	**28**	**259,371**	**250,980**
Non-current liabilities		**1,002**	**1,995**
Provisions	24, 30	155	165
Other non-current liabilities	31.2	–	255
Non-current financial liabilities	18, 31.1	847	1,575
Current liabilities		**28,543**	**30,966**
Trade liabilities	31.1	9,090	11,338
Other liabilities	31.1, 31.2	7,431	9,398
Financial liabilities	18, 31.1	594	762
Provisions	24, 30	8	–
Income tax expense	31.2	3,926	376
Accruals and prepayments	31.3	7,494	9,092
Total liabilities		**29,545**	**32,961**
TOTAL LIABILITIES		**288,916**	**283,941**

(in PLN thousand)

CASH FLOW STATEMENT
for the year ended 31 December 2009

	Note	*Year ended 31 December 2009*	*Year ended 31 December 2008*
Cash flows from operating activities			
Gross profit		28,045	29,747
Profit of minority shareholders		–	(1,032)
Adjustments:		**10,836**	**(741)**
Amortization	12.6	9,957	9,931
Increase in inventories		373	(168)
Change in receivables		9,060	(2,819)
Change in liabilities, excluding credits and loans		(4,512)	(2,599)
Change in prepayments and accruals		(1,256)	1,616
Change in provisions		(2)	(148)
(Revenue) of interest		(1,477)	(1,112)
Interest expense		115	160
Investment loss		176	334
Other		–	75
Income tax paid		(1,598)	(6,011)
Net cash from operating activities		**38,881**	**27,974**
Cash flows from investment activities			
Proceeds from the sale of property, plant and equipment		479	212
Proceeds from the sale of financial assets held to maturity		–	5,482
Proceeds from the sale of financial assets available for sale		(43)	–
Acquisition of property, plant and equipment		(5,877)	(6,119)
Purchase of intangible assets		(4,448)	(7,782)
Interest received		1,236	1,112
Net cash from investment activities		**(8,653)**	**(7,095)**
Cash flows from financial activities			
Costs of purchase of a subsidiary		–	(805)
Repayment of liabilities under lease agreements		(890)	(976)
Repayment of interest		(115)	(160)
Payment of dividends		(14,036)	–
Net cash from financial activities		**(15,041)**	**(1,941)**
Increase/(Decrease) in net cash and cash equivalents		15,187	18,938
Charged interest		241	–
Opening cash	27	**33,001**	**14,063**
Closing cash, including	27	**48,429**	**33,001**
Restricted cash		–	–

(in PLN thousand)

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2009

	Share capital	***The surplus from the sale of shares above their nominal value***	***Retained earnings/accumulated loss***	***Total***	***Equity of minority shareholders***	***Total own equity***
At 1 January 2008, consolidated data (restated)	**143,069**	**29,598**	**(1,624)**	**171,043**	**9,314**	**180,357**
Total income for the period	–	–	23,090	**23,090**	1,032	**24,122**
Issue of share capital	24,022	33,630	–	**57,652**	–	**57,652**
Cost of share issue	–	(805)	–	**(805)**	–	**(805)**
The change in the structure of shareholders in a subsidiary in connection with the acquisition of minority equity	–	–	–	**–**	(10,346)	**(10,346)**
At 31 December 2008	**167,091**	**62,423**	**21,466**	**250,980**	**–**	**250,980**

	Share capital	***The surplus from the sale of shares above their nominal value***	***Retained earnings/accumulated loss***	***Total***	***Equity of minority shareholders***	***Total own equity***
On 1 January 2008, consolidated data (restated)	**143,069**	**29,598**	**(1,624)**	**171,043**	**9,314**	**180,357**
Total income for the period	–	–	23,090	**23,090**	1,032	**24,122**
Issue of share capital	24,022	33,630	–	**57,652**	–	**57,652**
Cost of share issue	–	(805)	–	**(805)**	–	**(805)**
The change in the structure of shareholders in a subsidiary in connection with the acquisition of minority equity	–	–	–	**–**	(10,346)	**(10,346)**
At 31 December 2008	**167,091**	**62,423**	**21,466**	**250,980**	**–**	**250,980**

(in PLN thousand)

	Share capital	*The surplus from the sale of shares above their nominal value*	*Retained earnings/accumulated loss*	*Total*	*Equity of minority shareholders*	*Total own equity*
At 1 January 2009	**167,091**	**62,423**	**21,466**	**250,980**	**–**	**250,980**
Total income for the period	–	–	22,427	**22,427**	–	**22,427**
Issue of share capital	–	–	–	**–**	–	**–**
Payment of dividends	–	–	(14,036)	**(14,036)**	–	**(14,036)**
At 31 December 2009	**167,091**	**62,423**	**29,857**	**259,371**	**–**	**259,371**

ACCOUNTING RULES (POLICIES) AND SUPPLEMENTARY NOTES

1. General information

These separate and consolidated financial statements of Asseco Business Solutions SA cover the year ended 31 December 2009 and include comparative information for the year ended 31 December 2008.

Asseco Business Solutions S.A. ("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, District Court, XI Economic Department of the National Court Register, under KRS: 0000028257

The Company has a statistical number REGON 017293003.

The Company was established for an indefinite period of time.

The primary activity of Asseco Business Solutions SA, according to the classification adopted by the Warsaw Stock Exchange, is "information technology".

The Company comprises a Competence Centre for ERP systems, software for small and medium-sized enterprises, outsourcing and mobile management-supporting systems. This comprehensive offer 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 S.A. is Asseco Poland S.A., which holds 46.47% of the Company's shares and, in accordance with the Company statutes, 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. Merger with Anica System S.A.

On 19 December 2008, the Boards of Asseco Business Solutions S.A. and Anica System S.A. seated in Lublin, Poland, signed the Merger Plan. The merger was adopted by the Extraordinary General Meeting of Shareholders of the two merging companies on 27 February 2009.

The merger plan was subject to audit by an independent auditor for its accuracy and reliability. On 14 January 2009, the expert provided an opinion which read that the merger did not require the amendment of the statutes of the acquiring company and that the Merger Plan had been drawn up correctly and diligently.

The merger was registered on 1 April 2009 by the District Court in Lublin, XI Economic Department of the National Court Register.

The merger of companies was conducted under Article 492(1)(1) of the Commercial Companies Code (merger by acquisition), i.e. the transfer of all Anica's assets (acquired company) to Asseco BS (acquiring company). As a result of the merger, Anica was dissolved without liquidation. In view of the fact that Asseco Business Solutions owned all the shares of the acquired company, the merger was carried out according to Article 515(1) of the Commercial Companies Code, i.e. without an increase in the share capital of the acquirer.

Anica System company's shares were acquired by Asseco Business Solutions gradually.

On 30 November 2007, Asseco BS bought from Asseco Poland 60.56% of shares of Anica System S.A. The company purchased 2,732,415 ordinary registered shares of nominal value of PLN 0.20 each, representing

(in PLN thousand)

60.56% of the share capital of this company and entitling to 60.56% of votes at the Annual General Meeting (AGM). The total transaction value amounted to PLN 56,064 thousand.

On 25 April 2008, agreements were signed with the shareholders of Anica System S.A., which resulted in Asseco Business Solutions S.A. taking over the package of the remaining 39.44% shares of the share capital of Anica System S.A., i.e. 1,779,420 shares of Anica System S.A. of nominal value of PLN 0.20 each. Consequently, Asseco Business Solutions S.A. owned 4,511,835 shares of Anica System S.A., representing 100% of the share capital and granted the right to the same number of votes at the Annual General Meeting of Anica System S.A.

The aim of the merger is to implement the strategy of Asseco BS envisaging the development of a strong, competitive company with a coherent and complementary range of products. The way to achieve these aims is to enhance and complement the existing product offer and services of Asseco BS, including ERP systems and IT outsourcing solutions, by the offer of Anica System, including mobile solutions, factoring systems, analytical services and outsourcing.

3. Composition of the Management Board

On 31 December 2009, the Management Board of the Company consisted of:

Romuald Rutkowski	President of the Board
Wojciech Barczentewicz	Vice-President of the Board
Piotr Masłowski	Vice-President of the Board
Mariusz Lizon	Member of the Board from 24 June 2009

In 2009, the following changes in the composition of the Issuer's Board occurred:

Wojciech Frysztak	Vice-President of the Board from 24 June 2009
Cezary Maciejewski	Vice-President of the Board from 24 June 2009
Maciej Maniecki	Vice-President of the Board from 24 June 2009

4. Approval of the financial statement

These separate and consolidated financial statements were approved for publication by the Management Board on 11 March 2010.

5. Company investment

On 31 December 2009, the Company had no interest in subsidiaries, jointly controlled entities and associates; in the comparable period the Company had investments in the following subsidiaries:

Entity	*Seat*	*Basic activity*	*Company's percentage share in equity*	
			31 December 2009	*31 December 2008*
Anica System S.A.	Lublin	Information technology	0 %	100 %

On 31 December 2008, the share in the total number of votes held by the Company in the subsidiary was equal to the Company's equity share in the entity.

Changes in the scope of current investments in related companies are described in Section 2 of these financial statements.

6. Significant values based on estimates and professional judgement

6.1. 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 leases

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 substance of each transaction.

6.2. 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 goodwill

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). If the discount rate turned out to be 1 p.p. higher than the estimates of the Board, it will not cause the carrying value of the cash-generating unit to exceed its recoverable amount. The increase in the discount rate to 12% would cause the levelling of the carrying amount of assets with its value in use.

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 24. 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 around PLN 28 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.

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. If the percentage were 10% higher than the estimate of the Company, the amount of revenue would be increased by PLN 813 thousand while increasing the costs by PLN 373 thousand.

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 usefulness based on current estimates.

7. Basis for the preparation of these financial statements

These separate and consolidated financial statements have been prepared in accordance with the historical cost accounting model, except for financial assets available for sale, which are valued at their fair value.

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

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

These statements contain separate and consolidated financial statements of Asseco Business Solutions S.A. This follows from the fact that on 1 April 2009, Asseco Business Solutions S.A. merged with Anica System S.A. The merger process is described in Section 2 of these financial statements.

Due to the nature of the transaction, the merger was cleared by the pooling-of-interests method. This method consists in the acquisition of individual assets and liabilities of the acquired company at their book value derived from the consolidated financial statements of Asseco Business Solutions Capital Group, including in the statement of the acquiring company's total income the financial result of the acquired company (excluding inter-transaction), while eliminating other equity items of the acquired company and the cost associated with the merger.

For the consolidated statements - as comparative data - the consolidated data are presented from the consolidated financial statements for 12 months of 2008 and as at 31 December 2008. However, as a result of the pooling-of-interests method used to account for the merger, consolidated data was also presented as comparative data, as if the merger took place on 1 January 2008. Thus, comparative data for the separate financial statements are not consistent with the Company's separate financial statements, however, is consistent with the consolidated data since, as a result of using the pooling-of-interests method to account for the merger, the financial data of the separate financial statements and consolidated financial statements are the same.

Since the Company applied the pooling-of-interests method to account for the merger, IAS 1 requirements do not apply (presentation of comparative data) - they would have applied if the Company had done the conversion of the separate financial statements.

7.1. Compliance statement

These separate and consolidated financial statements have been prepared in accordance with 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").

7.2. Measurement currency and reporting currency

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

8. Changes in accounting rules used

The accounting rules (policies) used to prepare the separate and consolidated financial statements are consistent with those applied in preparing the Company's financial statements for the year ended 31 December 2008, with the exception of the application of the following changes to the standards and new interpretations applicable to annual periods beginning with 1 January 2009.

- IFRS 8 *Operating Segments,* which, upon entry into force, replaced IAS 14 Segment Reporting. In this standard, for identifying and measuring the results of reportable operating segments, the approach consistent with the approach of the management has been adopted.
- IAS 1 *Presentation of Financial Statements* (revised September 2007) - this standard makes a distinction between such changes in equity that arise from transactions with owners and those which arise from other transactions. Therefore, the statement of changes in equity includes only details of transactions with owners, while all other changes in equity are presented in one line. In addition, the standard introduces a statement of comprehensive income, which includes all items of revenue and expense recognized in profit or loss, and all other items of recognised income and costs; it is possible to present all these items together in a single statement or present two related statements. *The company elected the presentation in one statement.*

- IAS 23 *Borrowing Costs* (revised March 2007) - this amended standard requires that borrowing costs related to the acquisition, construction or production of qualifying assets are recognized as part of the purchase price or production cost.

  The Company previously applied the policy of relating the cost of borrowing to the profit and loss account when incurred. Under the transitional provisions of the revised IAS 23, the Company has adopted the standard prospectively. What follows, external financing costs are capitalised as part of the purchase price or production cost of a qualifying asset, whose qualifying began on 1 January 2009 or later. In the year ended 31 December 2009, the Company did not capitalize borrowing costs due to the lack of use of external sources of funding in the process of production of assets. The Company uses a lease, the object of which are cars; lease is not used to produce assets.
- Amendments to IFRS 2 *Share-based payments: Vesting conditions and cancellation* - this amendment clarifies the definition of vesting conditions and refers to the recognition of the cancellation of rights to awards. Applying this interpretation had no impact on the Company's financial position or performance because there were no events which would be a concern.
- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements: Puttable Instruments and Obligations Arising from Liquidation (of a company)* - introduce an exception - limited as for the scope - for puttable instruments that can be classified as a component of capital, provided that a number of specific conditions are met. Applying this amendment had no impact on the Company's financial position or performance because it did not issue such instruments.
- IFRIC Interpretation 13 *Customer Loyalty Programmes* - this interpretation requires that the loyalty points were recognized as a separate element of sales transactions in which they were granted. Applying this amendment had no impact on the Company's financial position or performance because it does not run a loyalty programme.
- The amendments to IFRS published in May 2008 and resulting from the annual review had no effect on the financial statements of the Company.
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements: The Cost of Investment in Subsidiaries, Jointly Controlled Entities and Associates* - in accordance with the amendments to IFRS 1, an adopter of the IFRS for the first time will be entitled to determine the "cost" of investments in subsidiaries, jointly controlled and associated companies in its separate financial statements, in accordance with IAS 27 or under the expected cost. Amendment to IAS 27 requires that all dividends received from a subsidiary, jointly controlled entity or associate are included in the separate financial statements of the parent in the profit and loss account. Amendment to IAS 27 is applied prospectively. The new requirements apply only to the separate financial statements of the parent and had no effect on the financial statements of the Company.
- IFRIC Interpretation 12 *Service Concession Arrangements* - the interpretation applies to operators of service concession arrangements, and explains how to recognize the obligations and rights arising from these agreements. The interpretation has no impact on the Company's financial statements because the Company is the operator.
- Amendments to IFRS 7 *Financial Instruments: Disclosures* - the amended standard requires additional disclosures about the valuation to fair value and liquidity risk. For each class of financial instruments measured at fair value, the information about the valuation should be disclosed using the fair value hierarchy that takes into account the importance of input data for the valuation. In addition to the valuation at fair value classified as Level 3 of the fair value hierarchy, reconciliation should be provided between the opening and closing balance sheet. Also, any significant transfers between Level 1 and Level 2 of the fair value hierarchy should be presented. The changes also specify the requirements for disclosure of liquidity risk. Information on the measurement at fair value is set out in point 36 of the supplementary notes. Amendments relating to disclosure of information on liquidity risk are not significantly affected by the information in this regard presented by the Company hitherto.
- Interpretation of IFRIC 15 *Agreements for the Construction of Real Estate* - to determine how and when to recognize revenue from the sale of real estate and related costs, if the contract between the developer and the buyer is concluded before completion of the property construction. The interpretation also provides guidance as to how to determine whether the agreement falls within the scope of IAS 11 or IAS 18.

Applying IFRIC 15 will not affect the financial statements because the Company is not engaged in this kind of activity.

- IFRIC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* - the interpretation provides guidance on the recognition of hedging of a net investment in foreign entities; in particular, it provides guidance on: identifying the risks of foreign exchange that are eligible for hedge accounting in a hedge of a net investment, the location of hedging instruments in the capital group structure, as well as the determination of the amount of positive or negative exchange rate difference on both the net investment and the hedging instrument, which should be reclassified from equity to profit and loss upon disposal of a foreign entity. Applying IFRIC 16 will not affect the financial statements because the Company does not hedge net assets of foreign operations.
- IFRIC Interpretation 18 *Transfer of Assets from Customer* - the interpretation provides guidance for recognizing assets received from the customer and used for providing them with services. The interpretation applies to transactions that took place on 1 July 2009 or later. Applying IFRIC 18 will not affect the financial statements because the Company received neither assets from clients, nor funds earmarked for the construction of this type of asset.
- Amendments to IFRIC Interpretation 9 *Reassessment of embedded derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement: Embedded derivatives* - the change requires the assessment of whether an embedded derivative must be accounted for separately at the time of reclassification of a hybrid financial instrument out of the "fair value through profit or loss" category. Assessments are made on the basis of the conditions which existed at the later date: when the entity first became a party to the contract and when the contract was amended with the effect of significant changes in cash flows arising from the contract. IAS 39 now requires that in a situation where the embedded derivative can not be measured in a credible way, the entire hybrid instrument remains qualified for the category of financial instruments measured at fair value through profit or loss. The application of changes will not affect the financial statements because the Company has not made any reclassification out of the category of financial assets at fair value through profit or loss, nor does it have hybrid financial instruments, for which no reliable measurement of embedded derivative could be workable.
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* containing limited exemption concerning data comparable to the IFRS 7 for first-time adopters of the IFRS (changes published in January 2010) - applicable to annual periods beginning on or after 1 July 2010. The application of changes will not affect the financial statements, because the standard refers to individuals who first apply IFRS in their financial statements.

9. 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 9 *Financial Instruments* (published in November 2009) - 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 IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction* (entered in November 2009) - 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.
- IFRIC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* (published in November 2009) - applicable to annual periods beginning on or after 1 July 2010 - not approved by the EU until the date of approval of these financial statements.
- Changes resulting from IFRS annual review published in April 2009 and applicable to annual periods beginning on or after 1 January 2009.
- Amendments to IFRS 2 *Share-based Payment* (changes introduced in June 2009) - applicable to annual periods beginning 1 January 2010 or later - not approved by the EU until the date of approval of these financial statements.

(in PLN thousand)

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* with additional exemption for the adopters of IFRS for the first time (changes published in June 2009) - applicable to annual periods beginning on or after 1 January 2010 - not approved by the EU until the date of approval of these financial statements.
- Amendments to IAS 24 *Related Party Disclosures* (issued in November 2009) - 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 does not anticipate that the introduction of these standards and interpretations may have a significant impact on the Company's applicable accounting rules (policies).

10. Significant accounting policies

10.1. Consolidation rules

Subsidiaries are consolidated in the period from the date of taking control of them by the parent, and cease to be consolidated from the date of cessation of control. The control exercised by the parent takes place when it has directly or indirectly, through its subsidiaries, more than half of the number of votes in the company, except that it is possible to prove that such ownership does not constitute control. Exercising control also takes place when the company is able to govern the financial and operating policy of the unit.

The financial statements of subsidiaries are prepared for the same reporting period as the report of the parent, using consistent accounting rules, based on uniform accounting rules applied to transactions and economic events of a similar nature. In order to eliminate any discrepancy, adjustments will be made to the applicable accounting rules.

All significant balances and transactions between the Group units, including unrealised gains arising from transactions within the Group, are entirely eliminated. Unrealised losses are eliminated unless constitute evidence of impairment.

10.2. Acquisition of minority interest

Minority interests are presented in equity as an additional item next to the equity of the shareholders of the parent and constitute an asset value of the Group attributable to minority shareholders, according to their share in the equity of individual Group units. In the case of increasing the percentage of Group's share in the capital of the subsidiary, such a transaction is not considered a business merger. The value of assets and liabilities of the subsidiary are not valued to fair values on the date of increase in percentage share. The difference between the price paid for additional shares in subsidiaries, where the parent already has control, and the book value of acquired net assets is recognised in the consolidated financial statements on the date of acquisition as goodwill on consolidation.

10.3. 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 2009	*31 December 2008*
USD	2.8503	2.9618
EUR	4.1082	4.1724

10.4. Property, plant and equipment

Property, plant and equipment, other than land, are valued 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.

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 usefulness may be assigned. Components are also the cost of overhauls.

Amortization 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

Residual value, useful life and amortization method of assets are verified annually and, if necessary - adjusted with effect from the beginning of the just-completed financial year.

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.

Investments 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.

10.5. Intangible assets

Intangible assets acquired in separate transactions, or produced (if they meet the recognition 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 depreciation 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 limited or unlimited. Intangible assets with limited 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. Changes in the expected lifetime, 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 limited use is recognized in profit or loss in weight in this category, which corresponds to the function of the intangible asset.

Intangible assets with indefinite useful lives and those which are not occupied are subject to review 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. Any expenditure carried forward for the next period is amortized over the expected period of obtaining revenue from the sale of the project.

Development costs are evaluated for possible impairment annually - if the asset has not yet been put into operation, or more often - when during the reporting period, some evidence of loss of value appears indicating that the carrying value may not be possible to recover.

Goodwill

Goodwill arising from acquisition of a business unit is initially recognised at acquisition cost being the excess of the business merger cost over the acquirer's share in the net fair value of identifiable assets, liabilities and contingent 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 years	2 - 5 years
Used method of amortisation	Values with indefinite useful lives are not amortized nor revalued. 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
Verification for impairment	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.

10.6. Lease

Finance lease, 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 charge and the reduction of the outstanding lease liability so as to obtain a constant periodic rate of interest on the remaining balance of the liability. Financial expenses are recognised in profit or loss.

Property, plant and equipment used under finance lease agreements are subject to depreciation over the estimated useful life or the leasing 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 expenses in profit or loss on a straight-line basis over the leasing period.

10.7. 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 to sell the asset or, where appropriate cash-generating unit, its value in use, depending on whichever is higher. This value 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 (net of depreciation), if in previous years no impairment loss had been recognised in respect of that asset. Reversal of impairment loss for an asset shall be recognized immediately as income. After the reversal of 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.

10.8. 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.

10.9. Shares in subsidiaries, associates and joint ventures

Shares in subsidiaries, associates and joint ventures are accounted for at historical cost, including the potential impairment losses.

10.10. Financial assets

Financial instruments are divided into the following categories:

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

Financial assets held to maturity are non-derivative financial assets 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) It was in accordance with IAS 39 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 recognised in the profit and loss account as income or financial expense. 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 in cases where the embedded derivative does not significantly affect the cash flows of the contract or separation of embedded derivatives is expressly prohibited. Financial assets may originally be recognised to the category of measured at fair value through profit or loss if the following criteria are met: (i) such qualification eliminates or significantly reduces the inconsistent treatment, when both the measurement and recognition principles for gains or losses are subject to other regulations, or (ii) assets are part of a group of financial assets that are managed and evaluated on the basis of fair value, according to a documented risk management strategy, or (iii) financial assets contain embedded derivatives that should be recognised separately. As at 31 December 2009 or as at 31 December 2008, no financial assets were classified to the category of measured at fair value through profit or loss.

   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 recognised at fair value, net of transaction costs, taking into account the market value at the balance sheet. 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

10.11. 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.

10.11.1 Financial 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 dot exceed its amortized cost at the date the impairment is reversed.

10.11.2 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.

10.11.3 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.

10.12. 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 host contract;
- on a standalone basis, the embedded instrument meets the definition of a derivative financial instrument;
- a hybrid (combined) contract 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 financial derivatives shall be recognised in the accounting books similarly to other financial derivatives which are not classified 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 Group at the time of initial recognition. In case of embedded derivatives taken over as a result of merger of companies, the Group makes no re-assessment of such embedded instruments as at the merger date (they are assessed at initial recognition in a unit purchased).

10.13. Inventories

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

Costs incurred in bringing each item of inventory to its present location and condition - both for the current and previous year - are recognized as follows:

Materials	• in the purchase price determined by the "first in-first out" method;
Finished products and products 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 estimates the selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

10.14. Trade receivables and other receivables

Trade receivables are recognized and carried at original invoiced amount, 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 borrowing costs.

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.

10.15. Financial resources and their equivalents

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

The balance of cash and cash equivalents disclosed in the consolidated statement of cash flows consists of the above-defined cash and cash equivalents, less outstanding loans in current accounts.

10.16. 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 shall be recognized in the profit and loss account after the liability has been removed from the balance sheet and as a result of the settlement by the effective interest rate method.

10.17. Trade liabilities 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 for the purpose of sale 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 to the category of measured at fair value through profit or loss if the following criteria are met: (I) such qualification eliminates or significantly reduces the inconsistent treatment, when both the measurement and recognition principles for gains or losses are subject to other regulations, or (ii) liabilities are part of a group of financial liabilities that are managed and evaluated on the basis of fair value, according to a documented risk management strategy, or (iii) financial liabilities contain embedded derivatives that should be recognised separately. As at 31 December 2009 or as at 31 December 2008, no financial commitments were classified to the category of measured at fair value through profit or loss.

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 and income 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 assets. Other non-financial liabilities are recognised in an amount requiring payment.

10.18. 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 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 a provision shall be determined by discounting the expected future cash flows to their present value, using 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.

10.19. Retirement benefits and jubilee awards

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 depends 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.

10.20. Sales revenues

Sales revenue shall be 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 sales revenues the following criteria are also taken into account.

10.20.1 Sale of products and goods

Revenues shall be recognised if the significant risks and benefits resulting from ownership of products have been transferred to the buyer and when the amount of revenue can be measured reliably.

10.20.2 Services

Revenues from services are recognised based on the percentage of their completion. The percentage of completion is determined as the ratio of working hours and the estimated number of working hours required to complete the service.

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.

10.20.3 Interest

Interest income shall be recognized on a time proportion basis (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 of such financial asset.

10.20.4 Dividends

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

10.20.5 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.

10.20.6 Government subsidies

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

When the 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.

10.21. Taxes

10.21.1 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.

10.21.2 Deferred Tax

For the purpose of financial reporting, deferred income tax is calculated applying the balance sheet liability method to all temporary differences that exist, at the balance sheet date, between the tax base of an asset or liability and its carrying 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 pre–tax profit, taxable income or tax loss,
- as well as 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.

- This does not apply to situations when deferred tax assets related to negative temporary differences arise from initial recognition of an asset or liability on a transaction other than merger of companies, which at the time of its conclusion has no influence on pre-tax profit, taxable income or tax loss.
- Furthermore, in 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 shall be verified at every balance sheet date and shall be adequately decreased or increased in order to reflect any changes in the estimates of achieving taxable profit sufficient to utilize such deferred tax asset partially or entirely. An asset not included in deferred tax shall 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 shall be 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 shall 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 compensates deferred tax assets against deferred tax provisions if and only if it is possible to have a legally enforceable right to offset receivables against liabilities under the current tax, and deferred tax is linked to the same taxpayer and same tax authority.

10.21.3 Value added tax

Revenues, expenses and assets shall be 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 are presented including value added tax.

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

10.22. 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.

(in PLN thousand)

11. Operating segments

For management purposes, the Company was divided into segments based on 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. These applications support business processes and information flow processes, covering most areas of business, including: finance and accounting, business intelligence, personnel management, human resources and payroll, logistics and sales, production and Internet applications. Technical capabilities allow these systems to be implemented in various network architectures.

Outsourcing segment covers such areas as: collocation, hosting, backup and archiving, network, monitoring, and service failures, security solutions, systems administration, maintenance of ERP / CRM, design and management of WAN, WAN network outsourcing, outsourcing of human resources in IT, IT consulting and services, additional services of system and application integration. 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 are based on our own Data Centre employing highest quality, certified specialists and possessing technical infrastructure which ensures the highest level of data security.

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 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 2009 or as at 31 December 2009	*ERP systems*	*Outsourcing*	***Total reportable segments***	*Resources not allocated*	**Activity total**
Revenues					
Sales to external customers	133,348	17,288	**150,636**	5,560	**156,196**
Sales between segments	906	–	**906**	(906)	**–**
Total segment revenue	134,254	17,288	**151,542**	4,654	**156,196**
Result					
Segment profit/(loss)	23,209	2,890	**26,099**	609	**26,708**
Other net operating income/(expense)				50	**50**
Net financial income/(expense)				1,287	**1,287**
Income tax				(5,618)	**(5,618)**
Profit for the period	23,209	2,890	**26,099**	**(3,672)**	**22,427**
Segment assets	227,913	10,017	**237,930**	50,986	**288,916**
Other information					
Capital expenditure:	9,355	424	**9,779**	546	**10,325**
Amortization	(8,248)	(1,516)	**(9,764)**	(193)	**(9,957)**

(in PLN thousand)

1. Revenues from transactions between segments are eliminated on consolidation.
2. Segment operating profit does not include financial income (PLN 1,640 thousand), financial expense (PLN 353 thousand), other operating income (PLN 1,013 thousand) and other operating expense (PLN 482 thousand). Segment operating profit includes the government subsidy related to assets (PLN 483 thousand), which in the financial statements is recognised as an item in other operating income.
3. Segment assets do not include deferred tax (PLN 670 thousand), financial assets available for sale (PLN 1,056 thousand), cash (PLN 48,429 thousand), bank guarantees (PLN 704 thousand), and other unallocated assets (PLN 127 thousand) because these assets are managed at the level of the Company.

Year ended 31 December 2008 or as at 31 December 2008	*ERP systems*	*Outsourcing*	***Total reportable segments***	*Resources not allocated*	**Activity total**
Revenues					
Sales to external customers	130 686	27 301	**157 987**	10 437	**168 424**
Sales between segments	869	–	**869**	(869)	**–**
Total segment revenue	131 555	27 301	**158 856**	9 568	**168 424**
Result					
Segment profit/(loss)	25 866	1 325	**27 191**	1 162	**28 353**
Other net operating income/(expense)				339	**339**
Net financial income/(expense)				1 055	**1 055**
Income tax				(5 625)	**(5 625)**
Profit for the period	25 866	1 325	**27 191**	**(3 069)**	**24 122**
Segment assets	230 995	17 446	**248 441**	35 500	**283 941**
Other information					
Capital expenditure:	10 708	3 966	**14 674**	522	**15 196**
Amortization	(7 426)	(2 282)	**(9 708)**	(223)	**(9 931)**

1. Revenues from transactions between segments are eliminated on consolidation.
2. Segment operating profit does not include financial income (PLN 1,506 thousand), financial expense (PLN 451 thousand), other operating income (PLN 968 thousand) and other operating expense (PLN 629 thousand).
3. Segment assets do not include deferred taxes (PLN 1,104 thousand), financial assets available for sale (PLN 1,095 thousand), cash (PLN 33,001 thousand), bank guarantees (PLN 300 thousand), because these assets are managed at the Company.

Geographic information

Revenues from external customers:

	Year ended 31 December 2009	*Year ended 31 December 2008*
Poland	152,714	165,683
Abroad, including:	3,482	2,741
- Russia	577	758
- Germany	292	21

(in PLN thousand)

- Baltic States (Lithuania, Latvia, Estonia)	407	518
Total	156,196	168,424

Non-current assets:

	31 December 2009	*31 December 2008*
Poland	28 569	28 781
Total	28 569	28 781

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

12. Income and expense

12.1. Other operating income

	Year ended 31 December 2009	*Year ended 31 December 2008*
Profit from the sale of property, plant and equipment	–	375
Received compensation	297	192
Subsidies	482	113
Sales to employees	64	78
Awards	58	170
Other	112	40
	1,013	**968**

12.2. Other operating expenses

	Year ended 31 December 2009	*Year ended 31 December 2008*
Loss from the sale of property, plant and equipment	(41)	–
Provision for litigation costs	–	(119)
Donations to unrelated parties	(29)	(115)
Accident repair costs	(275)	(51)
Appropriation of fixed assets	–	(103)
Penalties and compensation	(68)	(65)
Awards and prizes	–	(55)
Inventory shortages	–	(42)
Liquidation of fixed assets	(53)	(38)
Other operating expenses	(16)	(41)
	(482)	**(629)**

12.3. Financial income

	Year ended 31 December 2009	*Year ended 31 December 2008*
Income on bank interest	1,477	1,455

(in PLN thousand)

Other income on interest	37	11
Discount of settlements	100	–
Income on sale of other investment	26	27
Other financial income	–	13
	1,640	**1,506**

12.4. Financial expense

	Year ended 31 December 2009	*Year ended 31 December 2008*
Interest on finance lease	(115)	(160)
Settlement discount	–	(125)
Bank fees and charges	(12)	(20)
Other interest expense	(34)	(63)
Negative exchange rates	(142)	(55)
Other financial expenses	(50)	(28)
	(353)	**(451)**

12.5. Expenses by type

	Year ended 31 December 2009	*Year ended 31 December 2008*
Value of goods and materials sold	(30,010)	(38,607)
Consumption of materials and energy	(3,401)	(3,536)
External services	(25,395)	(28,819)
Payroll	(51,050)	(47,452)
Employee benefits	(9,338)	(8,743)
Amortization	(9,957)	(9,931)
Taxes and fees	(795)	(978)
Business trips	(1,045)	(1,295)
Other expenses by type	(199)	(152)
Total	**(131,190)**	**(139,513)**
Change in product inventories	(1,221)	558
Selling costs	(6,292)	(9,842)
General and administrative expenses	(18,121)	(20,369)
Cost of products sold and services	(105,556)	(109,860)
Total	**(131,190)**	**(139,513)**

12.6. Amortization and depreciation costs and allowances recognized in profit or loss

	Year ended 31 December 2009	*Year ended 31 December 2008*
The items included in cost of goods sold:		
Depreciation of fixed assets	(4,286)	(4,462)
Amortization of intangible assets	(3,668)	(3,425)

(in PLN thousand)

The items included in sales costs		
Depreciation of fixed assets	(226)	(210)
Amortization of intangible assets	(4)	(123)
The items included in general and administrative expenses:		
Depreciation of fixed assets	(1,181)	(1,409)
Amortization of intangible assets	(592)	(302)
	(9,957)	**(9,931)**

12.7. Cost of external services included in profit or loss

	Year ended 31 December 2009	*Year ended 31 December 2008*
Rental of office space and other assets	(5,452)	(5,149)
Consulting and training services	(197)	(632)
Services and telecommunications charges	(1,979)	(2,748)
Transport services	(389)	(255)
Auditing, accounting and legal services	(779)	(1,192)
Information services - subcontracting	(9,375)	(13,121)
Services of hardware and software maintenance	(2,873)	(1,125)
Repairs and maintenance of buildings	(1,159)	(785)
Banking	(61)	(74)
Advertising and marketing services	(2,110)	(2,061)
Property insurance	(490)	(259)
Other	(531)	(1,418)
Total cost of external services	**(25,395)**	**(28,819)**

12.8. Employee benefit costs

	Year ended 31 December 2009	*Year ended 31 December 2008*
Payroll	(51,178)	(47,270)
Establishing retirement provision	–	(14)
Termination of retirement provision	2	128
Establishing/terminating provisions for unused leave	126	(296)
Total	**(51,050)**	**(47,452)**
Employee benefits, including:	(8,486)	(8,166)
Social security costs	*(7,368)*	*(6,809)*
CSBF	(852)	(577)
Total	**(9,338)**	**(8,743)**
Total employee benefit costs, including:	(60,388)	(56,195)
The items included in cost of goods sold	(44,583)	(40,192)
The items included in sales costs	(3,355)	(4,008)
The items included in general and administrative expenses	(12,450)	(11,995)

13. Current income tax

13.1. Tax burden

The main components of tax expense for the year ended 31 December 2009 and 31 December 2008 are as follows:

(in PLN thousand)

	Year ended 31 December 2009	*Year ended 31 December 2008*
Profit and loss account		
Current income tax	(5,184)	(5,083)
Income tax expense	(5,184)	(5,250)
Adjustments for current income tax of previous years	0	167
Deferred income tax	(434)	(542)
Linked to the origination and reversal of temporary differences	(434)	(542)
Tax expense reported in the profit and loss account	**(5,618)**	**(5,625)**

13.2. Approval of effective tax rate

Reconcilement of the income tax payable on pre-tax 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 2009 and 31 December 2008 is as follows:

	Year ended 31 December 2009	*Year ended 31 December 2008*
Gross profit before tax from continuing operations	28,045	29,747
Gross profit before tax from discontinued operations	–	–
Gross profit before tax	28,045	29,747
Income tax at the applicable statutory tax rate of 0.19 (2007 0.19)	5,329	5,652
Adjustments for current income tax of previous years	–	(167)
Costs which are not deductible	228	170
Write-down of asset due to its non-fulfilment	–	–
Other	62	(30)
According to the effective tax rate of: 0,2003 (2008: 0,1891)	5,618	5,625
Income tax (charge) shown in the profit and loss account	(5,618)	(5,625)
Income tax attributed to discontinued operations	–	–
	(5,618)	(5,625)

13.3. Deferred income tax

Deferred tax due to the following items:

	Balance sheet		*Profit and loss account for the 12 months ended*	
	31 December 2009	*31 December 2008*	*31 December 2009*	*31 December 2008*
Provision for deferred tax				
The difference between fiscal value and accounting value (-)	(591)	(271)	(320)	(48)
Revaluation of land and buildings to fair value	(136)	(141)	5	4
Accrued sales revenues	(472)	(243)	(229)	417
Financial revenue from accrued interest	(58)	(27)	(31)	(21)
Adjustment to fair value arising from acquisition	–	(389)	389	150

(in PLN thousand)

Other	(2)	(16)	14	20
Deferred tax gross provisions	**(1,259)**	**(1,087)**		
Deferred tax assets				
Gratuities of the units	31	31	–	(29)
The difference between fiscal value and accounting value	128	169	(41)	(11)
Provisions for bonuses, holidays, estimated costs	1,251	1,641	(390)	(186)
Losses eligible for deduction from future taxable income	–	–	–	(877)
Revaluation write-downs on current assets	180	142	38	(152)
Accrued revenue	196	–	196	–
Initial payments under lease contracts	–	33	(33)	33
Other	143	175	(32)	158
Deferred tax gross assets	**1,929**	**2,191**		
Deferred tax net assets	**670**	**1,104**		
Deferred tax charge			**(434)**	**(542)**

14. 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 20 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 subsidize 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 constitute separate assets of the Company. Accordingly, the net balance at 31 December 2009 amounts to PLN 39 thousand (as at 31 December 2008, PLN 211 thousand).

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

	31 December 2009	*31 December 2008*
Fixed assets brought to the Fund	–	–
Loans granted to employees	94	160
Cash	185	279
Liabilities to the Fund	240	228
Balance after offset	**39**	**211**

15. Earnings per share

Basic earnings per share is 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 is calculated by dividing the net profit for the period attributable to ordinary shareholders (after deducting the interest on redeemable preference shares convertible into ordinary shares) 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.

(in PLN thousand)

Below are data on earnings and shares, which were used in calculating basic and diluted earnings per share:

	Year ended 31 December 2009	*Year ended 31 December 2008*
Net profit from continuing operations	22,427	24,122
Loss from discontinued operations	–	–
Net profit	22,427	24,122
Interest on redeemable preference shares convertible into ordinary shares	–	–
Net profit attributable to ordinary shareholders used in the calculation of diluted earnings per share	22,427	24,122

	Year ended 31 December 2009	*Year ended 31 December 2008*
Weighted average number of issued ordinary shares used to calculate basic earnings per share	33,418,193	31,816,767
Effect of dilution:	–	–
Stock options	–	–
Redeemable preference shares	–	–
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	33,418,193	31,816,767

Between the balance sheet date and the date of preparation of these financial statements, there have been no other transactions involving ordinary shares and potential ordinary shares.

16. Paid and proposed dividends

The dividend on ordinary shares for 2008, paid on 10 June 2009, amounted to PLN 14,036 thousand (the Company did not pay dividends for 2007).

The value of dividends per share paid for 2008 amounted to PLN 0.42 (2007: PLN 0)

The company did not pay dividends for the year 2009.

17. Tangible fixed assets

Year ended 31 December 2009	*Land and buildings*	*Machinery and equipment*	*Motor vehicles*	*Other fixed assets*	*In total:*
Gross value as at 1 January 2009	**7,089**	**20,747**	**6,887**	**1,568**	**36,291**
Acquisitions	564	3,056	633	1,624	**5,877**
Transfer from fixed assets under construction	–	805	218	(1,358)	**(335)**
Sales	–	(338)	(882)	(12)	**(1,232)**
Liquidation	(224)	(1,735)	–	(16)	**(1,975)**
Gross value as at 31 December 2009	**7,429**	**22,535**	**6,856**	**1,806**	**38,626**

(in PLN thousand)

Amortization and write-downs as at 1 January 2009	**(1,564)**	**(13,844)**	**(1,751)**	**(706)**	**(17,865)**
Depreciation charge for the period	(560)	(3,547)	(1,368)	(218)	**(5,693)**
Sales	–	282	418	12	**712**
Liquidation	202	1,730	–	13	**1,945**
Amortization and write-downs as at 31 December 2009	**(1,922)**	**(15,379)**	**(2,701)**	**(899)**	**(20,901)**
Net value as at 1 January 2009	5,525	6,903	5,136	862	**18,426**
Net value as at 31 December 2009	5,507	7,156	4,155	907	**17,725**

Year ended 31 December 2008	*Land and buildings*	*Machinery and equipment*	*Motor vehicles*	*Other fixed assets*	*In total:*
Gross value as at 1 January 2008	**6,215**	**19,721**	**4,446**	**1,204**	**31,586**
Acquisitions	874	3,241	2,729	565	**7,409**
Sales	–	(938)	(261)	(90)	**(1,289)**
Liquidation	–	(1,277)	(27)	(111)	**(1,415)**
Gross value as at 31 December 2008	**7,089**	**20,747**	**6,887**	**1,568**	**36,291**
Depreciation and write-downs as at 1 January 2008	**(1,068)**	**(12,091)**	**(465)**	**(407)**	**(14,031)**
Depreciation charge for the period	(496)	(3,744)	(1,452)	(425)	**(6,117)**
Sales	–	830	174	54	**1,058**
Liquidation	–	1,161	(8)	72	**1,225**
Depreciation and write-downs as at 31 December 2008	**(1,564)**	**(13,844)**	**(1,751)**	**(706)**	**(17,865)**
Net value as at 1 January 2008	5,147	7,630	3,981	797	**17,555**
Net value as at 31 December 2008	5,525	6,903	5,136	862	**18,426**

The carrying value of the means of transport used as at 31 December 2009 under finance leases and lease purchase contracts is PLN 1,918 thousand (on 31 December 2008: PLN 2,701 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 with a carrying value of PLN 2,276 thousand are covered by a mortgage to safeguard the established credit line. At 31 December 2009, the Company had no relevant debt payment and requested the bank to cancel the mortgage (Note 29).

18. Lease

18.1. Commitments under operating lease - the Company as lessee

The Company has lease contracts on office space, which as at 31 December 2009 and as at 31 December 2008 entailed the following future minimum payments under the non-cancellable operating lease contracts:

	31 December 2009	*31 December 2008*
Within 1 year	3,191	972

(in PLN thousand)

In the period from 1 to 5 years	7,119	3,688
More than 5 years	2,351	3,124
	12,661	7,784

18.2. Commitments under finance lease and lease purchase contracts

As at 31 December 2009 and as at 31 December 2008, the future minimum lease payments under these contracts and the current value of minimum net lease payments are as follows:

	31 December 2009		*31 December 2008*	
	Minimum payments	*Current value of payments*	*Minimum payments*	*Current value of payments*
Within 1 year	668	594	889	762
In the period from 1 to 5 years	891	847	1,698	1,575
More than 5 years	–	–	–	–
Total minimum lease payments	1,559	1,441	2,587	2,337
Minus financial expenses	(118)		(250)	
Current value of minimum lease payments, including:	1,441	1,441	2,337	2,337
Current		594		762
Non-current		847		1,575

19. Intangible assets

Year ended 31 December 2009	*Patents and licences*	*Goodwill*	*Intangible assets not put into use*	*Other*	*In total:*
Gross value as at 1 January 2009	**14,202**	**170,931**	**1,712**	**445**	**187,290**
Acquisitions	673	–	3,775	–	**4,448**
Transfer from intangible assets under construction	5,643	–	(5,308)	–	**335**
Sales	–	–	–	–	**–**
Liquidation	–	–	–	–	**–**
Other	–	7	–	–	**7**
Gross value as at 31 December 2009	**20,518**	**170,938**	**179**	**445**	**192,080**
Amortization and write-downs as at 1 January 2009	**(5,896)**	**–**	**–**	**(108)**	**(6,004)**
Depreciation charge for the period	(4,091)	–	–	(173)	**(4,264)**
Sales	–	–	–	–	**–**
Liquidation	–	–	–	–	**–**
Other	(30)	–	–	–	**(30)**
Amortization and write-downs as at 31 December 2009	**(10,017)**	**–**	**–**	**(281)**	**(10,298)**
Net value as at 1 January 2009	8,306	170,931	1,712	337	**181,286**

(in PLN thousand)

Net value as at 31 December 2009	10,501	170,938	179	164	**181,782**

Year ended 31 December 2008	*Patents and licences*	*Goodwill*	*Intangible assets not put into use*	*Other*	*In total:*
Gross value as at 01 January 2008	**8,625**	**123,630**	**1,923**	**362**	**134,540**
Acquisitions	409	–	7,295	83	**7,787**
Transfer from intangible assets under construction	7,506	–	(7,506)	–	**–**
Acquisition of minority interest	–	47,301	**–**	–	**47,301**
Sales	(1,894)	**–**	**–**	–	**(1,894)**
Liquidation	(444)	**–**	**–**	–	**(444)**
Gross value as at 31 December 2008	**14,202**	**170,931**	**1,712**	**445**	**187,290**
Amortization and write-downs as at 01 January 2008	**(2,814)**	**–**	–	**(108)**	**(2,922)**
Depreciation charge for the period	(3,855)	–	–	–	**(3,855)**
Sales	329	–	–	–	**329**
Liquidation	444	–	–	–	**444**
Amortization and write-downs as at 31 December 2008	**(5,896)**	**–**	**–**	**(108)**	**(6,004)**
Net value as at 1 January 2008	5,811	123,630	1,923	254	**131,618**
Net value as at 31 December 2008	8,306	170,931	1,712	337	**181,286**

20. **Merger of Asseco Business Solutions S.A. with Anica System S.A.** (the acquired company)

On 30 November 2007, Asseco Business Solutions S.A. bought from Asseco Poland 60.56% of shares of Anica System S.A. The company purchased 2,732,415 ordinary registered shares of nominal value of PLN 0.20 each, representing 60.56% of the share capital of this company and entitling to 60.56% of votes at the Annual General Meeting (AGM). The total transaction value amounted to PLN 56,064 thousand. During the identification of assets and determining their fair values, the products of Anica System S.A. have been separated and valued. Their fair value at the date of merger was fixed at PLN 1,916 thousand. The fair value of the software was determined on the basis of the replacement value method less depreciation to the date of the merger. Useful life corresponded to the expected period of benefits from the sale of software.

On 25 April 2008, agreements were signed with the existing shareholders of Anica System S.A., which resulted in Asseco Business Solutions S.A. taking over the package of the remaining 39.44% of the company shares. Acquisitions were made by issuing series D shares, through non-monetary contribution. The par value of each series D share was 5 PLN, the issue price - 12 PLN per share. Shares were issued in exchange for non-monetary contributions of 1,779,420 shares of Anica System S.A., of a nominal value of PLN 0.20 per value. Consequently, Asseco Business Solutions S.A. owned 4,511,835 shares of Anica System S.A., representing 100% of the share capital and granted the right to the same number of votes at the Annual General Meeting of Anica System S.A.

The value of the acquired share in net assets corresponded to the value of minority shares on the merger date increased by the change in equity attributable to minority shareholders as of the merger date, i.e. PLN 10,346, while the value of the transaction amounted to PLN 57,651 thousand.

(in PLN thousand)

On 1 April 2009, Asseco Business Solutions S.A. merged with Anica System S.A. The merger process is described in Section 2 of these financial statements.

Due to the nature of the transaction, the merger was cleared by the pooling-of-interests method. This method consists in the acquisition of individual assets and liabilities of the acquired company at their book value derived from the consolidated financial statements of Asseco Business Solutions Capital Group, including in the statement of the acquiring company's total income the financial result of the acquired company (excluding inter-transaction), while eliminating other equity items of the acquired company and the cost associated with the merger.

For the consolidated statements - as comparative data - the consolidated data are presented from the consolidated financial statements for 12 months of 2008 and as at 31 December 2008. However, for a separate statement, as a result of the pooling-of-interests method used to account for the merger, consolidated data was also presented as comparative data, as if the merger took place on 1 January 2008. Thus, comparable data for the separate financial statements are not consistent with the Company's approved separate report, however, are consistent with the consolidated data. As a result of using the pooling-of-interests method to account for the merger, financial data of the separate financial statements and consolidated financial statements are the same.

Book values of individual assets and liabilities as at 1 April 2009 were as follows:

	The book value recognised on the merger date
Non-current assets	
Tangible assets	7,900
Intangible assets	1,904
Deferred tax assets	–
Financial resources and their equivalents	21,757
Trade receivables and other receivables	9,049
Inventory	362
Accruals and prepayments	444
	41,416
Trade liabilities and other liabilities	3,543
Deferred tax provision	120
Provision for retirement gratuities and other provisions	39
Accrued expenses	950
	4,652

(in PLN thousand)

The cost of the merger included the value of investment in Anica System company, which on the date of merger, amounted to PLN 114,276 thousand.

As a result of the settlement of the merger by the pooling-of-interests method, Asseco Business Solutions S.A. has included in the report Anica's assets at the merger day of PLN 41,416 thousand. PLN and the assets that were recognised only in the consolidated financial statements, such as goodwill on consolidation amounting to PLN 90,935 thousand and Anica System's products of a fair value on the merger date of PLN 1,895 thousand. The value of liabilities rose by PLN 4,652 thousand, the result of the current year increased by PLN 3,356 thousand. The amount of PLN 3,356 thousand is the amount of profit generated by Anica System during the period from 1 January 2009 to 31 March 2009, adjusted for transaction balances between the merging entities.

21. Goodwill and impairment test

Goodwill presented in the separate and consolidated financial statements include goodwill created from the merger of Asseco Business Solutions SA, Safo Sp. sp. z o.o., Softlab Sp. z o.o., Softlab Trade Sp. z o.o. Ltd and WA-PRO Sp. z oo and goodwill on consolidation resulting from the merger of Asseco Business Solutions S.A. Anica System S.A.

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

As a result of the settlement of the merger of Asseco Business Solutions S.A. and Anica System S.A. by the pooling-of-interests method, the separate financial statements include goodwill on consolidation, so far presented in the consolidated financial statements.

In connection with the merger of Asseco Business Solutions and Anica, the separate financial statements disclose the following modifications to the Company's goodwill:

	31 December 2009	*31 December 2008*
Goodwill at the beginning of the period in a consolidated statement	170,931	123,630
Increase in goodwill from the merger	7	47,301
Total carrying value at the end of the period	**170,938**	**170,931**

Key assumptions used to calculate the recoverable amount:

	31 December 2009	*31 December 2008*
Carrying value of goodwill	170 938	170 931

- 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.
- The Management Board expects that revenues from sales of own software and services will grow within 3 - 6% per year over the forecast period. The assumption of such a revenue growth stems not only from the growth of the market, but also from the broadening of the gamut of services offered.
- Revenues from sales of third-party software and services have a small share in total sales revenue and the Management Board expects that this category of revenue growth will be stable throughout the forecast period at around 1% per year.
- Revenues from sales of equipment and infrastructure support the sale of basic services. Here, market forecasts show declining growth rate.
- Throughout the forecast period, gross margin growth proportional to the rise in revenue and stable increase of management costs are anticipated.

(in PLN thousand)

After the period of forecast, zero growth rate is expected and the maintenance of revenue and margins at the level of the last year of the forecast.

	ERP systems
Goodwill assigned to the cash-flow generating unit	170,931
Gross margin	31%
Growth rate	3%
Discount rate	9.6%
The recoverable amount of the cash-generating unit	280,832

Carrying value of the cash-generating unit

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

The calculation of utility value of units is most sensitive to the following changes:

- Percentage increase in sales revenue;
- Discount rate.

Discount rate - the discount factor is the weighted average cost of capital (WACC) calculated according to the following formula:

WACC = (share of foreign capital) * (1 - tax) * (cost of foreign capital) + (cost of equity) * (share of equity)

where:

The share of foreign capital - is the share of interest debt in total assets
The cost of foreign capital - is the cost of credit
The share of equity - this is 1 - the share of foreign capital
The cost of equity - is risk-free rate + β * the average market rate.

Estimating the value in use of the unit shows certain sensitivity to changes in the assumptions concerning the discount rate and gross margin. 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 was 1% lower than the estimates of the Management Board at 31 December 2009, the recoverable amount of the unit would be PLN 264 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 257 million.

22. Financial assets available for sale

	31 December 2009	*31 December 2008*
Financial assets available for sale	1 056	1 095
Total	1 056	1 095

(in PLN thousand)

23. Other assets

23.1. Other financial assets

	31 December 2009	*31 December 2008*
Other receivables	777	1,485
Total	777	1,485
- current	–	–
- non-current	777	1,485

23.2. Other non-financial assets

	31 December 2009	*31 December 2008*
Prepaid maintenance services	318	443
Prepaid insurance	91	195
Prepaid subscriptions	17	20
Other prepaid service	119	127
Other	–	102
Total	545	887
- current	542	887
- non-current	3	–

24. Employee benefits

24.1. 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:

	31 December 2009	*31 December 2008*
At 1 January	165	313
Establishment of provision	–	14
The costs of benefits paid	–	–
Termination of provision	(2)	(162)
At 31 December	163	165

(in PLN thousand)

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.
- Likelihood of workers retirements was calculated on the basis of historical data on employment fluctuation in the Company and statistics on employees leaving companies of the industry.
- Mortality and the probability of survival were adopted in accordance with the Life Expectancy Tables, 2008, 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 transition of workers into retirement was adopted, i.e. for men - after finishing 65 years of age and for women - after finishing 60 years of age, except for those employees who, according to the information supplied by the Company, meet the conditions required to exercise their right to 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 2009	*31 December 2008*
Discount rate (%)	6.2%	5.5%
Expected inflation rate (%)	2.5%	2.5%
Expected wage increase rate (%)	5.0%	5.0%

25. Inventories

	31 December 2009	*31 December 2008*
Materials (at purchase price)	–	140
Goods	793	1,256
Goods in transit	122	–
Inventory allowance	(109)	(217)

(in PLN thousand)

Inventories in total by the lower of two values: the purchase price (manufacturing cost) and net realizable value	806	1,179

In the year ended 31 December 2009, the Company established an inventory allowance in the amount of PLN 109 thousand (in 2008 PLN 217 thousand). Inventory allowance related to the inventory of computer accessories as a result of deposition in the store for more than 12 months (the same condition was the cause of the allowance in 2008).

In the year ended 31 December 2009, the Company terminated the inventory allowance in the amount of PLN 108 thousand (in 2008 PLN 44 thousand) due to the sale of inventories covered by the allowance.

No category of inventories constituted collateral for credits or loans for the year ended 31 December 2009 and for the year ended 31 December 2008. As at 31 December 2009 or as at 31 December 2008, there were no inventories valued at the net selling price.

26. Trade receivables and other receivables

	31 December 2009	*31 December 2008*
Trade receivables	28,408	32,793
Trade receivables from related parties	4,029	7,806
Trade receivables (net)	32,437	40,599
Allowance on receivables	838	696
Trade receivables (gross)	33,275	41,295
Other receivables		
Other receivables from third parties	4043	4879
Other receivables from related parties	646	–
	4,689	4,879

Other receivables	*31 December 2009*	*31 December 2008*
Receivables arising from the valuation of long-term IT contracts	2,486	3,204
Receivables from non-invoiced delivery	737	666
Receivables arising from the guarantee of contract performance	–	276
Advances provided to suppliers	442	66
Other trade receivables (bid bonds, deposits)	854	448
Receivables from employees	130	–
Other receivables	40	219
	4,689	4,879

Details of related party transactions are set out in Note 34.

Trade receivables are not remunerated and usually have a 14-day payment term.

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.

The fair value of receivables does not differ significantly from the value at which they were presented in the financial statements.

(in PLN thousand)

At 31 December 2009, trade receivables in the amount of PLN 838 thousand (2008: PLN 696 thousand) were considered irrecoverable and are therefore not covered by a write-down. Changes in the allowance for receivables were as follows:

	2009	*2008*
Allowance write-down as at1 January	696	1,536
Increase	242	184
Use	(91)	(77)
Deduction of unused amounts	(9)	(947)
Allowance write-down as at 31 December	**838**	**696**

Below is the analysis of trade receivables and other receivables, which at 31 December 2009 and 31 December 2008 were overdue, but were not considered to be irrecoverable:

			Matured				
	Total	*Non-matured*	*<1 month*	*1 – 3 months*	*3-6 months*	*6 - 12 months*	*> 12 months*
31 December 2009	37,126	27,960	6,227	2,001	797	107	34
31 December 2008	45,478	30,410	9,381	3,610	1,109	874	94

27. Cash and cash equivalents

Cash at bank is remunerated 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 one month, depending on the actual Company's demand for cash and are remunerated at a fixed interest rate. The fair value of cash and cash equivalents at 31 December 2009 amounts to PLN 48,429 thousand (31 December 2008: PLN 33,001 thousand).

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

	31 December 2009	*31 December 2008*
Cash at bank and in hand	2,807	924
Short-term deposits	45,622	32,077
Cash at bank and in hand	48,429	33,001
	48,429	**33,001**

28. Spare capital and supplementary/reserve capitals

28.1. Share capital

Equity capital	*31 December 2009*	*31 December 2008*
Series A ordinary shares with a nominal value of PLN 5	50,000	50,000

(in PLN thousand)

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

	Quantity	***Value***
Ordinary shares issued and fully paid up		
At 1 January 2009	33,418	167,091
Change during the year	–	–
At 31 December 2009	33,418	167,091
At 1 January 2008	28,614	143,069
Issued on 22 April 2008 in exchange for non-monetary contributions in the form of 1,779,420 shares of Anica System S.A. of the nominal value of PLN 0.20 each.	4,804	24,022
At 31 December 2008	33,418	167,091

28.1.1 The nominal value of shares

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

28.1.2 Rights of shareholders

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

28.1.3 Shareholders with significant share

	31 December 2009	*31 December 2008*
Asseco Poland S.A.		
share in capital	46.47%	46.47%
share in votes	46.47%	46.47%
ING Towarzystwo Funduszy Inwestycyjnych S.A. – 6.04 %		
share in capital	– %	6.04%
share in votes	– %	6.04%
Amplico Powszechne Towarzysztwo Emerytalne S.A.		
share in capital	6.22%	– %
share in votes	6.22%	– %

28.2. The 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 of PLN 33,600 thousand, which was less share issue costs recognised as a reduction of supplementary equity amounting to PLN 3,683 thousand and the costs associated with raising capital in connection with the merger in the amount of PLN 319 thousand. In addition, supplementary capital was 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 2009 is PLN 62,423 thousand.

(in PLN thousand)

28.3. Retained earnings and restrictions on payment of dividend

In accordance with the provisions of the Commercial Companies Code, 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 2009, there are no other restrictions on the payment of dividend.

29. Interest-bearing loans and borrowings

At 31 December 2009, the Company did not have open credit lines. In 2008, the Company had an open credit line in Bank Pekao SA at the maximum amount of PLN 2,000 thousand, remunerated at the rate Wibor 1M + margin and secured by bail mortgage on real property (office) of the value of PLN 2,276 thousand and a promissory note. At 31 December 2008, the Company had no debt of the above loans. The Company requested the bank's consent to cancel the mortgage.

The Company uses financial lease. The interest rate is variable and based on Wibor. At 31 December 2009, long-term lease obligations amounted to PLN 847 thousand (at 31 December 2008 - PLN 1,575 thousand), short-term lease obligations were as follows: at 31 December 2009, PLN 594 thousand (at 31 December 2008 - PLN 762 thousand).

30. Provisions

30.1. Changes in provisions

	Provision for retirement gratuity	***In total:***
On 1 January 2009	165	165
Created during the financial year	–	–
Used	–	–
Dissolved	(2)	(2)
On 31 December 2009	163	163
Current as at 31 December 2009	8	8
Non-current as at 31 December 2009	155	155
	163	163
On 1 January 2008	313	313
Created during the financial year	14	14
Dissolved	(162)	(162)
On 31 December 2008	165	165
Current as at 31 December 2008	–	–
Non-current as at 31 December 2008	165	165
	165	165

(in PLN thousand)

31. Trade liabilities, other liabilities, payables and accruals

31.1. Trade liabilities and other financial liabilities (current)

	31 December 2009	*31 December 2008*
Trade liabilities		
To related parties	182	184
To other parties	8,908	11,154
	9,090	11,338
Financial liabilities		
Liabilities under finance lease (current)	594	762
Liabilities under finance lease (non-current)	847	1,575
	1,441	2,337
Other liabilities		
Amounts owed to employees for wages	1,014	1,125
Liabilities arising from the valuation of long-term IT contracts	1,034	2,114
Liabilities due to non-invoiced deliveries	547	81
Payments in advance for supplies	132	35
Other liabilities	224	87
	2,951	3,442

Terms and conditions of payment of the above financial liabilities:
Details of related party transactions are set out in Note 34.
Trade liabilities are non-interest bearing and are normally settled on 21-day periods.
Other liabilities are interest-free, with an average 14-day payment term.
Interest liabilities are generally settled on a monthly basis throughout the financial year.

31.2. Other non-financial liabilities

	31 December 2009	*31 December 2008*
Liabilities from taxes, duties, social security and other	4,480	5,956
Liabilities to Social Security	1,668	1,641
Personal income tax	730	876
VAT	2,003	3,407
Flat-rate tax at source	37	3
Other budgetary liabilities	42	29
Tax liabilities on corporate income tax	3,926	376
Other non-financial liabilities	–	255
Total	8,406	6,587

(in PLN thousand)

- current	8,406	6,332
- non-current	–	255

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.

31.3. Accruals and prepayments

	31 December 2009	*31 December 2008*
Accruals and prepayments for:		
Unused leaves	1,938	1,996
Bonuses	3,782	4,014
Provision for other expenses	759	974
	6,479	6,984
Accrued revenue for:		
Prepayments	–	1,969
Prepaid services	60	120
Other revenue	955	19
	1,015	2,108

Accruals 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 S.A., and provisions for the costs of current operations of the Company. The balance of deferred revenue concerns primarily prepayments for services rendered, such as maintenance and IT assistance.

32. Long-term contracts

In 2009 and 2008, Asseco Business Solutions S.A. implemented a number of the so-called implementation contracts (IT). In accordance with IAS 11, revenue from such contracts are recognized in accordance with the degree of their advancement. In 2009 and 2008, the Company measured the degree of implementation 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 ration of work done to the total labour input on the project.

	31 December 2009	*31 December 2008*
Costs incurred by the implementation of IT contracts (-)	3,730	9,020
Profit (loss) by the implementation of IT contracts	**8,778**	**7,067**
Invoiced revenue by the implementation of IT contracts	11,057	14,997
Amounts due arising from the valuation of IT contracts	2,486	3,204
Liabilities arising from the valuation of IT contracts	(1,034)	(2,114)

33. Contingent liabilities

	31 December 2009	*31 December 2008*
Other contingent liabilities	882	–
Contingent liabilities total	882	0

(in PLN thousand)

33.1. Lawsuits

No significant litigation and dispute are being held against the Issuer.

33.2. 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. In the Company's opinion, as at 31 December 2009, adequate reserves were established for known and quantifiable tax risk.

34. Information about the related parties

Transactions with related parties are held at arm's length.

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***	***Purchases from related parties***	***Receivables from related parties***	***Amounts due to related parties***
The parent:					
Asseco Poland S.A.	*2009*	12,770	315	2,549	2
	2008	13,220	454	5,940	133
Other related parties:					
Asseco Systems Sp. z o.o.	*2009*	487	451	46	149
	2008	1,931	162	584	–
Combidata Sp. z o.o.	*2009*	1	36	1,806	31
	2008	2,258	10	2,754	–
Prokom Software S.A.	*2009*	–	–	–	–
	2008	2,458	4	–	–
Other parties	*2009*	605	–	373	–
	2008	345	33	396	53
	2009	13,863	802	4,774	182
	2008	20,212	663	9,674	186

34.1. The parent of the Group

Asseco Poland S.A. is the parent of the Company.

(in PLN thousand)

In the year ended 31 December 2009, transactions occurred between the Company and Asseco Poland. Details of related party transactions are set out in Note 34.

34.2. The remuneration of Company executives

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

Remuneration paid	*Asseco Business Solutions S.A.*	*subsidiary*
The Board	**2,807**	**1,556**
Romuald Rutkowski	416	–
Maciej Maniecki until 24 June 2009	480	–
Wojciech Frysztak until 24 June 2009	208	–
Cezary Maciejewski until 24 June 2009	208	–
Wojciech Barczentewicz	562	778
Piotr Masłowski	560	778
Mariusz Lizon from 24 June 2009	163	–
Severance pay/compensation for Maciej Maniecki	210	–
Supervisory Board	**222**	**–**
Adam Góral	59	–
Jarosław Adamski	36	–
Wojciech Kowalczyk	36	–
Maciej Maniecki from 24 June 2009 to 16 November 2009	33	–
Konrad Michał Marchlewski until 24 June 2009	17	–
Zbigniew Pomianek	36	–
Adam Pawłowicz from 16 November 2009	5	–
Total	**3,029**	**1,556**

Remuneration owed	*Asseco Business Solutions S.A.*	*subsidiary*
The Board	**4,720**	**–**
Romuald Rutkowski	864	–
Maciej Maniecki until 24 June 2009	391	–
Wojciech Frysztak until 24 June 2009	290	–
Cezary Maciejewski until 24 June 2009	290	–
Wojciech Barczentewicz	1,182	–
Piotr Masłowski	1,180	–
Mariusz Lizon from 24 June 2009	313	–
Severance pay/compensation for Maciej Maniecki	210	–
Supervisory Board	**222**	**–**
Adam Góral	59	–
Jarosław Adamski	36	–
Wojciech Kowalczyk	36	–
Maciej Maniecki from 24 June 2009 to 16 November 2009	33	–
Konrad Michał Marchlewski until 24 June 2009	17	–
Zbigniew Pomianek	36	–
Adam Pawłowicz from 16 November 2009	5	–

(in PLN thousand)

Total	**4,942**	**–**

35. 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 2009 and 31 December 2008 by type of service:

Type of service	*Year ended 31 December 2009*	*Year ended 31 December 2008*
Mandatory testing of annual accounts	268	315
Other attesting services	–	–
Tax advisory services	–	–
Other services	–	–
Total	268	315

refers to Ernst & Young Audit Sp. z oo

36. 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 principle currently applied by the Company and throughout the period covered by the 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 risk relating to all financial instruments in its possession.

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 values + / - 15%.

36.1. Interest rate risk

Company's exposure to risks due to changes in interest rates pertains primarily to non-current financial obligations - obligations under finance leases and bank deposits.

As at 31 December 2009, 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 (in connection with the obligations of a variable rate). No impact was reported on equity or total income of the Company.

(in PLN thousand)

	Carrying value	***Increase/decrease in percentage points***	***Impact on gross profit***
Year ended 31 December 2009			
Liabilities under finance lease based on a variable WIBOR rate	1,441	+ 15%	(18)
		- 15%	18
Bank deposits	45,622	+ 15%	221
		- 15%	(221)
Year ended 31 December 2008			
Liabilities under finance lease based on a variable WIBOR rate	2,337	+ 15%	(38)
		- 15%	38
Bank deposits	32,077	+ 15%	168
		- 15%	(168)

The amount of other assets and financial liabilities are not materially exposed to interest rate risks.

36.2. 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 3% 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.

Given the low number of transactions in foreign currencies and short-term nature of risk exposure, the Company does not secure transactions denominated in foreign currencies.

Due to the fact that currency risk is negligible, the Company does not deploy procedures for managing foreign exchange risk. 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 monetary assets and liabilities) on reasonably possible fluctuations in the dollar and euro assuming other factors remaining unchanged.

	Increase/decrease in the exchange rate	*The impact on gross profit*	*The impact on comprehensive income*
31 December 2009 – EUR/PLN	+10%	105	105
	- 10%	(105)	(105)
31 December 2008 – EUR/PLN	+10%	22	22
	- 10%	(22)	(22)
31 December 2009 – USD/PLN	+10%	7	7
	- 10%	(7)	(7)
31 December 2008 – USD/PLN	+10%	(95)	(95)
	- 10%	95	95

(in PLN thousand)

36.3. 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.
- 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.

36.4. Credit risk

Credit risk faced by the Company may result from:

- creditworthiness of clients and hence the Company enters into transactions only with reputable companies with good credit. All clients who wish to use trade credits are subject to initial verification procedures. Moreover, thanks to an ongoing monitoring of the status of amounts due, the Company's exposure to the risk of bad debts is insignificant.
- credit risk arising from creditworthiness of financial institutions (banks/brokers) - hence the co-operation with reputable financial institutions,
- creditworthiness of entities whose securities are the subject of investment.

The Company enters into transactions only with reputable companies with good credit. All clients who wish to use trade credits, are subject to initial verification procedures. Moreover, thanks to an ongoing monitoring of the status of amounts due, the Company's exposure to the risk of bad debts is insignificant.

For other financial assets of the Company, such as cash and cash equivalents, financial assets available for sale and some derivatives, 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.

36.5. Financial liquidity risk

The Company monitors the risk of lack of funds by means of a tool for periodic liquidity planning. This solution 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 offinancing by using various sources of funds, such as overdrafts, bank loans, bonds, preference shares, finance lease and lease purchase contracts.

The following table shows the Company's trade accounts payable as at 31 December 2009and 31 December according to the maturity date based on contractual undiscounted payments.

31 December 2009	*Due already*	*Within 3 months*	*Within 3 to 12 months*	*Due after 1 year to 5 years*	*Total*
Finance lease commitments	–	170	673	716	1,559
Trade liabilities and other liabilities	–	17,980	2,284	33	20,297
	–	18,150	2,957	749	21,856

31 December 2008	*Due already*	*Within 3 months*	*Within 3 to 12 months*	*Due after 1 year to 5 years*	*Total*

Finance lease commitments	–	244	645	1698	2,587
Trade liabilities and other liabilities	–	18,316	2,796	255	21,367
	–	18,560	3,441	1,953	23,954

37. Financial instruments

37.1. 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;
- the 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 values*		*fair values*	
		31 December 2009	*31 December 2008*	*31 December 2009*	*31 December 2008*
Financial assets					
Financial assets available for sale	AFS	1,056	1,095	1,056	1,095
Trade receivables and other receivables	L&R	37,126	45,478	37,126	45,478
Cash and cash equivalents	ALFVPL	48,429	33,001	48,429	33,001
		86,611	79,574	86,611	79,574
Financial liabilities					
Liabilities under finance lease and lease purchase contracts	FLMAC	1,441	2,337	1,441	2,337
Trade liabilities and other financial liabilities	FLMAC	20,447	21,367	20,447	21,367
		21,888	23,704	21,888	23,704

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

On 31 December 2009, the Company had the following financial instruments measured at fair value:

	31 Dec 2009	*Level 1*	*Level 2*	*Level 3*
Financial assets available for sale				
Bonds	1,056	–	1,056	–

Total	**1,056**	**–**	**1,056**	**–**

In the year ended 31 December 2009, 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 2009 and as at 31 December 2008 does not differ significantly from their carrying value.

(in PLN thousand)

37.2. 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 2009

	Category in accordance with IAS 39	*Income/(expense) on interest*	*Profit /(loss) from exchange rates*	*Termination/(creation) of amortization charges*	*Profit /(loss) from sales of financial instruments*	*Total*
Financial assets						
Financial assets available for sale	FAHM	–	–	–	26	26
Trade receivables and other receivables	L&R	–	–	151	–	151
Cash and cash equivalents	ALFVPL	1,477	–	–	–	1,477
						1,654
Financial liabilities						
Liabilities under finance lease and lease purchase contracts	FLMAC	(115)	–	–	–	(115)
Trade liabilities and other financial liabilities	FLMAC	–	(142)	–	–	(142)
						(257)
Total		1,362	(142)	151	26	1,397

(in PLN thousand)

Year ended 31 December 2008

	Category in accordance with IAS 39	*Income/(expense) on interest*	*Profit /(loss) from exchange rates*	*Termination/(creation) of amortization charges*	*Profit /(loss) from sales of financial instruments*	*Total*
Financial assets						
Financial assets held to maturity	FAHM	–	–	–	14	14
Trade receivables and other receivables	L&R	–	–	107	–	107
Cash and cash equivalents	ALFVPL	1,455	–	–	–	1,455
						1,576
Financial liabilities						
Liabilities under finance lease and lease purchase contract	FLMAC	(160)	–	–	–	(160)
Trade liabilities and other financial liabilities	FLMAC	–	(55)	–	–	(55)
						(215)
Total		1,295	(55)	107	14	1,361

(in PLN thousand)

37.3. 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 2009

Floating interest rate	*<1 year*	*1 - 2 years*	*2 - 3 years*	*3 - 4 years*	*4 - 5 years*	*In total:*
Liabilities under financed lease	593	650	198	–	–	1,441
Cash assets	48,429	–	–	–	–	48,429

31 December 2008

Floating interest rate	*<1 year*	*1 - 2 years*	*2 - 3 years*	*3 - 4 years*	*4 - 5 years*	*In total:*
Liabilities under financed lease	207	555	682	644	249	2,337
Cash assets	33,001	–	–	–	–	33,001

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.

38. 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 amend the payment of dividend to shareholders, return capital to shareholders or issue new shares. In the year ended 31 December 2009 and at 31 December 2008, no changes were made to the objectives, principles and processes applicable in this area.

As regards net debt, the Group includes interest-bearing loans and borrowings, trade liabilities and other liabilities, minus cash and cash equivalents. The capital comprises convertible preferred shares, equity payable to shareholders of the parent minus reserve capital from unrealized net gains.

	31 December 2009	*31 December 2008*
Interest-bearing loans and borrowings	-	-
Liabilities from deliveries and services and other obligations and liabilities of financial lease	21,888	23,704
Minus cash and cash equivalents	(48,429)	(33,001)
Net borrowings	(26,541)	(9,297)
Equity	259,371	250,980

(in PLN thousand)

Equity and net borrowings	232,830	241,683
Leverage ratio	-10.23%	-3.70%

39. Employment structure

The Company employees in the year ended 31 December 2009 and 31 December 2008 stood as follows:

	Year ended 31 December 2009	*Year ended 31 December 2008*
The Board	4	9
Production departments	511	413
Service departments	48	59
Trade departments	38	61
Administrative departments	60	83
Other	4	90
Total	665	715

Employees on 31 December 2009 and 31 December 2008 stood as follows:

	Year ended 31 December 2009	*Year ended 31 December 2008*
Board	4	9
Production departments	511	413
Service departments	48	59
Trade departments	38	61
Administration departments	60	83
Others	4	90
Total	665	715

40. Events after the balance sheet

After the balance sheet date there were no significant events that could have a significant impact on the presented results for the year 2009, not included in the current financial statement.

41. Signatures of Board Members

Name and surname	Position/Function	Signature
Romuald Rutkowski	President of the Board	

Wojciech Barczentewicz	Vice-President of the Board
Piotr Masłowski	Vice-President of the Board
Mariusz Lizon	Member of the Board
Artur Czabaj	The person responsible for bookkeeping