

## **“Report of the Supervisory Board of Agora S.A. (the “Company”) on its activities in 2010**

*Translation only*

I. In the fiscal year 2010 the Supervisory Board of Agora S.A. („the Supervisory Board”, “the Board”) performed its duties in the following composition:

- 1) Andrzej Szlęzak – Chairman of the Board,
- 2) Marcin Hejka – Member of the Board,
- 3) Wanda Rapaczynski – Member of the Board,
- 4) Tomasz Sielicki – Member of the Board,
- 5) Sławomir S. Sikora – Member of the Board.

Pursuant to the resolutions no 25, 26, 27, 28, 29 of the General Meeting of Shareholders adopted on June 25, 2010 the Supervisory Board was appointed for the common three year term of office in the composition as stated above.

II. The activities of the Supervisory Board in the fiscal year 2010 were mainly focused on:

1) monitoring and discussing with the Management Board:

- the Company’s and Group’s financial results,
- market position in the respective sectors of business activities,
- consulting annual budget as well as the Company’s and Group’s competitive and investment strategies,
- consulting the Management Board on crucial business decisions;

2) analyzing and setting compensation and incentive compensation of the members of the Management Board,

The activities of the Supervisory Board were not limited to formal meetings. The members of the Supervisory Board, supporting the Management Board, participated in working meetings and workshops.

Furthermore, the members of the Supervisory Board participated in the activities of two advisory bodies of the Supervisory Board: the Audit Committee and the Human Resources and Remuneration Committee, both created on the basis of §18 item 3 of the Company’s Statute.

The objectives of the Audit Committee include, inter alia:

1) exercising supervision in the area of monitoring the financial reporting of the Company and the Agora Group as well as financial audit, by performing actions including, in particular:

- monitoring the process of drawing up financial statements,
- presenting recommendations to the Supervisory Board regarding approval of the annual financial statements examined by an external auditor,
- monitoring the reliability of financial information presented by the Company.

2) exercising supervision in the area of monitoring the internal audit systems, internal audit and risk management, by performing actions including, in particular:

- a review, performed at least once a year, of the internal audit and risk management procedures to ensure compliance with the law and internal regulations,

- an assessment of the observance of the risk management rules and presentation of recommendations in this regard.

3) exercising supervision in the area of monitoring the independence of external auditors, by performing actions including, in particular:

- presenting recommendations to the Supervisory Board regarding selection, appointment, re-appointment and dismissal of the subject carrying out the examination of the financial statements (external auditor) and the rules and conditions of employment of this subject,
- monitoring independence of the auditor with regard to the audits carried out by him,
- discussing the course of the audit process with the auditor.

Report from the activities and statement of the Audit Committee for 2010 are included in the attachment no.1 to this Report.

The objectives of the Human Resources and Remuneration Committee include, inter alia:

- 1) providing advice to the Supervisory Board with regard to the criteria of selection and the procedures of appointment of Management Board members in the cases provided for in the Statute of the Company,
- 2) providing advice to the Supervisory Board with regard to the procedures ensuring proper succession of Management Board members in the cases provided for in the Statute of the Company,
- 3) providing advice to the Supervisory Board with regard to potential candidates to the post of Management Board member in the cases provided for in the Statute of the Company,
- 4) carrying out periodic assessments of the rules of remunerating Management Board members and submitting appropriate recommendations in this respect to the Supervisory Board,
- 5) preparing recommendations regarding the remuneration amount and the granting of additional benefits to individual Management Board members for the purpose of their consideration by the Supervisory Board.

Report from the activities and statement of the Human Resources and Remuneration Committee for 2010 are included in the attachment no. 2 to this Report.

### **III. The Supervisory Board exercised supervision and monitoring over the Company during the meetings convened in conformity with § 23 of the Company's Statute.**

In the fiscal year 2010 there were eight Supervisory Board meetings:

February 18, 2010 – during the meeting the Supervisory Board adopted resolutions regarding functioning of the Audit Committee and the Human Resources and Remuneration Committee; discussed financial and operating results for the the fourth quarter of 2009 and initial project of annual budget for 2010. Additionally, the Supervisory Board discussed preparations to the Annual Meeting of Shareholders and adopted following resolutions:

- on adopting By-laws of the Audit Committee,
- on appointing Mr Marcin Hejka for the chairman of the Audit Committee,
- on reversal the resolution on adopting By-laws of the Human Resources and Remuneration Committee,

on adopting By-laws of the Human Resources and Remuneration Committee,  
on appointing Mrs Wanad Rapaczynki for the chairman of the Human Resources and Remuneration Committee,

2) April 8, 2010 – the meeting was devoted to the discussion, inter alia, of:

- financial and operating results for the fiscal year 2009,
- strategy, development projects and acquisitions,
- activities within the scope of operating efficiency improvement plan,
- report of the Supervisory Board of Agora S.A. on the performance of its and its advisory bodies duties in 2009.

During the meeting, the following resolutions were adopted by the Supervisory Board:

on amendments in the By-laws of the Audit Committee, on adopting report of the Human Resources and Remuneration Committee on the performance of its duties in 2009

3) May 12, 2010 – during the meeting the Supervisory Board discussed, inter alia:

- report on adoption of the financial statements for the fiscal year 2009,
- presentation of the financial results for the first quarter of 2010,
- situation on the markets relevant to the Group's operations,
- development and acquisition projects,
- matters related to General Meeting of Shareholders,
- issues regarding remuneration of Management Board

During the meeting, the following resolutions were adopted by the Supervisory Board:

resolution no. 1 -9 – on approving incentive compensation for the Company's Management Board members,

resolution no. 10 concerning:

the results of evaluation of: the non-consolidated financial statements of the Company for the year 2009, the consolidated financial statement of the Agora S.A. Group for the year 2009, the Management Board report on activities of the Company in the year 2009, the Management Board report on activities of the Agora S.A. Group in year 2009 and the Management Board proposal on distribution of net profit for the year 2009,

the submission of the above evaluation to General Meeting of Shareholders,

applications to grant a vote of acceptance to the members of the Management Board on the performance of their duties in 2009;

resolution no. 11 – report of the Supervisory Board regarding the concise evaluation of the situation of the company in 2009, including the evaluation of the risk control and management systems in the Company.

4) May 28, 2010 - during the meeting the Supervisory Board discussed current acquisition projects.

5) August 19, 2010 - during the meeting the Supervisory Board discussed, inter alia:

Human Resources and Remuneration Committee's report on the meetings held on August 2 and 19, 2010,

Audit Committee's report on the meetings held on August 10 and 19, 2010,  
operating and financial results for the second quarter and first half of 2010,

Company's and Group's current situation.

6) September 27, 2010 - during the meeting the Supervisory Board discussed the incentive compensation for the Company's Management Board members.

7) November 10, 2010 - during the meeting the Supervisory Board met with Company's external auditor and discussed, inter alia:

financial results for the third quarter of 2010,  
the state of development and acquisition projects,  
works run by the Human Resources and Remuneration Committee.

8) December 21, 2010 - during the meeting the Supervisory Board adopted resolutions regarding the changes the rules of the benefits to the remuneration of Management Board members for the period of fiscal years 2010 – 2012.

Due to the appointment the Supervisory Board for the common three year term by General Meeting of Shareholders, the Supervisory Board adopted resolutions by the written mode regarding the establishment of the panel/team of the Human Resources and Remuneration Committee and the Audit Committee on 28<sup>th</sup> July 2010.

**IV. On the basis of part III item 1 point 2 of Corporate Governance of Companies Listed on the WSE, the Supervisory Board hereby submits to AGM of Agora its opinion about the Supervisory Board 's activity:**

The Supervisory Board provides constant supervision over the Company's activity in its all areas.

In accordance with the provisions of the Company's Statute, the Supervisory Board holds its sessions at least once in a quarter or on an ad hoc basis, if necessary, considering matters which are attributed to the Supervisory Board's competence by the Commercial Companies Code and the Statute.

Additionally, the Supervisory Board's activity is supported by two committees appointed from among the Supervisory Board members: the Audit Committee and the Human Resources and Remuneration Committee; the scope of duties of these committees is described in point II of this report.

All the Supervisory Board members hold professional qualifications and hold high managerial positions in reputable companies or reputable law firms which enables them to provide very high standards of the Supervisory Board performance. Moreover, four out of five Board members fulfill the criteria of the Company's Statute to be independent Supervisory Board members.

Summarizing, the Supervisory Board evaluates that in 2010 the Supervisory Board acted in an effective way which guaranteed appropriate supervision of the Company.

The Chairman of the Supervisory Board

*Andrzej Szlęzak*

Report on performance and statement of the Audit Committee of Agora's Supervisory Board in 2010

**I. As of the day of submitting of this report the Audit Committee is composed of:**

- 1) Marcin Hejka – the chairman of the Audit Committee (member of the Supervisory Board),
- 2) Wanda Rapaczynski – member of the Audit Committee (member of the Supervisory Board),
- 3) Tomasz Sielicki – member of the Audit Committee (member of the Supervisory Board).

**II. The activities of the Audit Committee focused in 2010 mainly on the following issues:**

1) exercising supervision in the area of monitoring the financial reporting of the Company and the Agora Group as well as financial audit, by performing actions including, in particular:

- monitoring the process of drawing up financial statements,
- presenting recommendations to the Supervisory Board regarding approval of the annual financial statements examined by an external auditor,
- monitoring the reliability of financial information presented by the Company;

2) exercising supervision in the area of monitoring the internal audit systems, internal audit and risk management, by performing actions including, in particular:

- a review of the internal audit and risk management procedures to ensure compliance with the law and internal regulations,
- an assessment of the observance of the risk management rules and presentation of recommendations in this regard.

3) exercising supervision in the area of monitoring the independence of external auditors, by performing actions including, in particular:

- monitoring independence of the auditor with regard to the audits carried out by him,
- discussing the course of the audit process with the auditor.

**III. In 2010 five meetings of the Audit Committee were held:**

February 18, 2010 - during the meeting the Audit Committee discussed, inter alia the function of the Company's safety information instructor, internal auditor's report and analysis of the common costs in the Company.

April 8, 2010 - during the meeting the Audit Committee discussed, inter alia the financial statements for 2009. Internal auditor, representatives of KPMG Audyt Sp. z o.o. – Company's external auditor participated in the meeting. During the meeting, having analyzed the report and opinion of an external auditor from the review of consolidated and unconsolidated report for 2009, the Audit Committee adopted a resolution approving the consolidated and unconsolidated financial statements for 2009 stating that they give true and correct view of the Company's standing.

August 10, 2010 – during the meeting the Audit Committee discussed consolidated and unconsolidated financial results for the second quarter and first half of 2010, safety regulations,

accounting rules and report of an Internal Auditor without any comments to the present documents. Internal auditor and representatives of KPMG Audyt Sp. z o.o. – Company's external auditor participated in the meeting. No resolutions were adopted.

August 10, 2010 - during the meeting the Audit Committee discussed consolidated and unconsolidated financial results for the second quarter and first half of 2010, the Audit Committee met with internal and external auditors and adopted resolution regarding the report on performance of the Audit Committee in first half of 2010.

November 10, 2010 - during the meeting the Audit Committee met with representatives of KPMG Audyt Sp. z o.o. – Company's external auditor.

Audit Committee, on the basis of its activities enumerated in point II of this report and meetings with the Company's auditor held according to point III of this report, does not voice any reservations regarding independence of the financial results review process carried out in the Company in 2010.

Report on performance and statement  
of the Human Resources and Remuneration Committee of Agora's Supervisory Board in 2010

I. As of the day of submitting of this report the Human Resources and Remuneration Committee is composed of:

- 1) Wanda Rapaczynski – chairman of the Human Resources and Remuneration Committee (member of the Supervisory Board),
- 2) Sławomir S. Sikora – member of the Human Resources and Remuneration Committee (member of the Supervisory Board),
- 3) Andrzej Szlęzak - member of the Human Resources and Remuneration Committee (chairman of the Supervisory Board).

II. The activities of the Human Resources and Remuneration Committee focused in 2010 mainly on the following issues:

- 1) periodic assessments of the rules of remunerating Management Board members and submitting appropriate recommendations in this respect to the Supervisory Board,
- 2) preparing recommendations regarding the remuneration amount and the granting of additional benefits to individual Management Board members for the purpose of their consideration by the Supervisory Board.

III. In 2010, three meetings of the Human Resources and Remuneration Committee were held:

April 8, 2010 - during the meeting the Human Resources and Remuneration Committee discussed the rules of remunerating and granting incentive benefits to Management Board members, the Management Board performance in 2010 and adopted report on its performance in year 2009.

August 2, 2010 - during the meeting the Human Resources and Remuneration Committee to thoroughly analysed all informations of remunerating and granting incentive benefits for Management Board members.

August 19, 2010 - during the meeting the Human Resources and Remuneration Committee, with the participation of other Supervisory Board members, met with each member of Management Board in order to discuss the rules of remunerating and granting incentive benefits of Management Board members.

The Human Resources and Remuneration Committee states that its also performed its tasks on informal meetings organized on an ad hoc basis focusing on human resources issues, including: motivation plans and remuneration plan for top ranked managers in the Company.