

“Report on Operations of the Supervisory Board of Agora S.A. (“Company”) in 2009

I. In the financial year 2009, the Supervisory Board of Agora S.A. (“Supervisory Board”, “Board”) had the following members:

- 1) Andrzej Szlęzak - Chairman of the Supervisory Board,
- 2) Marcin Hejka - Member of the Supervisory Board from 22 January 2009,
- 3) Richard Bruce Rabb - Member of the Supervisory Board until 22 January 2009,
- 4) Wanda Rapaczynski - Member of the Supervisory Board from 23 June 2009,
- 5) Sanford Schwartz - Member of the Supervisory Board until 23 June 2009,
- 6) Tomasz Sielicki - Member of the Supervisory Board,
- 7) Sławomir S. Sikora - Member of the Supervisory Board.

II. The activities of the Supervisory Board in 2009 were primarily focused on the following issues:

- 1) monitoring and discussing with the Management Board:
 - the Company’s and Agora Group’s financial results,
 - the Agora Group’s market position in the area of its activity,
 - the budget, competition and investment strategy of the Company and of the Agora Group,
 - the material business decisions;
- 2) analysing and determining the remuneration and incentive bonuses for members of the Company’s Management Board,
- 3) changes to the Management Board and the Supervisory Board

The activities of the Supervisory Board were not limited to formal meetings only. Members of the Supervisory Board have supported the Management Board by participating in working meetings and consultations.

Moreover, the members of the Supervisory Board participated in the work of two advisory bodies operating at the Supervisory Board: the Audit Commission (from 6 November 2009 known as the Audit Committee) and the Human Resources and Remuneration Committee, set up in line with §18 (3) of the Articles.

The Audit Committee’s tasks include, without limitation:

- 1) oversight and supervision in respect of monitoring the financial reporting of the

Company as well as financial audit activities, consisting of the following activities in particular:

- monitoring the process of financial report preparation;
 - presentation of recommendations to the Supervisory Board in respect of approval of the annual report audited by an external auditor,
 - monitoring the accuracy of the financial information presented by the Company;
- 2) oversight and supervision in respect of monitoring the internal control systems, internal audit and risk management, consisting of the following activities in particular:
- review, at least on an annual basis, of the internal control and risk management procedures to ensure compliance with the law and internal regulations,
 - assessment of compliance with the risk management policy and presentation of recommendations in this respect;
- 3) oversight and supervision in respect of monitoring the external auditors' independence, consisting of the following activities in particular:
- presentation of recommendations to the Supervisory Board in respect of selection, appointment, reappointment and dismissal of the entity auditing the financial report (external auditor) and the terms and conditions of its engagement;
 - monitoring the independence of the auditor in respect of the audit it carries out;
 - discussing the course of the audit with the auditor.

The 2009 Report on Operations and statements of the Audit Committee are appended hereto as Appendix 1.

Tasks of the Human Resources and Remuneration Commission include, without limitation:

- 1) advising the Supervisory Board on the selection criteria and the procedures for appointing Management Board members in cases provided for in the Company's Articles,
- 2) advising the Supervisory Board on the procedures to ensure proper succession

- of Management Board members in cases provided for in the Company's Articles,
- 3) advising the Supervisory Board on potential candidates for the Management Board members in cases provided for in the Company's Articles,
 - 4) periodic assessment of the remuneration policy applicable to Management Board members and providing the Supervisory Board with the relevant recommendations in this respect,
 - 5) preparation of the proposal of remuneration for individual members of the Management Board to be considered by the Supervisory Board.

The 2009 Report on Operations and statements of Human Resources and Remuneration Commission are appended hereto as Appendix 2.

III. In the financial year 2009, six meetings of the Supervisory Board were held, convened according to §23 of the Company's Articles:

- 1) **8 January 2009 to 22 January 2009:** during the meeting, the Supervisory Board discussed preparations for the Extraordinary Annual Meeting of the Company and adopted resolutions concerning employment contracts of members of the Management Board. Mr Bruce Rabb resigned from acting as member of the Supervisory Board with effect as at the end of the Supervisory Board's meeting, which ended on 22 January 2009. Thus, the members of the Supervisory Board, by co-optation, appointed Mr Marcin Hejka to act as member of the Supervisory Board.
- 2) **18 February 2009:** during the meeting, the Supervisory Board discussed, among other things:
 - the operational and financial results for the fourth quarter of 2008;
 - the strategy, development and acquisition plans,
 - actions taken under the operational efficiency improvement plan,
 - preliminary budget for 2009.

During the meeting, the Supervisory Board adopted a resolution concerning appointment of an additional member of the Audit Commission - Mr Marcin Hejka.

- 3) **19 May 2009:** during the meeting, the Supervisory Board discussed, among other things:
 - the report of the Audit Commission concerning the approval of the financial reports for 2008,

- the budget for 2009 and cost savings plans in the Agora Group,
- presentation of the results for the first quarter of 2009,
- the situation on the markets of Agora Group's operations,
- development and acquisition projects,
- issues pertaining to the Ordinary Annual General Meeting of the Company.

During the meeting, the Supervisory Board also adopted the following resolutions:

- Resolution No 1 concerning the report on the outcome of assessment of the financial report and the Director's Report for 2008 and the Management Board's motion regarding the distribution of profit and recommendation concerning the discharge of members of the Management Board,
- Resolution No 2 on the report of the Supervisory Board of Agora SA on operations in 2008,
- Resolution No 3 concerning a concise assessment of the Company's situation in 2008 taking into account the assessment of the internal control system and the system of management of the risks relevant to the Company.
- Resolution No 4 concerning the award of rewards to members of the Management Board.

4) **16 July 2009:** during the meeting, the Supervisory Board discussed the current situation of the Company and of Agora Group and adopted the following resolutions:

- Resolution No 1 concerning the composition of the Audit Commission,
- Resolution No 2 concerning the composition of the Human Resources and Remuneration Commission.

5) **24 August 2009:** during the meeting, the Supervisory Board discussed, among other things:

- the report of the Audit Commission concerning the financial reports for the second quarter and the first half of 2009, the accounting policy, the security policy, the internal audit report, the meeting with the Company's auditor;
- the operational and financial results for the second quarter of 2009 and the first half of 2009;
- the Company's and Agora Group's current situation,

- development and acquisition projects,

The Supervisory Board did not adopt any resolutions.

6) **6 November 2009:** during the meeting, the Supervisory Board discussed, among other things:

- the financial results for Quarter 3 of 2009,
- the market situation,
- the accomplishment of the operational efficiency improvement plan, including employment reduction,
- the status of new ventures and acquisition projects,
- the plan of operation of the Supervisory Board in 2010.

During the meeting, the Supervisory Board also adopted the following resolutions:

- Resolution No 1 concerning annulment of the resolution appointing the Audit Commission and annulment of subsequent resolutions amending the resolution of 25 November 2002 and the resolution on establishing the Regulations of the Audit Commission of 31 August 2005.
- Resolution No 2 concerning the appointment of the Audit Committee.

IV. Pursuant to Part III.1.2 of the Best Practice of GPW Listed Companies, the Supervisory Board presented the evaluation of its works to the Ordinary General Meeting:

The Supervisory Board continuously supervises the operations of the Company in all aspects of its operations. In line with the provisions of the Company's Articles, the Supervisory Board holds meetings at least once a quarter or on an ad hoc basis – as needed, handling issues assigned to it by provisions of the Companies Code and the Articles.

Additionally, the work of the Supervisory Board is supported by two advisory teams appointed from among its members: the Audit Committee and the Human Resources and Remuneration Commission, whose scope of works is described in section II of this report.

All members of the Supervisory Board have the required professional qualifications and hold senior positions in renown companies or law firms, which helps to ensure high-standard performance of their duties on the Supervisory Board. Additionally, four out of five members of the Board meet the requirements set out in the Articles to be considered independent members of the Supervisory Board.

To summarise, the Supervisory Board is of the opinion that in 2009 the Board acts effectively

and ensures adequate supervision of the Company.

Chairman of the Supervisory Board

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Andrzej Szlęzak

Appendix 1 to the Report on Operations of the Supervisory Board in 2009

**Report on Operations and Statement of the Audit Committee operating at the
Supervisory Board of Agora SA ("Company") in 2009**

I. As at the date of submission of this Report, the Audit Committee Members were as follows:

- 1) Marcin Hejka - Chairman of the Audit Committee (**member of the Supervisory Board of the Company**),
- 2) Wanda Rapaczynski - Member of the Audit Committee (**member of the Supervisory Board of the Company**),
- 3) Tomasz Sielicki - Member of the Audit Committee (**member of the Supervisory Board of the Company**).

II. The activities of the Audit Committee (until 6 November 2009 known as the Audit Commission) in 2009 were primarily focused on the following issues:

- 1) oversight and supervision in respect of monitoring the financial reporting of the Company and the Agora Group as well as financial audit activities, consisting of the following activities in particular:
 - monitoring the process of financial report preparation;
 - presentation of recommendations to the Supervisory Board in respect of approval of the annual report audited by an external auditor,
 - monitoring the accuracy of the financial information presented by the Company;
- 2) oversight and supervision in respect of monitoring the internal control systems, internal audit and risk management, consisting of the following activities in particular:
 - review of the internal control and risk management procedures to ensure compliance with the law and internal regulations,
 - assessment of compliance with the risk management policy and presentation of

recommendations in this respect;

- 3) oversight and supervision in respect of monitoring the external auditors' independence, consisting of the following activities in particular:
 - monitoring the independence of the auditor in respect of the audit carried out thereby;
 - discussing the course of the audit with the auditor.

III. In 2009, two meetings were held:

- 1) **19 May 2009:** during the meeting, the Audit Commission discussed, without limitation, the financial report for 2008. The meeting was also attended by the Company's internal auditor and representatives of KPMG Audyt Sp. z o.o. spółka komandytowa - the Company's auditor. During the meeting the Audit Commission, having familiarized with the auditors' report and opinion on audit of the financial report of the Company and the consolidated financial report of Agora Group, adopted a resolution on the financial report of the Company for 2008 stating that the financial reports of the company and of Agora Group for 2008 accurately reflected the facts.
- 2) **24 August 2009:** during the meeting, the Audit Commission discussed the financial statements (report) (both of the Company and of the Agora Group) for the second quarter of 2009 and the first half of 2009, the accounting policy, the security policy and the internal audit report, and it made no objection to the presented documents. The meeting was also attended by representatives of KPMG Audyt Sp. z o.o. and the internal auditor. No resolutions were adopted during the meeting.

Based on the activities described in section II of this report and meetings with the Company's auditor described in section III, the Audit Committee raises no objections to the independence of the auditing procedures carried out in the Company in 2009.

Appendix 2 to the Report on Operations of the Supervisory Board in 2009

Report on Operations and Statement of the Human Resources and Remuneration Commission operating at the Supervisory Board of Agora S.A. ("Company") in 2009

I. As at the date of presentation of this Report, the Human Resources and Remuneration Commission members are as follows:

- 1) Wanda Rapaczynski - Chairperson of the Human Resources and Remuneration Commission (*member of the Supervisory Board of the Company*),
- 2) Sławomir S. Sikora - Member of the Human Resources and Remuneration Commission (*Member of the Company's Supervisory Board*),
- 3) Andrzej Szlęzak – Member of the Human Resources and Remuneration Commission (*Chairman of the Company's Supervisory Board*).

II. The activities of the Human Resources and Remuneration Commission in 2009 were primarily focused on the following issues:

- 1) periodic assessment of the remuneration policy applicable to Management Board members and providing the Supervisory Board with the relevant recommendations in this respect,
- 2) recommendations regarding the amount of remuneration and granting additional benefits to individual members of the Management Board to be considered by the Supervisory Board.

III. In 2009, two meetings of the Human Resources and Remuneration Commission were held:

- 1) **8 January 2009:** during the meeting, in connection with changes in the Management Board, the Human Resources and Remuneration Commission discussed, among other things, the rules of remuneration for members of the Management Board and the employment contracts with members of the Management Board in order to submit its recommendation during the meeting of the Supervisory Board.
- 2) **19 May 2009:** during the meeting, the Human Resources and Remuneration Commission prepared a recommendation concerning rewards for members of the Management Board to be considered by the Supervisory Board.

Additionally, the Human Resources and Remuneration Commission declares that in 2009 its members worked outside the formal meetings in order to handle issues related to human resources management, including, without limitation, the development plans and the remuneration system for senior management.