

**REPORTS AND EVALUATIONS
of the SUPERVISORY BOARD¹**



**Stalexport Autostrady S.A.
in Katowice
for 2011**

Katowice, 01 March 2012

¹ Approved by Resolution of SB no 9/2012 dated 01.03.2012

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The Report of the Supervisory Board and the evaluations were drawn up pursuant to the following regulations:

- Commercial companies code - art. 382 §3,
- „The WSE Listed Companies Good Practices – section 1 point 1), Part III of the enclosure to the resolution no 20/1287/2011 of the WSE Supervisory Board dated 19.10.2011,
- Statutes of Stalexport Autostrady S.A.,
- Regulations of the Supervisory Board of Stalexport Autostrady S.A.

I. Report of the Supervisory Board of Stalexport Autostrady S.A. in Katowice on the activity in 2011

1. Subject and period of the report

The report on the activity of the Supervisory Board of Stalexport Autostrady Joint Stock Company with its seat in Katowice („The Company”) covers the period from 01 January 2011 to 31 December 2011.

2. Legal basis of the Supervisory Board activities

The Supervisory Board performed its functions on the basis of art. 382 and the subsequent ones of the Commercial companies code, the appropriate provisions of the Company’s Statutes and the Supervisory Board’s Regulations (available on the corporate website of Stalexport Autostrady).

3. Number of members and the composition of the Supervisory Board

Pursuant to §14 of the Company’s Statutes, the Supervisory Board is composed of 5 to 9 members chosen for a period of a joint term which lasts three years. The General Meeting appoints and dismisses the members of the Supervisory Board determining in advance the number for a given term.

The General Meeting on 22 December 2010 in resolution no 3 decided that the Supervisory Board of VII term (2010-2012) will be composed of seven members.

From 01 January 2011 to 31 December 2011 the composition of the Supervisory Board did not change and the Supervisory Board was acting in the following composition:

- | | | | |
|----|--------------|----------|------------------|
| 1. | Roberto | Mengucci | - Chairman |
| 2. | Aleksander | Galos* | - Vice –Chairman |
| 3. | Michelangelo | Damasco | - Secretary |
| 4. | Costantino | Ivoi | |
| 5. | Christopher | Melnyk | |
| 6. | Massimo | Lapucci | |
| 7. | Tadeusz | Włudyka* | |

On 14 February 2012 the Company received a resignation of Mr Massimo Lapucci from the function of the Supervisory Board member.

The Supervisory Board currently is composed of:

- | | | | |
|----|--------------|----------|------------------|
| 1. | Roberto | Mengucci | - Chairman |
| 2. | Aleksander | Galos* | - Vice –Chairman |
| 3. | Michelangelo | Damasco | - Secretary |
| 4. | Costantino | Ivoi | |
| 5. | Christopher | Melnyk | |
| 6. | Tadeusz | Włudyka* | |

* *independent member*

4. Basic forms and directions of the Supervisory Board's activity

The Supervisory Board constantly supervised the activity of the Company in 2011 in all domains and also performed duties and exercised powers resulting from the provisions of the Statutes, the Commercial companies code and other provisions of the law.

The Supervisory Board performed its duties jointly, what means that the actions of the Supervisory Board were performed, first of all, at the meetings. In the reporting period, the Supervisory Board held 3 recorded meetings, in the composition which enabled the Board to pass the resolutions. The meetings of the Supervisory Board with the participation of the members of the Supervisory Board and the Management Board were held in Katowice and in Warsaw. All absences of the Supervisory Board's members from the meetings were justified.

During the meetings the Supervisory Board examined the issues resulting from the provisions of the Commercial companies code as well as from the current Company's activity. The Board dealt with the matters which in accordance with generally applicable law are included in competence of the Supervisory Board.

In 2011 the Supervisory Board passed 23 resolutions, seven of which were passed in so called "circular mode", i.e. in the periods between the meetings. The resolutions were passed after prior analysis and discussion of the examined cases.

The Supervisory Board supervised the activity of the Company by reviewing the documents presented by the Management Board. In 2011 the Supervisory Board focused in particular on:

- the financial standing of the Company, including the periodic reports on the activity,
- the periodic reports on performance of the Company's budget,
- the Company's investments plan,
- the activity and the preparations of the Company concerning the current and future motorways tenders,
- the motorway activity of the Capital Group.

5. Report on the activity of the Supervisory Board's committees in 2011

Acting under §25 section 2 of the Regulations of Stalexport Autostrady's Supervisory Board and in accordance with Best Practices of the Companies listed on WSE, including in particular, best practices implemented by the members of the supervisory boards – the Board appointed the Audit and Remuneration Committees out of its composition.

As at 01 January 2011 the committees of the Supervisory Board acted in the following composition:

Remuneration committee:

- Roberto Mengucci - Chairman
- Aleksander Galos
- Costantino Ivoi
- Tadeusz Włudyka

2) Audit Committee:

- Costantino Ivoi - Chairman
- Massimo Lapucci

Following the resignation of Mr Dario Cipriani in October 2010, the Audit Committee was supplemented by the Supervisory Board resolution No. 1/2011 and as of 09.02.2011 the Committee has been acting in the following composition:

- Costantino Ivoi - Chairman
- Aleksander Galos
- Massimo Lapucci.

Following the resignation of Massimo Lapucci as the member of the Supervisory Board, the item in regard to completing the composition of the Audit Committee was added to the agenda of the meeting of the Supervisory Board convened on 1 March 2012.

The committees acted on the basis of regulations passed by the Supervisory Board which are enclosed to the Supervisory Board's Regulations. The Regulations are available on Company's corporate website.

The aforementioned Committees analyzed the Company's financial statements, the principles, forms and level of remuneration of the Management Board's members, and presented the motions and proposals to the Supervisory Board in this respect

5.1. Report on the activity of the Audit Committee

The Audit Committee focused its activity especially on analysis of the financial statements of Stalexport Autostrady S.A. and its Capital Group for the turnover year from 01 January 2011 to 31 December 2011 and on review of interim financial statements drawn up in 2011.

5.2. Report of activity of the Remuneration Committee

Remuneration committee evaluated:

- the agreement amending the contract of employment with the CEO,
- the execution of premium tasks which are the basis for granting annual bonus to the Management Board's members for 2010,
- the bonus tasks for the Management Board's members for 2011,

Considering the above the Supervisory Board positively evaluates the work of the Board's committees in 2011.

II. Assessment of the Supervisory Board's work:

Report on the evaluation of:

- a) **report of the Management Board on the activity of Stalexport Autostrady S.A. and the separate financial statements for the fiscal year 2011,**
 - b) **report of the Management Board on the activity of the Group of Stalexport Autostrady S.A. and the consolidated financial statements for the fiscal year 2011,**
- in the scope of their conformity with the books and actual state,**
- c) **the application of the Management Board regarding the loss coverage for 2011.**

Pursuant to the provisions of the Act on accounting, KPMG Audyt Sp. z o.o. in Warsaw, audited the Company's financial statements for the period from 01 January 2011 to 31 December 2011.

The financial statements for 2011 were preliminary evaluated by the Audit Committee of the Supervisory Board during the meeting on 01 March 2012 with participation of a representative of KPMG Audyt Sp. z o.o. in Warsaw, the Company's auditor. Chief Accountant, Vice-President of the Management Board – CFO and Director of Finance Management Division of Stalexport Autostrady S.A. also participated in the meeting.

Performing the duties resulting from art. 382 §3 of the Commercial companies code, the Supervisory Board:

- reviewed the opinion and the auditor's report of **1 March 2012** on the audit of the separate and consolidated financial statements of Stalexport Autostrady S.A. and the recommendation of the Audit Committee,
- carefully examined the evaluation of the audited financial statements of the Stalexport Autostrady S.A. and the consolidated financial statements of Stalexport Autostrady Group as well as the reports of the Management Board on the activity of the Company and the Group for 2011, stating that they were drawn up in conformity with books and the Company's documents, actual state and they present in proper way – in all aspects – the financial standing of the Company and Stalexport Autostrady Group.

III. Evaluation of the Company's situation (resulting from applying the Best Practices of the Companies listed on WSE)

The Supervisory Board of Stalexport Autostrady S.A., acting according to the Best Practices of the Companies listed on WSE, including in particular, best practices implemented by the members of the supervisory boards - carried out a concise evaluation of the Company's situation with remarkable consideration of the internal control and risk managing systems essential for the Company. This evaluation was carried out on the basis of knowledge of the Supervisory Board's members updated on the day of drawing it up and on the basis of statements FY 2011.

The detailed analysis of the situation of Stalexport Autostrady S.A. in 2011 was presented in the Financial statements and in the Report of the Management Board for 2011. The Supervisory Board agree with the opinions of the Management Board presented therein concerning, inter alia, the macroeconomic circumstances, the direct market environment of the Company, the analyses and the evaluation of the financial standing. The above reports comprise the most important information about the activities of Stalexport Autostrady S.A. in 2011.

In the Supervisory Board's opinion the year 2011 was successful for Stalexport Autostrady S.A. and its Group. Despite the unfavorable decision of tax authorities and the need to create a deduction for the tax debt in the amount of PLN 7 million, due to the increasing level of traffic on the A4 motorway concession section, operating profit of the Group improved by 2% (to PLN 63 million). In addition, the Group has the funds, in the amount which not only secure the implementation of the investment program anticipated by the concession agreement, but also for active participation in the implementation of future motorway projects. The low value of debt ratios at 31 December 2011 confirms the financial stability of Stalexport Autostrady S.A.

In the period covered by the "Programme for Construction of National Roads for the years 2011-2015" GDDKiA plans to implement the projects, both from public funds and in the system based on PPP (concession system, i.e. based on the contract for the construction and operation of toll motorways). The condition of the road network development is however, an improvement of the quality of its maintenance in order to increase user safety, and thus the performance of other projects (other than a typical building ones) in this segment. These projects are described in detail in the Report of the Management Board. Taking into account the related technical and financial requirements (PPP), their implementation will be a potential source of revenue for Stalexport Autostrady Group.

The Management Board of Stalexport Autostrady S.A. is responsible for the internal control system and its efficiency as far as the drawing up of the financial statements are concerned. The internal control and risk managing systems in relation to the process of drawing up the financial statements have been implemented on the basis of the procedures in this respect, being in force in Stalexport Autostrady S.A. It enables monitoring of the level of liabilities, controlling the costs' level and the results. The financial data which are the basis for financial statements and periodic reports come from IMPULS - the accounting-financial system (the register of the documents consistent with Company's accounting policy based on the International Accounting Standards).

The financial statements are drawn up by the financial –accounting staff under the control of the Chief Accountant of the Company and next verified by Vice-President and CFO in cooperation with the Finance Management Division Director, and its final contents are approved by the Management Board in its resolution.

The financial statements approved by the Management Board are verified by the independent auditor – statutory auditor (KPMG Audyt Sp. z. o.o in 2011), chosen by the Supervisory Board of the Company.

Then pursuant to §18 passage 2 point 1 of the Company's Statutes, the Supervisory Board - following the recommendation of the Audit Committee, each year evaluates the audited financial statements of the Company and the Capital Group in the range of their conformity with books and documents as well as with the actual state, and it informs the shareholders about the results of this evaluation in its annual Report.

The Company has been systematically monitoring the external provisions and regulations relating to the requirements of the stock exchange reporting and it takes steps to implement them properly.

Political and economic stability is one of the main conditions to ensure steady development of the motorway business. The basic reasons of economic and financial risks are – in case of decline in dynamics of economic growth of the country - a potential decrease in traffic and in consequence the reduction in income from tolls. The Group reduces this risk by applying the appropriate pricing policies, as well as by taking actions to improve the quality of customer support by developing of toll plazas on its motorway section and by currently implemented replacement of toll collecting equipment, allowing the customers to diversify the forms of payment for the use of the motorway.

Taking into account the need to implement the specific scope of works on the concession section of A4 motorway, the situation on market of works is also important for the Group; boom raises the prices of construction services and reduces the effectiveness of A4 Katowice-Krakow project, while during the slump - the Group has possibility of obtaining more favorable conditions for implementation of necessary works, and thus more funds are available for the shareholders. The Group is trying to reduce this risk through active management, under the authorities resulting from the Concession Agreement, a schedule of planned and executed construction work.

Instability of institutional and legal environment governing the sector of infrastructure in Poland were the main group of legal and political risks. The Company has been trying to counter these risks, by inter alia promoting good practices and solutions aimed at creating an appropriate legal framework for the implementation of infrastructure projects, active participation in public discussion on new legislative solutions. The group of these risks include the potential actions aimed at changing the law in force, which may affect the level of income or expenditure for A4 Katowice-Kraków project. However, the concession agreement contains provisions enabling the Treasury to claim compensation in case of the actions of the public side which negatively affect the profitability of the A4 Katowice-Kraków project.

Another group are the risks associated directly with the provisions contained in the Concession Agreement, including inter alia the levels of travellers support and other obligations attributable to the Concessionaire. The additional risks are also associated with the antitrust proceedings ini-

tiated against SAM by the Office of Competition and Consumer Protection, and the decision of the competent court on an action brought by the company CTL Maczki Bor Sp. of o.o.

Due to the structure of revenues of Stalexport Autostrady S.A. a loan for the A4 project, and the cash held by other entities of the Group, the financial results of the Group are subject to relatively high interest rate risk. The Group reduces the risk on the one hand by applicable security policies, on the other hand by diversification of the institutions in which they invest the funds for future motorway projects. Information on the financial instruments, the risks related to them as well as the targets and methods of financial risk management, adopted by the Group, are described in note 31 to the consolidated financial statements.

The Supervisory Board, after having reviewed the Management Board's report on the Company's activities in 2011, states that it comprises necessary information relating to the operation of the Company in the fiscal year and it assesses them positively.

Summing up the Supervisory Board did not state any irregularities in the Management Board's work as well as in the activity of Stalexport Autostrady S.A. It positively evaluates both the Company's situation and the Management Board's activity in fiscal year 2011.

IV. Motions

The Company's Supervisory Board requests the Ordinary General Meeting of Stalexport Autostrady S.A. to:

- approve the Management Board's report on performance of the Company and the separate financial statements of Stalexport Autostrady S.A. FY2011,
- approve the Management Board's report on performance of the Capital Group and the consolidated financial statement of the Capital Group of Stalexport Autostrady FY2011,
- extending a vote of acceptance to the Management Board's members for performing the duties in 2011,
- adopting the resolution on loss coverage for 2011, in accordance with the Management Board's project.

V. List of the Supervisory Board's resolutions passed in 2011.

Nr	on
01/2011	completing the composition of the Audit committee of Stalexport Autostrady S.A.
02/2011	dismissal of a member of the Management Board of Stalexport Autostrady S.A.
03/2011	assessing draft resolutions of OGM (no: 1,2,3)
04/2011	assessing draft resolutions of OGM (no: 4,5,8)
05/2011	assessing draft resolutions of OGM (no: 6,7)
06/2011	assessing draft resolutions of OGM (no 9 discharge E.Wąsacz)
07/2011	assessing draft resolutions of OGM (no 10 discharge M.Skołoczyński)
08/2011	assessing draft resolutions of OGM (no 11 discharge W.Gębicki)
09/2011	assessing draft resolutions of OGM (no: 12-19 discharge SB members)
10/2011	assessing draft resolutions of OGM (no 20)
11/2011	assessing draft resolutions of OGM (no 21)
12/2011	assessing draft resolutions of OGM (nr 22)
13/2011	assessing draft resolutions of OGM (nr 23)
14/2011	approving the reports of the Supervisory Board for 2011
15/2011	approval of the plan of investment outlays for 2011
16/2011	changes to the Regulations of the Supervisory Board and the Regulations of the Audit Committee
17/2011	fixing the consolidated text of the Statutes of Stalexport Autostrady S.A.
18/2011	annual bonus for the Management Board members for 2010
19/2011	approval of the Agreement amending the contract of employment with the CEO of Stalexport Autostrady S.A.
20/2011	consent to the Consent and Waiver letter of WestLB AG (London Branch), dated 07 June 2011 and the transaction, contracts and other documents under the conditions specified in section 4.2 of that letter
21/2011	determining bonus tasks for the Management Board's members for 2011
22/2011	disposal of shares in Biuro Centrum Sp. z o.o.
23/2011	approval of the plan of investment outlays for 2012