

**Reports and evaluations
of the Supervisory Board¹
of Stalexport Autostrady S.A.
in Myslowice
for 2013**

¹ approved with the Resolution of the Supervisory Board No. 01/03/2014 of 5 March 2014

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This Report was prepared with relation to the following regulations:

- The Polish Code of Commercial Partnerships and Companies – article 382 §3
- Good Practices of WSE Listed Companies (Part III section 1 item 1) appended to the Resolution No. 19/1307/2012 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie [WSE] S.A. of 21 November 2012
- Statutes of Stalexport Autostrady S.A.
- Regulations of the Supervisory Board of Stalexport Autostrady S.A.

I. Supervisory Board's report on activity in 2013

1. Subject and period of the report

The report on activity of the Supervisory Board of Stalexport Autostrady S.A. with its registered office in Mysłowice (hereinafter referred to as "Stalexport Autostrady" or the "Company") covers the period from 1 January 2013 to 31 December 2013.

2. Legal basis of the Supervisory Board's activity

The Supervisory Board operates pursuant to the provisions of the law, including article 382 and subsequent of the Polish Code of Commercial Partnerships and Companies (hereinafter referred to as KSH), relevant provisions of the Statutes passed by the General Meeting as well as the Regulations of the Supervisory Board, the wording of which is available on the website of Stalexport Autostrady.

3. Number of members and line-up of the Supervisory Board

Pursuant to §14 of the Company's Statutes, the Supervisory Board is composed of 5 to 9 persons appointed for the joint term of office of three years. The General Management appoints and recalls members of the Supervisory Board having first determined their number for a given term of office.

In the resolution No. 22, the General Meeting, on 30 March 2010, decided that Stalexport Autostrady's Supervisory Board of the 7th term of office (2010-2012) shall be composed of eight members. Additionally, the General Meeting, on 22 December 2010, in the Resolution No. 3 and the Ordinary General Meeting, on 4 March 2012, in the Resolution No. 19 decided that the Supervisory Board of the 7th term of office (2010-2012) shall be composed of seven members.

Because of the end of the seventh term of the Supervisory Board, on 3 April 2013, the General Meeting (by passing the Resolution No. 21) decided that the Supervisory Board of the eighth term (2013-2015) would also consist of seven members.

In the period from 1 January 2013 to 3 April 2013, the Supervisory Board was composed of the following seven members:

1. Roberto Mengucci – Chairman
2. Aleksander Galos – Deputy Chairman
3. Michelangelo Damasco – Secretary
4. Nicolo Caffo
5. Stefano Cusmai
6. Costantino Ivoi
7. Tadeusz Włudyka

On 3 April 2013, the General Meeting of Stalexport Autostrady appointed the following Supervisory Board for the 8th term of office:

1. Roberto Mengucci
2. Aleksander Galos
3. Michelangelo Damasco
4. Nicolo Caffo
5. Pietro La Barbera
6. Costantino Ivoi
7. Tadeusz Włudyka

The Supervisory Board of the above line-up functioned until the end of the reporting period (and as at the date of this Report).

Aleksander Galos and Tadeusz Włudyka meet the criteria of independent members.

On 5 July 2013, the Supervisory Board was set up in the following line-up:

1. Roberto Mengucci – Chairman
2. Aleksander Galos – Deputy Chairman
3. Michelangelo Damasco – Secretary

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

In 2013, the Supervisory Board supervised activities of the Company in all areas as well as performed its responsibilities and exercised its rights resulting from the provisions of the Company's Statutes, the Polish Code of Commercial Partnerships and Companies as well as other provisions of the law.

The Supervisory Board performed its activities collectively, that is mainly at the Meetings of the Board. Throughout the reporting period, the Supervisory Board held 3 recorded meetings (on 5 March 2013, 5 July 2013 and 30 October 2013), all in the line-up sufficient for passing valid resolutions.

At the meetings, the Supervisory Board addressed the issues resulting from the Polish Code of Commercial Partnerships and Companies, the Company's Statutes, the Regulations of the Supervisory Board as well as matters related to the current activities of the Company.

In 2013, the Supervisory Board passed 22 resolutions. Prior to adoption of the resolutions, the addressed matters had been analysed and discussed.

The basic form of the supervision over the Company's activities exercised by the Supervisory Board consisted in reviewing the documents submitted by the Management Board. In 2013, the Supervisory Board focused particularly on the following:

- financial standing of the Company and the Group,
- regular reports on the performance of the Company's budget,
- accounting for the previously agreed on bonus tasks as well as identification on new ones (including under the 3-year incentive scheme).

5. Report on the activity of the Supervisory Board's Committees in 2013

Acting pursuant to §25(2) of the Regulations of the Supervisory Board of Stalexport Autostrady S.A. and in line with the Good Practices of WSE Listed Companies, particularly with the good practices for the members of supervisory boards, the Supervisory Board appointed the Audit Committee and the Remuneration Committee consisting of the Supervisory Board members.

In 2013, the Supervisory Board's Committees worked in the following line-up:

Remuneration Committee:

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

Audit Committee:

- Costantino Ivoi – Chairman
- Aleksander Galos
- Michelangelo Damasco

The above-mentioned Committees acted based on the regulations adopted by the Supervisory Board. These regulations form enclosures to the Regulations of the Supervisory Board. They are available on the corporate website of the Company.

The tasks of the above-mentioned Committees included the following: analysis of the Company's financial statements, principles, forms and amounts of remuneration payable to the members of the Management Board as well as presentation of motions and suggested solutions regarding the aforementioned issues to the Supervisory Board.

5.1 Report on the activity of the Audit Committee

In 2013, the Audit Committee focused on analysis and evaluation of the financial statements of Stalexport Autostrady S.A. and Stalexport Autostrady Group for the financial year from 1 January 2012 to 31 December 2012 as well as the motion of the Management Board regarding coverage of losses for 2012.

5.2 Report on the activity of the Management Board's Remuneration Committee

The Remuneration Committee evaluated the following:

- performance of the bonus tasks being the basis for awarding the annual bonus to members of the Management Board for 2012,
- identification of the bonus tasks under the 3-year incentive scheme for members of the Management Board for the period from 1 January 2013 to 31 December 2015,
- identification of the bonus tasks for members of the Management Board for 2013.

Allowing for the above, the Supervisory Board positively evaluated the work of the Board's Committees in 2013.

II. Report on evaluation of:

- A) Management Board's Report on the activities of Stalexport Autostrady S.A. and the separate financial statements**
 - B) Management Board's Report on the activities of Stalexport Autostrady Group and the consolidated financial statements for 2013 financial year in terms of their conformity with the books and actual state**
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Under its responsibilities resulting from the Statutes, the Supervisory Board reviewed and evaluated the following documents prepared in line with the requirements of the International Accounting Standards:

- 1) separate financial statements of Stalexport Autostrady S.A. for the period from 1 January 2013 to 31 December 2013,
- 2) consolidated financial statements of Stalexport Autostrady Group for the period from 1 January 2013 to 31 December 2013

The audit of the Company's financial statements, within the meaning of the provisions of the Accounting Act, for the period from 1 January 2013 to 31 December 2013, was carried out by Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. (formerly Deloitte Audyt Sp. z o.o.) with its registered office in Warszawa, Al. Jana Pawła II 19, entered in the list of entities authorised to audit financial statements maintained by the National Chamber of Statutory Auditors under No. 73, selected by the Supervisory Board.

The financial statements for 2013 were evaluated by the Supervisory Board's Audit Committee at the meeting of 4 March 2014 attended by the representative of the Company's auditor, i.e. Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. The meeting was also attended by the Vice-President of the Management Board-CFO and the Chief Accountant.

Under its responsibilities resulting from article 382 §3 of the Polish Code of Commercial Partnerships and Companies, the Supervisory Board thoroughly analysed the evaluation of the audited separate financial statements of Stalexport Autostrady S.A., the consolidated financial statements of Stalexport Autostrady S.A. and the Management Board's reports on the activity of the Company and the Group for 2013. The Supervisory Board concluded that the said statements and reports had been prepared in line with the books and documents of the Company as well as the actual state of affairs and reflect in a reliable manner – in all aspects – the financial standing of the Company and Stalexport Autostrady Group.

In terms of the above-mentioned evaluation, the Supervisory Board focused particularly on the degree of transparency and openness of the financial statements with the objective to present a reliable and accurate description of the financial standing of Stalexport Autostrady S.A.

Both the Company's Management Board and the auditing company presented to the Supervisory Board the existing material risks and valued the assets according to the prudence principle in line with the applicable law.

III. Evaluation of the Company's situation (resulting from the Good Practices of WSE Listed Companies)

The Supervisory Board of Stalexport Autostrady S.A., acting in line with the Good Practices of WSE Listed Companies followed by the Company (more information in Section 7 of the Management Board's Report on the Activities of the Company in 2013), particularly in line with the good practices followed by members of supervisory boards – **carried out a brief evaluation of the Company's situation, including particularly evaluation of the internal control system as well as the system for management of the risks significant for the Company.** The said evaluation was carried out based on the knowledge of members of the Supervisory Board, as at the date of the report, and the reports for 2013.

A detailed analysis of the situation of Stalexport Autostrady S.A. in 2013 has been included in the separate financial statements of Stalexport Autostrady S.A. as well as the Management Board's Report on the Activities of the Company in 2013. The Supervisory Board agrees with the opinions of the Management Board included in the said report pertaining to, among others, macroeconomic circumstances, immediate market conditions the Company operates in as well as the analyses and evaluation of the financial standing. The above-mentioned reports include the most important information on the activities of Stalexport Autostrady S.A. in 2013.

Evaluation of the activities of Stalexport Autostrady S.A.

According to the Supervisory Board, 2013 was a good year for Stalexport Autostrady S.A. and its Group.

In the previous year, the Group generated revenue on toll collection at the A4 Katowice-Kraków motorway amounted to PLN 202.3 million (a 13.1% increase as compared to 2012.). The revenue amount was affected mainly by the increased traffic on the motorway, which was by 10.5% higher as compared to 2012.

Good financial performance of Stalexport Autostrady Group was also due to a significant reduction in administrative expenses, which was due to the reorganisation of the Group's structure carried out in 2012 and continued in 2013. Under the reorganisation, it was decided, among others, that Autostrada Mazowsze S.A. would be liquidated, whereas Stalexport Autostrada Dolnośląska S.A. would be merged with Stalexport Autostrady S.A. as the acquiring company.

The separate result of Stalexport Autostrady S.A. should be also noted, as the Company generated over PLN 3 million of profit (as compared to the loss recorded in 2012).

2013 was another year of investments along the A4 Katowice-Kraków motorway. The most important ones were related to the users' comfort and environment protection.

Due to high traffic along the above-mentioned motorway section, a programme aimed at improving the flow capacity of the Toll Collection Plazas in Mysłowice and Balice has been implemented. Each plaza has already been extended by 4 additional service lanes. Additionally, the Replacement of the Toll Collection Equipment project is being implemented. This project shall make it possible to introduce new and faster toll payment methods.

As far as environment protection is concerned, in 2013, noise screens were erected along over 1.5 km section and modernisation of the motorway drainage system along the section located in the Silesia Province was initiated.

Further investments referred to in the Concession Agreement are being prepared: extension of the Mysłowice Junction, rebuilding of the Rudno Junction as well as construction of additional Rest Areas. Additionally, repaving along the section of the total length of approximately 13 km has been planned. The above-mentioned works will not result in major traffic hindrances, as two lanes will remain operational for each traffic direction.

Perspectives for development of Stalexport Autostrady S.A. Group

The development of the motorway infrastructure in Poland is determined mainly by the EU funds utilised under the Operational Programme Infrastructure and Environment as well as the funds of the National Road Fund. Early in 2014, the EU funds for the period 2014-2020 were allocated. Based on these funds, the government updated the road infrastructure construction programme. At this time, the public party has no plans for construction of motorways under the public-private partnership; yet, it may entrust private parties with the operator's tasks based on the "Maintain the Standard" formula.

This is one of the areas Stalexport Autostrady S.A. is interested in. The Company also considers the option of equity investment in the selected existing concession projects in Poland if another concessionaire of the projects is ready to withdraw from these projects or one of consortiums would look for additional capital support.

Allowing for the high level of public debt and budget deficit, one should not overlook the possibility of infrastructure privatisation, also as regards motorways currently under the management of the public side. This would provide for the possibility to quickly reduce the public debt and speed up the process of extension of the infrastructure.

The above-mentioned development areas of the Group require constant monitoring of not only the Polish motorway market but also regulations pertaining to the EU motorway market.

Internal Control System

The Management Board of Stalexport Autostrady S.A. is responsible for the system of internal control and its effectiveness. The system of internal control and risk management as regards drawing up of the financial statements involves the procedures for drawing up and approving the financial statements and periodic reports in force in Stalexport Autostrady S.A. The system makes it possible to monitor the liabilities and to control the costs and the achieved results on the date-to-date basis. The financial data, which is the basis for the financial statements and periodic reports, come from the accounting and financial system IMPULS, into which the documents are entered in line with the Company's accounting policy based on the International Accounting Standards.

The financial statements are drawn up by the financial and accounting staff under the control of the Company's Chief Accountant and then verified by the Vice-President of the Management Board - CFO in cooperation with the Finance Management Director and their final wording is approved by the Management Board in form of a relevant resolution.

The financial statements approved by the Management Board are subject to verification of an independent auditor – a chartered auditor (in 2013 and 2012 Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warszawa) selected by the Company's Supervisory Board. Subsequently, pursuant to § 18(2)(1) of the Company's Statutes, the Supervisory Board – following the recommendation of the Audit Committee, each year verifies whether the audited financial statements of the Company and the Group are consistent with the books and documents and whether they reflect the real situation, and notifies the shareholders of the results of this verification in its annual report.

The Company systematically monitors changes in the law and the external regulations concerning the stock exchange reporting requirements and it takes steps to implement them in advance.

Risks inherent to the activities of the Company

The major economic and financial risk – in the event of reduced dynamics of the State's economic development – is the prospective reduction in the traffic and consequently reduced revenue. The Company reduces the said risk by implementing a relevant pricing and loyalty policy applicable to the motorway users and by undertaking the measures aiming at improving the comfort and service quality under the above-mentioned programme for improving the flow capacity of the Toll Collection Plazas.

In the case of decisions to participate in tender procedures for motorway projects, an important risk is deterioration of the investment climate which may result in difficulties in securing long-term investment capital. The Company minimises these risks by, among others, regular cooperation with financial organisations with extensive knowledge of and experience in the sector of infrastructure projects, such as Atlantia S.p.A. encompassed by the Group. Additionally, the Company participates in the public consultations aiming at developing and implementing innovative solutions in this area based on, among others, allocation of the risks inherent to infrastructure projects and transfer of the same to the entities which are most capable of managing such risks.

Institutional and legal instability as well as malfunction of the environment regulating the infrastructure sector in Poland are the main factors from the political and legal risk group. The Company attempts to counteract these risks by, among others, promoting practices and solutions oriented towards creation of appropriate legal framework for execution of infrastructure projects and by means of active participation in the public consultations regarding new legislative solutions.

The information on the financial instruments, the risks inherent to the same as well as the objectives and financial risk management methods approved by the Company has been included in note 27 and 28 to the separate financial statements of Stalexport Autostrady S.A.

Additional risks are also related to the decision of Urząd Ochrony Konkurencji i Konsumenta [Office of Competition and Consumer Protection] (hereinafter referred to as “UOKiK”) in which UOKiK stated that the practices of the Concessionaire infringed the competition by “charging unfair prices for using the toll section of the motorway in the amount specified in the price list, in spite of the repair works being carried out within this section, resulting in major traffic hindrances” and ordered to stop these practices. When performing repairs resulting in major traffic hindrances in the future, the Concessionaire should allow for the wording of the decision in the context of the policy applicable to identification of the toll rates.

The Supervisory Board, having reviewed the Management Board’s Report on the Activities of the Company in 2013, declares that the said report includes the required information on the operation of the Company in the financial year and evaluates the information positively.

To recapitulate, the Supervisory Board found no irregularities in the work of the Management Board or in the operation of Stalexport Autostrady S.A. and evaluates positively the situation of the Company and the activity of the Management Board.

IV. Evaluation of the Management Board’s motion regarding distribution of profit for 2013

In line with §18(2)(2) of the Company’s Statutes, the Supervisory Board reviewed and evaluated the motion prepared by the Management Board addressed to the General Meeting regarding distribution of profit for 2013 and voiced no objections to the suggested profit distribution method.

V. Motions

The Company’s Supervisory Board moves that the Ordinary General Meeting of Stalexport Autostrady S.A. should:

- approve the Management Board’s Report on the Activities of the Company for 2013 as well as the separate financial statements of Stalexport Autostrady S.A. for 2013,
- approve the Management Board’s Report on the Activities of the Group for 2013 as well as the consolidated financial statements of Stalexport Autostrady Group for 2013,
- grant the discharge of duties for the members of the Company’s Management Board in 2013,
- adopt the resolution regarding distribution of profit for 2013 in line with the motion submitted by the Company’s Management Board.

**Secretary
of the Supervisory Board**

/Michelangelo Damasco/

**Deputy Chairman
of the Supervisory Board**

/Aleksander Galos/

5 March 2014

VI. A list of resolutions of the Supervisory Board passed in 2013

Resolution No.	Resolution regarding	Adopted on
01/2013	Providing an opinion on the drafts of the Resolutions of the Ordinary General Meeting (No. 1, 2 and 3)	5 March 2013
02/2013	Providing an opinion on the drafts of the Resolutions of the Ordinary General Meeting (No. 4, 5 and 8)	5 March 2013
03/2013	Providing an opinion on the drafts of the Resolutions of the Ordinary General Meeting (No. 6 and 7)	5 March 2013
04/2013	Providing an opinion on the draft of the Resolution of the Ordinary General Meeting (No. 9, acknowledgement of the fulfilment of duties by E. Wąsacz)	5 March 2013
05/2013	Providing an opinion on the draft of the Resolution of the Ordinary General Meeting (No. 10, acknowledgement of the fulfilment of duties by M. Skołożyński)	5 March 2013
06/2013	Providing an opinion on the draft of the Resolution of the Ordinary General Meeting (No. 11-19, acknowledgement of the fulfilment of duties by members of the SB)	5 March 2013
07/2013	Providing an opinion on the drafts of the Resolutions of the Ordinary General Meeting (No. 20, amendments to the Company's Statutes)	5 March 2013
08/2013	Providing an opinion on the drafts of the Resolutions of the Ordinary General Meeting (No. 21, number of members of the SB; 22-28, appointment of members of the SB of the 8th term of office)	5 March 2013
09/2013	Approval of the Supervisory Board's reports for 2012	5 March 2013
10/2013	Appointment of the President of the Management Board of Stalexport Autostrady S.A.	5 March 2013
11/2013	Appointment of the Vice-president of the Management Board of Stalexport Autostrady S.A.	5 March 2013
12/2013	Election of the Chairman of the Supervisory Board	5 July 2013
13/2013	Election of the Deputy Chairman of the Supervisory Board	5 July 2013
14/2013	Election of the Secretary of the Supervisory Board	5 July 2013
15/2013	Election of the line-up of the Audit Committee	5 July 2013
16/2013	Election of the line-up of the Remuneration Committee	5 July 2013
17/2013	Setting the final wording of the Statutes	5 July 2013
18/2013	2012 annual bonus for members of the Management Board	5 July 2013
19/2013	Identification of 2013 bonus tasks for members of the Management Board	5 July 2013
20/2013	Specification of the 3-year incentive scheme for members of the Management Board	5 July 2013
21/2013	Additional bonus for the President of the Management Board	5 July 2013
22/2013	Amendment to the 3-year incentive scheme for members of the Management Board	30 October 2013