

“Report of the Supervisory Board of Agora S.A. (the “Company”) on its activities in 2012

Translation only

I. In the fiscal year 2012 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.

II. The activities of the Supervisory Board in the fiscal year 2012 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, reappointment 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 2012 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 2012 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.

1) February 23, 2012 – during the meeting the Supervisory Board discussed financial and operating results for the fourth quarter of 2011 and get acquainted with the annual budget for 2013 and resolved on:

- contracts with new Management Board members,
- motivation plan for Management Board members.

2) April 12, 2012 – the meeting was devoted to the discussion, inter alia, of:

- financial and operating results for the fiscal year 2011, including information received from the Audit Committee on the meeting with the Company's external auditor,
- draft report on compliance with the corporate governance rules,
- strategy, development projects and acquisitions,
- report of the Supervisory Board of Agora S.A. on its performance and performance of its advisory bodies.

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

- on adopting reports of the Human Resources and Remuneration Committee and Audit Committee on the performance of their duties in 2011,

- on annual bonus remuneration for all Management Board members.

3) May 10, 2012 – during the meeting the Supervisory Board discussed, inter alia:

- report on adoption of the financial statements for the fiscal year 2011,
- presentation of the financial results for the first quarter of 2012,
- development and acquisition projects,
- matters related to General Meeting of Shareholders.

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

- resolution no. 1 concerning:

- the results of evaluation of: the non-consolidated financial statements of the Company for the year 2011, the consolidated financial statement of the Agora S.A. Group for the year 2011, the Management Board report on activities of the Company in the year 2011, the Management Board report on activities of the Agora S.A. Group in year 2011 and the Management Board proposal on distribution of net profit for the year 2011,
- the submission of the above evaluation to General Meeting of Shareholders,
- motions to grant a vote of acceptance to the members of the Management Board on the performance of their duties in 2011;

- resolution no. 2 – report of the Supervisory Board regarding the concise evaluation of the situation of the Company in 2011, including the evaluation of the risk control and management systems in the Company.

4) August 16, 2012 - during the meeting the Supervisory Board discussed, inter alia:

- Audit Committee's report on the meetings held on August 9 and 16, 2012,
- operating and financial results for the second quarter and first half of 2012,
- Company's and Group's current situation.

During the meeting, the Supervisory Board adopted resolution concerning reports of Audit Committee on the performance of its duties in first half of 2012.

5) November 8, 2012 - during the meeting the Supervisory Board discussed, inter alia:

- financial results for the third quarter of 2012,
- matters significant for the Company and Group,
- meetings with auditors: internal and external,
- works on annual budget for 2013.

Report on performance and statement of the Audit Committee of Agora's Supervisory Board in 2012.

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 2012 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 2012 six meetings of the Audit Committee were held:

1) **February 23, 2012** - during the meeting the Audit Committee discussed, inter alia financial results for the fourth quarter of 2011. There were no resolutions adopted during this meeting.

2) **April 12, 2012** - during the meeting the Audit Committee discussed, inter alia the financial statements for 2011. Internal auditor, representatives of KPMG Audyt Sp. z o.o. spółka komandytowa – 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 2011, the Audit Committee adopted a resolution approving the

consolidated and unconsolidated financial statements for 2011 stating that they give true and correct view of the Company's standing.

3) **May 10, 2012** - during the meeting the Audit Committee discussed financial results for the first quarter of 2012 and met with the Company's internal auditor. No resolutions were adopted.

4) **August 9, 2012** – during the meeting the Audit Committee discussed consolidated and unconsolidated financial results for the second quarter of 2012 and met with the Company's internal auditor. No resolutions were adopted.

5) **August 16, 2012** - during the meeting the Audit Committee discussed consolidated and unconsolidated financial results for the second quarter and first half of 2012, the Audit Committee met with internal and external auditors and adopted resolution regarding the report on the performance of the Audit Committee in first half of 2012 and discussed the Company's and Group's financial reporting policy.

6) **November 8, 2012** - during the meeting the Audit Committee met with internal auditor and discussed financial results for the third quarter of 2012.

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 2012.

Report on performance and statement of the Human Resources and Remuneration Committee of Agora's Supervisory Board in 2012

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 2012 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 2012, one meeting of the Human Resources and Remuneration Committee was held:

February 23, 2012 - during the meeting the Human Resources and Remuneration Committee discussed the rules of remunerating and granting incentive benefits to Management Board members and met with new Management Board members.

April 12, 2012 - during the meeting the Human Resources and Remuneration Committee thoroughly analyzed all information on remuneration and granting incentive benefits for Management Board members, the Management Board performance in 2012 including the changes in the composition of the Management Board, evaluated the performance of the Management Board in 2011 and adopted report on its performance in year 2011.

The Human Resources and Remuneration Committee states that in 2012 it 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