

**Reports and assessments  
of the Supervisory Board**



**Stalexport Autostrady S.A.  
in Katowice  
for 2008**

**Katowice, March 2009**

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## **I. Report of the Supervisory Board of Stalexport Autostrady S.A. in Katowice on the activity in the year 2008**

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### **1. Subject and period of the report**

The report on the activity of the Supervisory Board of Stalexport Autostrady Joint Stock Company with the seat in Katowice („The Company”) covers the period from 1<sup>st</sup> January 2008 to 31<sup>st</sup> December 2008, what means, that it is a report for the business year 2008.

### **2. Legal bases of the Supervisory board actions**

The Supervisory Board performed its functions on the basis of art. 382 and the following ones of the Code of commercial companies, the appropriate provisions of the Company’s Charter and the Supervisory Board Regulations.

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

#### 1. Number of members:

In the period from 01.01.2008 to 28.02.2008 - according to the resolution no 28 of the General Meeting on 28.06.2007 – the Supervisory Board comprised 9 persons.

From 28.03.2008 the General Meeting, in resolution no 21, reduced the number of members of the Supervisory Board to 7 persons.

#### 2. The composition of the Supervisory Board:

In the reporting period the composition of the Supervisory Board changed and was as follows:

1) in the period from 01.01.2008 to 27.03.2008 – the Supervisory Board was acting in the composition of 8 persons<sup>1</sup> i.e. as follows:

- |                |             |                  |
|----------------|-------------|------------------|
| 1. Giuseppe    | Palma       | - Chairman       |
| 2. Bogusław    | Leśnodorski | - Vice –Chairman |
| 3. Jerzy       | Sroka       | - Secretary      |
| 4. Dario V.    | Cipriani    |                  |
| 5. Katarzyna   | Galus       |                  |
| 6. Christopher | Melnyk      |                  |
| 7. Konrad      | Tchórzewski |                  |
| 8. Mateusz     | Van Wollen  |                  |

Katarzyna Galus resigned on 27.03.2008.

On 28.03.2008 the General Meeting of Shareholders changed the composition of the Supervisory Board recalling: Mr. Bogusław Leśnodorski, Mr. Jerzy Sroka, Mr. Konrad

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<sup>1</sup> due to the resignation of one of the members of the Board on 28.09.2007

Tchórzewski and Mr Mateusz Van Wollen and appointing Mr. Michelangelo Damasco, Mr. Aleksander Galos, Mr. Costantino Ivoi and Mr. Tadeusz Włudyka.

- 2) In the period from 28.03.2008 to 31.12.2008 – The Board was acting in the following composition: :
1. Giuseppe Palma - Chairman
  2. Aleksander Galos - Vice –Chairman
  3. Michelangelo Damasco - Secretary
  4. Dario V. Cipriani
  5. Costantino Ivoi
  6. Christopher Melnyk
  7. Tadeusz Włudyka

The members of the Supervisory Board Mr. Christopher Melnyk, Mr. Giuseppe Palma, Mr. Michelangelo Damasco and Mr. Costantino Ivoi in the turnover year 2008 did not get remuneration.

#### **4. Composition of the Management Board of the Company**

In the reporting period the composition of the Management Board did not change and was as follows:

1. Emil Wąsacz - Chairman of the Management Board
2. Mieczysław Skołożyński - Vice-Chairman of the Management Board

#### **5. Basic forms and courses of the Supervisory Board activity**

The Supervisory Board constantly supervised the activity of the Company in all domains and also performed duties and exercised powers resulting from the provisions of the Articles of Association, the Code of commercial companies and rules of 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 4 recorded meetings. 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 members of the Supervisory Board at the meetings were justified.

In 2008 the Supervisory Board passed 20 resolutions – all during the meetings; in 2008 there was no so-called circulatory course while passing the resolutions. The resolutions were passed after prior analysis and discussion of examined cases.

The essential form of exercising supervision by the Supervisory Board over the activity of the Company was taking cognizance of the documents presented by the Management Board. In 2008 the Supervisory Board focused in particular on:

- the financial situation of the Company, including the periodic reports on the activity covering results in the successive calendar quarters,
- the periodic reports on the performance of the budget of the Company,
- the activity and the preparations of the Company in the scope of current and future motorways tenders,

- the motorway activity of the Capital Group including the ongoing negotiations between the company SAM S.A. and GDRNM (GDDKiA) on the amount of tolls for motorway and the overhauls on the A4 motorway,
- the activity of the Company in connection with the proposal of the co-owners of the property in Katowice ( the seat of the Company) regarding the joint disposal of the building ,
- the activity regarding PR.

Acting in accordance with Best Practices of the Companies listed on WSE, including in particular, with best practices implemented by the members of the supervisory boards – the Board appointed from among its composition the following study groups:

1) Audit committee (in a composition determined on 28.03.2008):

- Christopher Melnyk– Chairman,
- Dario V. Cipriani,
- Costantino Ivoi,

2) Remuneration committee ( in a composition determined on 28.03.2008):

- Giuseppe Palma - Chairman
- Aleksander Galos,
- Tadeusz Włudyka,
- Costantino Ivoi.

The above committees acted on the base of the regulations approved by the Supervisory Board, which are the enclosures to the Regulations of the Supervisory Board. The Regulations are available on the corporate website of the Company.

The tasks of the aforementioned Committees were: the analysis of the financial reports of the Company and also the principles, forms and level of remunerating the members of the Management Board and presenting of the motions and proposals in this range to the Supervisory Board.

#### **A) Work of the Audit Committee**

The Audit committee focused its attention, in particular, on the analysis of financial reports of Stalexport Autostrady S.A. and the Capital Group for the year 2007, semi-annual ones drawn up in 2008.

#### **B) Work of the Remuneration Committee**

On the meeting on 30.05.2008 on the recommendation of the Committee, the Board approved the bonus tasks and criteria of rewarding the members of the Management Board for the year 2008.

### **6. The investment programme of the Company**

The Supervisory Board by resolution No. 1/2008 of 12<sup>th</sup> March 2008 approved the investment plan of the Company for the year 2008 covering the following outlays:

No	Purpose of the outlays	Total (in thousand PLN)
1.	IT system	500
2.	Branch office in Warsaw	77
3.	Office building modernization	184
4.	IT hardware	40
5.	Company car	126
<b>x</b>	<b>Total</b>	<b>927</b>

The investment outlays were aimed at more direct integration of the Capital Group and also the integration with the strategic investor, i.e. the company Autostrade per l'Italia.

In the framework of these undertakings the following was planned:

- 1) the purchase of the integrated IT system,
- 2) the purchase of the office furnishings for the Branch Office in Warsaw,

**The amount of the investment outlays** incurred in 2008 amounted in total to PLN 523.3 thousand.

The below table presents the amount of the outlays:

No	Purpose of the outlays	Total (in thousand PLN)
1.	IT system	227,8
2.	Branch office in Warsaw	51
3.	Office building modernization	85.8
4.	IT hardware	32.9
5.	Company car	125.8
<b>x</b>	<b>Total</b>	<b>523.3</b>

## **II. Report on the results assessment:**

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- A) of the balance sheet, profit and loss account, statement of changes in equity, cash flow statement and the report of the Company's Management Board on the activity,**
- B) of the consolidated balance sheet, consolidated profit and loss account, consolidated cash flow statement, statement of changes in consolidated equity and the Report of the Management Board on the activity of the Stalexport Autostrady Capital Group.**  
**- for the business year from 1.01.2008 to 31.12.2008 in the range of their conformity with the books and actual state.**

The Management Board of the Company, according to the requirements of the Code of commercial companies and the Company's Articles of Association, submitted a unit and a con-

solidated financial report and the reports on the activity of the Company and the Capital Group for the period from 1.01.2008 to 31.12.2008 to the Supervisory Board.

By resolution No.17/2008, the Supervisory Board appointed the chartered auditor entrusting the KPMG Polska Audyt Sp. z o.o. in Warsaw with the examination of the financial reports of the Company and the consolidated financial reports of the Stalexport Autostrady Capital Group for the business year 2008.

The financial reports for the year 2008 were assessed by the Audit Committee of the Supervisory Board at the meeting on 11th March 2009 with the participation of the representative of the Company's auditor, i.e. the Company KPMG Audyt Polska Sp. z o.o. The Director of Finance Management and the Chief Accountant of Stalexport Autostrady S.A. also participated in the meeting.

While carrying out the above assessment, the Supervisory Board paid particular attention to the degree of transparency and openness of financial reports, whose aim was to obtain a true and precise picture of the situation of Stalexport Autostrady S.A.

Both the Management Board of the Company, as well as, the auditing company, presented the existing material risks to the Supervisory Board in a proper way and carried out a conservative evaluation of the assets components, according to the binding rules of law.

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

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

The detailed analysis of the situation of Stalexport Autostrady S.A. in 2008 was presented in the Financial report and in the Report of the Management Board for 2008. The Supervisory Board agree with the opinion of the Management Board presented there concerning among others the macroeconomic circumstances, the direct market environment of the Company, the analyses and the assessment of the financial situation.

The above reports comprise the most important information regarding the functioning of Stalexport Autostrady S.A. in 2008.

The Supervisory Board would like to notice that for a long time, it was the first period in the Company's activity, in which - after the 7-year restructuring successfully completed process, which comprised among others the disposal of steel part and the repayment of the arrangement liabilities - the activity of the Management Board and the employees of Stalexport Autostrady S.A. could focus only on the motorway business. Taking advantage of the engagement of the Italian strategic investor, the Atlantia Group, the Company may look with

interest at potential opportunities on the market of building and exploitation of the motorways in Poland.

Moreover, the Supervisory Board stressed that in 2008 the Company successfully completed the execution of the arrangement with the creditors approved by the District Court in Katowice on 27.06.2002. In the first half of 2008 the last three instalments were repaid in the total amount of PLN 24,279 thousand, which – after the final payment of arrangement liabilities towards the bond holders on July 3<sup>rd</sup> for the amount of PLN 2,036 thousand – allowed to finally close the arrangement proceedings as per approved schedule. In connection with the concluded arrangement in the period from 6.10.2003 to 3.07.2008 STX Autostrady repaid PLN 173,717 thousand in cash, payable in a form of 20 capital instalments and PLN 189,856 thousand by conversion to shares of STX Autostrady. At present the Company has been waiting for the decision of the competent court approving the termination of the arrangement proceedings.

The system of internal control and risk management in relation to drawing up the financial reports is being executed in the Company by the procedures of drawing up and approving the financial reports binding in the Company. The financial reports are drawn up by the financial –accounting staff under the control of the Chief Accountant of the Company and next verified by CFO, and its final contents is approved by the Management Board in its resolution.

The financial reports approved by the Management Board are verified by the independent auditor – chartered accountant, chosen by the Supervisory Board of the Company..

Next according to § 18 section 2 point 1) of the Company’s Charter, the Supervisory Board – following the recommendation of its Audit Committee, each year estimates the audited financial reports of the Company and the Capital Group in the range of their conformability with books and documents as well as with the actual condition, and it informs the shareholders about the results of this estimation in its annual Report.

Moreover in the range of the essential risks Stalexport Autostrady S.A. is exposed to, the Company has been applying the following ways of risk managing in the below mentioned domains:

- 1) **the risk connected with the loss of the fixed assets and movable property** – by insurance of the possessed assets with the policy of insurance;
- 2) **the risks of the loss of cash in hand owned by the Company because of the bank bankruptcy or the financial institution** – by applying the most favourable diversification of cash in hand among:
  - a) a few banks (at present the banks: Fortis Bank Polska SA, PKO BP SA, BOŚ SA, Raiffeisen Bank Polska SA);
  - b) trust funds investing in the trusted means (at present funds TFI SKARBIEC, CREDIT SUISSE, ALLIANZ OBLIGACJI);
- 3) **the risk of inflation and the interest rate** – by the most favourable investment of cash on short-term bank deposits securing the maintenance of the financial liquidity and the long-term investments by the specialized investment funds on the principles of asset management ( SKARBIEC, CREDIT SUISSE) as well as the purchase of the “participation units” (ALLIANZ OBLIGACJI), and the investment policy by funds was defined by Stalexport Autostrady SA as the safe investing with the domination of the best favourable block of medium and long-term treasury (governmental) debentures;
- 4) **the risk of embezzlement of cash in hand** – by applying, at transfers, the procedure requiring the signatures of two persons authorized to administer the funds on the bank ac-



counts. In case of the investment through the investment funds, the means can be paid only on one basic account of the company;

- 5) **the risk of the loss of receivables** - for current activity (renting the office space) by applying the financial collaterals mainly in a form of guarantee deposit or bill of exchange in blanco for securing the receivables, and also the procedures of the current monitoring of the arrears and directing overdue receivables to vindication. .

Summing up the Supervisory Board positively assesses the above mentioned actions of the Company conducted in 2008 and continued in 2009. These actions improved the organizational and financial situation of the Company in 2009 and gave better prospects for the development this year.

#### **IV. The assessment of the Management Board's motion concerning the net profit distribution for the year 200.**

The Supervisory Board according to § 18 point 2 section 2 of the Company's Articles of Association got acquainted with and assessed the resolution draft of the General Meeting of Shareholders prepared by the Management Board in regard to the mode of distributing the net profit for the year 2008, without submitting any reservations to the proposed content.

#### **V. Motions**

The Supervisory Board addresses the XVI<sup>th</sup> Ordinary General Meeting of Shareholders of Stalexport Autostrady S.A to:

- approve the Report of the Management Board on the activity of the Company and the financial report for the year 2008,
- approve the Report of the Management Board on the activity of the Capital Group and the consolidated financial report for the year 2008,
- grant discharge to the members of the Management Board of the Company for the performance of duties in the year 2008,
- pass a resolution about profit distribution for the year 2008 according to the draft presented by the Company's Management Board.

Vice-Chairman  
of the Supervisory Board  
/-/ Aleksander Galos

Chairman  
of the Supervisory Board  
/-/ Giuseppe Palma

**VI. A list of resolutions of the Stalexport Autostrady S.A. Supervisory Board in Katowice passed in the year 2008**

<b>Nr</b>	<b>Re:</b>
01/2008	approving the investment outlays plan in 2008
02/2008	giving opinion on the drafts of the resolutions of the XV OGSM (no: 3, 5, 20)
03/2008	giving opinion on the drafts of the resolutions of the XV OGSM (no: 2, 4, 21)
04/2008	giving opinion on the drafts of the resolutions of the XV OGSM (no: 9-19 the discharges to the members of the Supervisory Board)
05/2008	giving opinion on the drafts of the resolutions of the XV OGSM (no 6 the discharge to Mr. E.Wąsacz)
06/2008	giving opinion on the drafts of the resolutions of the XV OGSM (no 7 the discharge to Mr. M. Skołożyński)
07/2008	giving opinion on the drafts of the resolutions of the XV OGSM (no 8 the discharge to Mrs. U.Dzierżoń)
08/2008	giving opinion on the drafts of the resolutions of the XV OGSM (no 1)
09/2008	approving the reports of the Supervisory Board for 2007
10/2008	annual bonus for the members of the Management Board
11/2008	appointing the composition of the Audit Committee of the Supervisory Board of Stalexport Autostrady S.A.
12/2008	appointing the composition of the Remuneration committee of the Supervisory Board of Stalexport Autostrady S.A.
13/2008	consent on granting financial support to the company SAD S.A.
14/2008	annual bonus for the members of the Management Board
15/2008	bonus for the members of the Management Board for the disposal of the organised division of enterprise
16/2008	change in the remuneration of the members of the Management Board
17/2008	determining the bonus tasks for 2008 for the Management Board
18/2008	approving the consolidated budget for 2008
19/2008	appointing the chartered auditor examining the financial reports for the turnover year 2008
20/2008	Approving the corrected budget for 2008