

Resolution no 9/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: auditing of the report of the Executive Board on activity of Apator SA in the period since
1st January 2010 till 31st December 2010 and the report of the Executive Board on activity of
Grupa Apator in the period since 1st January 2010 till 31st December 2010

1. Acting in accordance with art. 382 § 3 of the Polish Commercial Companies Code, § 15 of the Statute of Apator SA, the Supervisory Board of Apator SA confirms that it audited presented by the Executive Board the report on activity of Apator SA in the period since 1st January 2010 till 31st December 2010 and the report on activity of Grupa Apator in the period since 1st January 2010 till 31st December 2010. The Supervisory Board gives positive opinion of presented by the Executive Board the reports and appeals to General Shareholders Meeting for their acceptance and approval.
2. The report in writing of the Supervisory Board on results of assessment of the Executive Board reports mentioned in point 1 is the appendix to the resolution.
3. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

Appendix to the Resolution No. 9/2011
of the Supervisory Board of Apator SA
dated 17th May 2011

**The report of the Supervisory Board of Apator SA
on auditing of the report of the Executive Board on activity of APATOR SA in the period since
1st January 2010 till 31st December 2010
and the report of the Executive Board on activity of Grupa Apator in the period since
1st January 2010 till 31st December 2010**

The basis for acting regarding auditing of the reports of the Executive Board is regulations of art. 382 § 3 of the Polish Commercial Companies Code and § 15 of the Statute of the Company. The Supervisory Board carried out the audit of the reports of the Executive Board on activity of the Company and Capital Group. The Supervisory Board taking into consideration positive opinion of the Audit Committee on the reports of the Executive Board on activities of the Company and Capital Group, states as follows:

- submitted reports are clear, transparent and legible,
- information included in the reports of the Executive Board is in accordance with information included in audited financial statements,
- the reports include the description of all essential areas of activity of Apator SA according to the events that occurred in 2010 and the description of all subsidiaries and associated entities, the description of events presents in an exhaustive manner their influence on economic results obtained by Apator SA and the companies in capital group,
- the reports convey the real status that occurred in the Apator SA and Grupa Apator in the reporting period that is in 2010,
- the reports have been prepared in accordance with legal regulations concerning commercial companies.

Chairman of the Supervisory Board

Janusz Marzygliński

Resolution no. 10/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: auditing of financial statement of Apator SA for the financial year 2010

1. Acting under art. 382 § 3 of the Polish Commercial Companies Code and § 15 of the Statute of Apator SA, the Supervisory Board of Apator SA confirms that it audited the financial statement prepared by the Executive Board of SA, subject to auditing by Korycka, Budziak & Audytorzy Sp. z o.o., covering:
 - financial statement at 31st December 2010 where assets and liabilities give the amount of 214.281.020,26 PLN
 - statement on total income made for the period since 1st January 2010 till 31st December 2010 gives the total income equal net profit in amount of 41.259.924,88 PLN
 - statement on cash flow account made for the period since 1st January 2010 till 31st December 2010 presenting the reduction of the net cash in amount of 188.731,51 PLN
 - statement on changes in equity presenting its increase for the period since 1st January 2010 till 31st December 2010 by the amount of 21.951.059,48 PLN
 - additional information to the report on accounting principles taken and additional pieces of information and clarifications
2. Based on the report and opinion of chartered accountant and opinion of Audit Committee, the Supervisory Board confirms that the report was prepared in accordance with obligatory legal regulations, based on correctly kept accounting books and it clearly and reliably reflects the financial and property situation of the Company.
3. The Supervisory Board appeals to General Shareholders Meeting to consider and approve financial statement of Apator SA for financial year 2010.
4. The report in writing of the Supervisory Board on results of assessment of financial report is the appendix to the resolution.
5. The resolution comes into life on the day of adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

Report of the Supervisory Board of Apator SA on the results of assessment of the financial statement of Apator SA for the financial year 2010

The basis of acting of the Supervisory Board regarding the auditing of financial statement of Apator SA for 2010 was the regulations of art. 382 § 3 of the Polish Commercial Companies Code and § 15 of the Statute of Apator SA. The Supervisory Board according to the recommendation of Audit Committee commissioned to audit the financial statement to the firm; Korycka, Budziak & Audytorzy Sp. z o.o. with headquarters in Warsaw, registered in the list of entitled entities to audit the financial statements under no. 84. Audit has been carried out chartered accountant – Ewa Orkwiszewska registered in the list of chartered accountants under number 2890/323.

The audit covered:

- financial statement at 31st December 2010 where assets and liabilities give the amount of 214.281.020,26 PLN
- statement on total income made for the period since 1st January 2010 till 31st December 2010 gives the total income equal net profit in amount of 41.259.924,88 PLN
- statement on cash flow account made for the period since 1st January 2010 till 31st December 2010 presenting the reduction of the net cash in amount of 188.731,51 PLN
- statement on changes in equity presenting its increase for the period since 1st January 2010 till 31st December 2010 by the amount of 21.951.059,48 PLN
- additional information to the report on accounting principles taken and additional pieces of information and clarifications

Scope of audit:

- auditing the reliability and correctness of financial statement preparation according to legal regulations and the Statute of Apator SA,
- auditing the correctness and reliability of books with the source documents and data included in the statement.

After having made the analysis of results of the audit carried out by chartered accountant including conclusions presented in the opinion and the report and after having known the positive recommendation of Audit Committee, the Supervisory Board finds that financial statement has been prepared in all significant aspects according to obligatory accounting principles, in continuous manner, based on correctly kept accounting books. It complies in form and content with obligatory legal regulations and the Statute of the Company and it presents reliable and clear all the information significant for evaluation of results of economical activity and profitability in the reporting period and financial and property positions of Apator SA at 31st December 2010. It has been also prepared in accordance with the requirements of the Resolution of Ministry of Finance dated 19th February 2009 on current and regular information being transferred by issuers of securities and the conditions to be considered as equivalent the information required by law of the country not being the member of EU.

Chairman of the Supervisory Board

Janusz Marzygliński

Resolution no. 11/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: auditing of consolidated financial statement of Apator SA for the financial year 2010

1. Acting under art. 382 § 3 of the Polish Commercial Companies Code and § 15 of the Statute of Apator SA, the Supervisory Board of Apator SA confirms that it audited the consolidated financial statement prepared by Grupa Apator, subject to auditing by Korycka, Budziak & Audytorzy Sp. z o.o., covering:
 - consolidated financial statement at 31st December 2010 where assets and liabilities give the amount of 372.660.885,28 PLN
 - consolidated statement on total income made for the period since 1st January 2010 till 31st December 2010 gives the total income in amount of 50.038.115,74 PLN including net profit in amount of 50.050.204,28 PLN,
 - consolidated statement on cash flow account made for the period since 1st January 2010 till 31st December 2010 presenting increase of the net cash in amount of 6.615.308,65 PLN
 - statement on changes in equity presenting its increase for the period since 1st January 2010 till 31st December 2010 by the amount of 33.182.641,96PLN
 - additional information to consolidated financial statement including detailed description of accounting principles taken in Grupa and clarification notes
2. Based on the report and opinion of chartered accountant and opinion of Audit Committee, the Supervisory Board confirms that the report was prepared in accordance with obligatory legal regulations, based on correctly kept accounting books and it clearly and reliably reflects the financial and property situation of the Company.
3. The Supervisory Board appeals to General Shareholders Meeting to consider and approve consolidated financial statement of Apator SA for financial year 2010.
4. The report in writing of the Supervisory Board on results of assessment of financial report is the appendix to the resolution.
5. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

**Report of the Supervisory Board of Apator SA dated 17th May 2011
on results of assessment of financial statement of Grupa Apator for the financial year 2010**

The basis of acting of the Supervisory Board regarding the auditing of consolidated financial statement of Grupa Apator for 2009 was the regulations of art. 382 § 3 of the Polish Commercial Companies Code and § 15 of the Statute of Apator SA. The Supervisory Board commissioned to audit the financial statement to the firm; Korycka, Budziak & Audytorzy Sp. z o.o. with headquarters in Warsaw, registered in the list of entitled entities to audit the financial statements under no. 84. Audit has been carried out by chartered accountant – Ewa Orkwiszewska registered in the list of chartered accountants under number 2890/323.

The audit covered:

- consolidated financial statement at 31st December 2010 where assets and liabilities give the amount of 372.660.885,28 PLN
- consolidated statement on total income made for the period since 1st January 2010 till 31st December 2010 gives the total income in amount of 50.038.115,74 PLN including net profit in amount of 50.050.204,28 PLN,
- consolidated statement on cash flow account made for the period since 1st January 2010 till 31st December 2010 presenting increase of the net cash in amount of 6.615.308,65 PLN
- statement on changes in equity presenting its increase for the period since 1st January 2010 till 31st December 2010 by the amount of 33.182.641,96 PLN
- additional information to consolidated financial statement including detailed description of accounting principles taken in Grupa and clarification notes

Moreover, consolidation documentation was checked and correctness of consolidating methods applied were verified.

The Supervisory Board after having made the analysis of results of the audit carried out by chartered accountant including conclusions presented in the opinion and the report and after having known the positive recommendation of Audit Committee finds that consolidated financial statement of Grupa Apator for 2010 has been prepared in all significant aspects according to obligatory accounting principles based on correctly kept accounting books. It complies in form and content with obligatory legal regulations and the Statute of the Company and it presents reliable and clear all the information significant for evaluation of results of economical activity and profitability in the reporting period and financial and property positions of Apator SA at 31st December 2010. Consolidated financial statement has been also prepared in accordance with the requirements of the Resolution of Ministry of Finance dated 19th February 2009 on current and regular information being transferred by issuers of securities and the conditions to be considered as equivalent the information required by law of the country not being the member of EU.

Chartered accountant in its opinion had no reservations about consolidated financial statement for 2010.

Chairman of the Supervisory Board

Janusz Marzygliński

**Resolution no. 12/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: vote of approval of members of the Executive Board of Apator SA**

1. The Supervisory Board acting based on § 15 of the Statute of Apator SA, appeals to General Shareholders Meeting to grant a vote of approval to all the members of the Executive Board of Apator SA of the fulfillment of their duties in 2010.
2. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

Resolution no. 13/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: profit distribution for financial year 2010

1. Acting based on § 15 of the Statute of Apator SA, the Supervisory Board of Apator SA gives positive opinion to the proposal of the Executive Board on net profit distribution for the financial year 2010 in value of 41.259.924,88 PLN in the following manner:
 - dividend 21.064.216,80PLN,
 - supplementary capital 20.195.708,08PLN
2. Further to advance payment made towards to dividend from the profit for 2010 the Supervisory Board gives positive opinion of the proposal of the Executive Board concerning the payment of the other part of dividend in total value of 12.287.459,80 PLN that is in value of 0,35 PLN per share on 22nd July 2011 as the proposal to establish the right to the payment of other part of dividend to the shareholders holding the shares of Apator SA on 8th July 2011.
3. The Supervisory Board of Apator SA appeals to General Shareholders Meeting to approve presented proposal of profit distribution.
4. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

Resolution no. 14/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: amendments to § 7 of the Statute of Apator SA

1. Acting based on § 15 para.10 of the Statute of Apator SA the Supervisory Board of Apator SA gives positive opinion of suggested wording of § 7 of the Statute of the Company taking into consideration the conversion of 21.146 registered shares of A series to bearer shares of A series. The suggested wording is the following:

Share capital of the Company is 3.510.702,80 PLN /three million five hundred and ten thousand and seven hundred and two zloty and eighty grosz/ and it is divided into 7.774.492 /seven million seven hundred and seventy four thousand and four hundred ninety two/ registered shares of A series and 27.332.536 /twenty seven million three hundred thirty two thousand and five hundred thirty six/ bearer shares of A, B and C series of the value of 0,10 PLN /ten grosz/ each.

2. The Supervisory Board of Apator SA appeals to the General Shareholders Meeting to approve presented proposal of amendments of § 7 the Statute of Apator SA.
3. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

**Resolution no. 15/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: amendments to § 14 Para 16 of the Statute of Apator SA**

1. Acting based on § 15 para.10 of the Statute of Apator SA the Supervisory Board of Apator SA gives positive opinion of suggested wording of § 14 para 16 of the Statute of Apator SA: General Shareholders Meetings are held in Toruń and Ostaszewo in Kujawy-Pomorze Province in accordance with the Regulations of General Shareholders Meetings. The amendments to the Regulations adopted by General Shareholders Meeting come into life commencing the next General Shareholders Meeting.
2. The Supervisory Board of Apator SA appeals to the General Shareholders Meeting to approve presented proposal of amendments of § 14 Para 16 the Statute of Apator SA.
3. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

Resolution no. 16/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: amendments to the Regulations of General Shareholders Meetings of APATOR SA

1. Acting based on § 15 para.10 of the Statute of Apator SA the Supervisory Board of Apator SA gives positive opinion of amendments to the Regulations of the General Shareholders Meeting of Apator SA:
 - § 2 para 1 of the Regulations of General Shareholders Meetings of APATOR SA is changed to the following:

General Shareholders Meetings are held in Toruń or Ostaszewo in Kujawy and Pomerania Province on the date specified in the announcement of calling General Shareholders Meeting
 - § 15 para 4 of the Regulations of General Shareholders Meetings of APATOR SA is changed to the following:

Person putting up the candidate should present the profile of the candidate to the member of Supervisory Board and if the candidate does not participate in General Shareholders Meeting it should submit to General Shareholders Meeting its consent to be the candidate to Supervisory Board in writing
2. The Supervisory Board of Apator SA appeals to the General Shareholders Meeting to approve presented proposal of amendments to the Regulations of General Shareholders Meetings of APATOR SA.
3. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

Resolution no. 17/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: proposal to establish uniform content of the Statute of Apator SA

1. The Supervisory Board of Apator SA, acting based on § 15 para. 10 of the Statute of Apator SA, gives positive opinion of the proposal of the Executive Board of the Company regarding the establishment of the uniform content by the Supervisory Board the Statute of Apator SA regarding the amendments to be adopted at Ordinary General Shareholders Meeting on 20st June 2011.
2. The Supervisory Board appeals to General Shareholders Meeting to approve presented proposal to establish uniform content of the Statute of Apator SA.
3. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

Resolution no. 18/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: completion of the Programme for the acquisition of own shares for their redemption and
reduction of share capital dated 21st June 2010

1. Acting on § 15 of the Statute of Apator SA the Supervisory Board of Apator SA gives positive opinion of the completion of the Programme for the acquisition of own shares for their redemption and reduction of share capital dated 21st June 2010 where within the Programme the Company has not acquired any shares of Apator SA.
2. The Supervisory Board appeals to General Shareholders Meeting of Apator SA to complete the Programme for acquisition of own shares for their redemption and reduction of share capital dated 21st June 2010.
3. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

Resolution no. 19/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: Programme for the acquisition of own shares for their redemption and reduction of share capital.

1. The Supervisory Board of Apator SA gives positive opinion of the proposal of the Executive Board on establishment of the Programme for the acquisition of own shares for their redemption and reduction of share capital where the Company will be entitled to:
 - acquire maximum 998 505 own shares in the period since 21st June 2011 till 31st May 2012,
 - acquire the shares at the price not lower than emission value and not higher than 18,00 PLN
 - allocate the financial means for the performance of the programme in amount not higher than the value of redemption fund i.e. up to 17.973.090,00 PLN,
 - acquire the shares according to obligatory legal regulations
2. The Supervisory Board of Apator SA appeals to General Shareholders Meeting to approve presented proposal of the Programme for the acquisition of own shares for their redemption and reduction of the share capital.
3. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

Resolution no. 20/2011
of the Supervisory Board of Apator SA dated 17th May 2011
on: the report on the activity of the Supervisory Board in 2010

1. The Supervisory Board of Apator SA approves the report on its activity in 2010 being the appendix to the resolution.
2. The Supervisory Board decides to submit the report to Ordinary General Shareholders Meeting and to appeal for its acceptance and approval.
3. The resolution comes into life on the day of its adoption.

All 5 members of the Supervisory Board attended the meeting voted for their approval.

Janusz Marzygliński
Mariusz Lewicki
Danuta Guzowska
Ryszard Wojonowski
Krzysztof Kwiatkowski

R E P O R T
on activity of the Supervisory Board of Apator SA
for the period since 1st January 2010 till 31st December 2010

According to the stipulations of the Polish Commercial Companies Code and the Statute of Apator SA, the Supervisory Board submits to General Shareholders Meeting the report on its activity for the period since the 1st January 2010 till the 31st December 2010.

The report was prepared in accordance with Best Practice for WSE Listed Companies and it contains concise assessment of the situation of the Company including the assessment of internal control system and risk management system significant to the Company and the assessment of the operation of Supervisory Board.

I. Makeup of the Supervisory Board

The Supervisory Board of Apator SA is appointed for five year of common tenure.

Since the 1st January till the 21st June 2010 the Supervisory Board acted in the following makeup:

1. Janusz Marzygliński - Chairman of the Supervisory Board
2. Ryszard Wojnowski - Deputy Chairman of the Supervisory Board
3. Danuta Guzowska - Member of the Supervisory Board
4. Mariusz Lewicki - Member of the Supervisory Board
5. Krzysztof Kwiatkowski - Member of the Supervisory Board
6. Mariusz Pawlak - Member of the Supervisory Board

On 21st June 2010 the operation of the sixth tenure of the Supervisory Board was over and Ordinary General Shareholders Meeting nominated the Supervisory Board of the seventh tenure with the following makeup:

1. Janusz Marzygliński - Chairman of the Supervisory Board
2. Mariusz Lewicki - Deputy Chairman of the Supervisory Board
3. Danuta Guzowska - Member of the Supervisory Board
4. Krzysztof Kwiatkowski - Member of the Supervisory Board
5. Mariusz Pawlak - Member of the Supervisory Board

II. Supervisory Board Meetings

The Supervisory Board performing its duties had 7 meetings in the reporting period where it adopted 32 resolutions and took the positions in matters included in the agenda of the meetings. The meetings were held on the following dates: 2nd February, 30th March, 18th May, 21st June, 21st June (the first meeting of Supervisory Board of the following tenure), 23rd September and 27th October.

The minutes of the meetings of the Supervisory Board are made and stored with other documentation in the headquarters of the Company.

III. The report on activity of the Audit Committee

The Audit Committee of Supervisory Board acts within the Supervisory Board and it supports the actions of the Supervisory Board of Apator SA and it is its advisory body. The tenure of the Audit Committee is common for their members and it is the same as the tenure of Supervisory Board. The

minutes of meetings of the Audit Committee are made and stored with other documentation of Supervisory Board in the headquarters of the Company.

Since the 1st January till 21st June 2010 the Audit Committee operated in the makeup (according to 27/2010 resolution of the Supervisory Board) where the following members were included:

- Mariusz Lewicki – Chairman of the Committee,
- Mariusz Pawlak – Member of the Committee,
- Krzysztof Kwiatkowski – Member of the Committee,

On the 21st June 2010 the Supervisory Board of the following tenure operated with the makeup with nominated (by resolution no. 24/2010) the members of the Audit Committee:

- Mariusz Lewicki – was granted the duties of Chairman of the Committee,
- Mariusz Pawlak
- Krzysztof Kwiatkowski

Mr. Krzysztof Kwiatkowski is an independent member of the Audit Committee.

The Audit Committee performing its duties had 6 meetings in the reporting period when it adopted the resolution on recommendation to approve by Supervisory Board financial statements and the reports of Executive Board for 2009 and took the positions in matters in the agenda of the meetings. The meetings were held on the following dates: 2nd February, 30th March, 30th April, 18th May, 21st June, 23rd September.

During the meeting on the 2nd February 2010 the Audit Committee analysed:

- financial risks identified by Apator SA
- monitoring system for risks,
- limitation method of particular risks

The Audit Committee did not raise any objections to the effectiveness of risk management in the Company. At the meeting the Audit Committee familiarized with the statement confirming the independence of the entity authorized to audit financial statements – the entity – Korycka, Budziak & Auditorzy Sp. z o.o. and the independence of chartered auditors performing the financial audit and it did not raise any objections to the statement.

At the meeting on the 30th April 2010 the Audit Committee familiarized with individual financial statement of APATOR SA for 2009 and consolidated financial statement of Grupa Apator SA with the reports of Executive Board.

Next at the meeting on the 18th May 2010 the Audit Committee made the audit of the statements and made the analysis of the letter of chartered auditor regarding the audit of statements for ended year 2009.

Based on the resolution no.1/2010 the Audit Committee recommended to Supervisory Board of Apator SA to submit to Ordinary General Shareholders meeting the application to approve financial statements for 2009.

Moreover, in 2010 the Audit Committee analysed:

- improvement of the process of preparation of consolidated financial statements, by among other things elaboration of the corporate guideline containing consolidation package

- security of data processed and collected in Apator SA by use of computer equipment
- level of hedging transactions in Grupa Apator

IV. Information on performance of duties in 2009 related to Ordinary General Shareholders Meeting of Apator SA

The Supervisory Board performing its duties on the 18th May 2010 gave positive opinion of the motions submitted to Ordinary General Shareholders Meeting held on the 21st June 2010 regarding:

- reports of the Executive Board on Activity of Apator SA and Grupa Apator in 2009 ,
- individual and consolidated financial statements for 2009 ,
- establishment of reserve fund for the payment of dividend,
- profit distribution of the Company for financial year 2009,
- establishment of number of members of the Supervisory Board,
- nomination of the members of the Supervisory Board,
- establishment of earnings of the members of Supervisory Board,
- amendments to § 7 of the Statute of Apator SA
- authorisation of Supervisory Board to establish unified content of the Statute of Apator SA
- completion of the Programme for acquisition of own shares for their redemption and reduction of share capital dated the 8th June 2009
- opening of the Programme for acquisition of own shares and reduction of share capital.

On the 21st June 2010 Supervisory Board gave negative opinion to the proposal submitted by the shareholder – Mr. Zbigniew Jaworski regarding to establish the auditor for special affairs to make the audit in order to establish how the activity of the Company in 2005-2009 was hedged against the risk of the change in currency rates.

Moreover, Supervisory Board has presented to Ordinary General Shareholders Meeting the report on its activity in 2009 and appealed for its approval.

The Supervisory Board performing its duties gave positive opinion on the 27th October 2010 on the applications submitted to Ordinary General Shareholders Meeting held on 6th December 2010 regarding amendments to § 6 of the Statute of Apator SA.

The members of the Supervisory Board according to the rules of corporate governance attended the meeting of Ordinary General Shareholders Meeting in the makeup that enabled to give substantive answers the questions asked.

V. Personnel policy

The competence of the Supervisory Board includes:

- establishment of a number of members of the Executive Board of the Company,
- appointment and dismissal of the members of the Executive Board of the Company,
- nomination of the President of the Executive Board,
- suspension for serious reasons from the duties all or particular members of the Executive Board,

- establishment of earnings for the members of the Executive Board including its motivated character.

On the day of Ordinary General Shareholders Meeting (the 21st June 2010) the tenure of the Executive Board was over with the makeup:

-
- Janusz Niedźwiecki – President of the Executive Board,
- Tomasz Habryka – Member of the Executive Board,
- Jerzy Kuś – Member of the Executive Board

On the same day the Executive Board nominated for the next tenure the Executive Board with the makeup unchanged:

- Janusz Niedźwiecki – President of the Executive Board,
- Tomasz Habryka – Member of the Executive Board,
- Jerzy Kuś – Member of the Executive Board

The tenure of the Executive Board lasts three years and it ends on the day of the Ordinary General Shareholders Meeting of Apator SA to be held in 2013.

The remuneration of the Members of the Executive Board was established based on transparent procedures and principles including its motivated character and provision of effectiveness and fluent management of the Company. The remuneration corresponded with the criteria of the scope of responsibility resulting of the function performed remaining in reasonable relation to the level of remuneration of the members of the executive boards in similar companies, particularly in public companies. The remuneration of the members of the Executive Board in 2010 was in total 1.583 000 PLN, including bonuses and awards in amount of 510 000 PLN,, that is 32%.

In the reporting period the Executive Board did not make use of entitlements specified in art. 383 of the Polish Commercial Companies Code i.e.:

- it did not suspend from the duties of particular or all the members of the Executive Board,
- it did not delegate members of the Supervisory Board for temporary performance of the duties of members of the Executive Board.

In the opinion of the Supervisory Board, the Executive Board performed its duties according to all legal requirements and its job contributed to the increase of the goodwill of Apator SA and Grupa Apator. The Supervisory Board appeals to General Shareholders Meeting to give the vote of approval to all the members of the Executive Board.

VI. The scope of application of Best Practice for WSE Listed Companies by Apator SA

Apator SA observes the principles accepted and included in the "Best Practice for WSE Listed Companies, except:

- Rule I.1 Broadcasting of General Meetings over internet due to lack of interest by shareholders of the Company and additional costs to be born by the Company concerning the direct broadcasting
- Rule III.6 At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company

Since the 21st June 2010 the Supervisory Board of Apator SA consists of five members where one meets the criteria of being independent from the company.

VII. The application of Best Practice for WSE Listed Companies by the Supervisory Board

The Supervisory Board acts according to the rules of corporate governance. Last year there was no case of breaching of any rules of Best Practice for WSE Listed Companies accepted and applied by the Supervisory Board.

The members of the Supervisory Board fulfilled personally their duties regarding the meetings of the Supervisory Board. Moreover they attended the meetings of the Executive Board and General Shareholders Meetings and advised about the buying and selling transactions of shares which next were announced to the public.

The remuneration of the members of the Supervisory Board was in reasonable relation to the economical results of Apator SA and it was 333 000 PLN. The Chairman of the Supervisory Board has been receiving 5 000 PLN monthly but every member of the Supervisory Board has received 4500 PLN monthly.

On the 21st June 2010 Ordinary General Shareholders Meeting raised the earnings of the Chairman of the Supervisory Board to 6000 PLN but of members of Supervisory Board to 5500 PLN per month.

The members of the Supervisory Board in their behaviour followed the interest of the Company and independence of opinions and judgments.

There were no situations where any member of the Supervisory Board had to confirm the possibility of existence of connections of economical nature, family or other nature that may have the influence on its standpoint for the matter being considered by the Supervisory Board with the shareholder holding shares representing not less than 5% of total number of votes at General Shareholders Meeting.

In the reporting period also there were no situations in result of which members of the Supervisory Board had to advise about existing conflict of interests or possibility its arising and in effect of it they had to restrain from taking part in the discussion at the meeting of the Supervisory Board and from voting on the resolution related to the conflict of interests.

VIII. The appointment of the company for auditing of financial statements

The Supervisory Board based on the resolution no. 41/2008 dated the 19th December 2008 made the appointment of Korycka, Budziak & Audytorzy Sp z o.o. for auditing and reviewing of financial statements for 2009 and 2010.

The following circumstances have been taken into account by the Supervisory Board while taking the decision:

- rules of corporate governance ,
- good cooperation during the previous periods,
- reputation of Korycka, Budziak & Audytorzy Sp. z o.o.,

The Supervisory Board of Apator SA at the meeting on the 28th October 2009 bearing in mind the recommendation of Audit Committee maintained its appointment of chartered auditor – Korycka, Budziak & Audytorzy Sp z o.o.

The decision maintained is in accordance with Best Practice for SWE Listed Companies that requires from the Supervisory Board to change the body entitled for auditing of financial statement at least once per seven financial years.

IX. The assessment of financial statements of Apator SA and Grupa Apator for 2010

Apator SA prepares individual and consolidated financial statements according the International Accounting Standards („IAS”) and International Financial Reporting Standards („IFRS”). Moreover, financial statements are prepared according to the Regulation of Ministry of Finance dated the 19th February on current and regular information being transferred by issuers of securities and the conditions to be considered as equivalent the information required by law of the country not being the member of EU.

The Supervisory Board supervised the process of preparing the financial statements. The Supervisory Board based on the recommendation of the Audit Committee at the meeting held on the 17th May 2011 made the assessment of financial statements of Apator SA and Grupa Apator prepared by the Executive Board. The Supervisory Board confirms that financial data presented in regular reports for all the financial periods in 2010 are reliable, correct and real and they are prepared according to obligatory accounting rules being used on permanent basis and based on correctly kept accounting books.

X. The assessment of activity of the Company and Grupa Apator

The Supervisory Board has been supervising on permanent basis the activity of the Company and operation of the Executive Board by:

- analysis of documents being received from the Executive Board on request of the Supervisory Board,
- obtaining the information and detailed explanations of members of the Executive Board and other employees of the Company during the meetings of the Supervisory Board,
- attendance the meetings of the Executive Board by members of the Supervisory Board,
- activity of the Audit Committee,
- activity of chartered auditor who on behalf of the Supervisory Board carried out the audit and made the reviewing of financial and accounting documentation and based on it prepared financial statements.

In 2010 the Supervisory Board analyzed and supervised among other things:

- actions leading to the sale of the property and the construction of the new Company in Pomeranian Special Economic Zone ,
- sale to institutional investors the package of 1 million shares of Apator SA by Apator Mining Sp. z o.o.,
- change of organization structure of Apator SA taking into account changes in sales and design process,
- extension of the subject of activity of Apator SA for the needs related to the Pomeranian Special Economic Zone ,
- preparation the strategy of Grupa Apator in 2011-2013,
- plans of the activity of Apator SA and entities of Grupa Apator,

- optimization of the costs of the activities of Apator SA and Grupa Apator,
- profitability of domestic sales and export
- performance of dividend policy including payment of advance payment towards dividend
- operation of Smart Metering Team,
- matter concerning the submission by Mr. Zbigniew Jaworski - the shareholder the application to nominate chartered auditor for special affairs and taking position in this matter due to a summons to appear in District Court in Toruń,
- the verdict of District Court in Toruń concerning the dismissal of the application of Mr.Zbigniew Jaworski – the shareholder concerning the nomination of chartered auditor for special affairs,
- matter concerning the notification submitted by Mr. Zbigniew Jaworski on possible occurrence in the period 2008-2010 of abuses of the entitles or failure to fulfil the duties by the members of the executive boards of the joint stock companies in Grupa Apator and other persons dealing with economic activity of the companies and causing the damage to property and also other actions,
- preparation of clarification to Regional Public Prosecutor's Office of the above matter,
- preparation of explanations to Regional Public Prosecutor's Office concerning the above matter,
- decision of refusal to conduct the investigation of the above matter by Regional Public Prosecutor's Office due to lack of any reasons for a crime commitment,
- conclusion and performance of hedging transactions ,
- earnings of the members of the Executive Board of Apator SA and executive boards of the companies in Grupa Apator,
- Audit Committee decisions.

Performing its duties the Supervisory Board on the 2nd February 2010 approved the activity plan of Apator SA for 2010. Next the Supervisory Board supervises over the performance of the plan and at every meeting it analyzed current financial and economic results of the Company and particularly the performance of the sales, costs born, margin level, management of inventory and financial management. The Supervisory Board also has analyzed current financial results of the companies in Grupa Apator and their development plans.

The Supervisory Board on every meeting analyzed the changes on currency market, decisions made regarding management of hedging transactions in Grupa Apator and they influence on financial results.

The Supervisory Board confirms that the decisions regarding opening and performance of hedging transactions were made according to obligatory in Grupa Apator corporate guideline - WK/F/19 on regulations of hedging transactions.

On the 23rd September 2010 the Supervisory Board approved the strategy of Grupa Apator for 2011-2013, which content was made public in current report no.41/2010 dated the 5th October 2010.

According to the strategy, the aspiration of Grupa Apator is to be the leader in switchgear and metering segments on domestic market and the key leader on foreign markets in Central-Eastern Europe, Russia, Balkan Countries, Germany, Benelux Countries and Great Britain.

Grupa Apator closed the books of account in 2010 with revenues on sales in amount of 409 m PLN,

profit on sales in amount of 48 m PLN and net profit in amount of 50 m PLN. Revenues and mentioned financial results were significantly higher than in 2009. Revenues on sales of 1000 000 shares of Apator SA by Apator Mining sp. z o.o. to institutional investors had the influence on consolidated net profit.

Grupa Apator in spite of lasting economic crisis achieved in 2010 the increase of export in value by 2,8 m PLN. The share of export in total sales was 25,7%. The results achieved were first of all due to the sales of water meters and switchgear to Russia. In the opinion of the Supervisory Board financial results achieved in 2010 by Grupa Apator are positive both in the scope of consolidated revenues on sales and also the profitability achieved. They gave high position of Grupa among Polish companies including companies on stock exchange. At the same time the Supervisory Board emphasizes that Apator SA as one of few companies consequently publishes the forecast of financial results and makes payment of dividend what is reflected in rating of shares in new WIGdiv dividend index.

XI. The assessment of internal control system and risk management system significant to the Company

Internal control system in Apator SA is based on distribution of entitles and duties and responsibility specified in the Company in Organization Regulations, scope of jobs and other regulations in form of procedure, instructions, orders, instructions and circulars. System is supervised by managers of the organization units, section directors and the Executive Board in the mode:

- current,
- weekly meetings of managers of organization units in the section with the section director,
- monthly meetings of managers of organization units and section directors with the Executive Board of the Company,
- weekly meetings of directors of sections with the Executive Board,
- weekly meetings of the Executive Board

The internal control is carried out directly by each employee including self-assessment system. Next the employee is controlled by direct superior and persons cooperating in the scope of quality and correctness of the tasks performed. The aim of those actions is to provide the compliance of tasks being performed with obligatory procedures and requirements including legal requirements.

The Executive Board of the Company is responsible for the entirety of internal control being carried out, for minimizing the level of existing risk and also for the identification of new threats.

Internal audit in the Company is being performed by Costs and Economical Analysis Department that every month makes the analysis of performance of the costs by particular organization units, their deviations from planned assumes and the reasons of the deviations. The work of the above organization units is being controlled by Finance Director. The supervision over above aspects is carried out by the Audit Committee and the Supervisory Board at its meetings by:

- analysis of monthly financial statements of Apator SA and entities of Grupy Apator, including monthly consolidated financial statements,
- analysis of quarterly, semi-annual and annual financial statements of Apator SA and entities of Grupa Apator, including consolidated financial statements,

- analysis of identified risks,
- cooperation with chartered auditor

One of the main tools of internal control is BaaN IV Integrated Management System operating both in Apator SA and in subsidiaries: FAP Pafal SA, Apator Metrix SA, Apator Powogaz SA and Apator Control sp. z o. o.

Further tool of the control system is implemented management system based on the standards ISO 9001:2000, ISO 14001 and the standard BHP 18001. The supervision is carried out by the system of quarterly and annual reports on operation of the system in the main processes:

- marketing and sales,
- purchases,
- designing,
- manufacturing,
- protection of environment,
- safety and health at work

The further tool of control system is financial and management reporting. The results of activity are presented in the financial statements prepared by Accounting Department of Apator SA. In Grupa Apator each of the entity has its accounting policy based on the rules of recording of events being applied in the parent company. In the consequence of the recording the particular entities in Grupa Apator get accounting books being further the basis for preparation of individual financial statements by all the entities in Grupa Apator. The individual financial statements are the basis to prepare consolidated financial statements of Grupa Apator.

The risk areas that occur in Grupa Apator are minimized by internal control systems in subsidiaries that operate like it is in Apator SA, by implementation of new, common solutions regulated in the guidelines of corporate governance and by the system of external control like:

- common chartered auditor for all the entities of Grupa Apator – Korycka, Budziak & Audytorzy Sp. z o.o.,
- common certification body for Management System - Polski Rejestr Statków SA.

Based on annual assessment made of the procedures applied the Supervisory Board confirms that the system of internal control in Apator SA and Grupa Apator operates correctly and effectively.

The risks significant for the Company and Grupa Apator:

The main risks are the following:

- currency exchange rate risk,
- loan risk,
- risk concerning sales changeability and financial fluidity.

The export is significant source of revenues for Grupa. Further to the above hedging transactions are the constant element of business activity. The value of export for given year is estimated based on anticipation of traders operating on particular foreign markets and then decisions concerning the hedging are taken according to the obligatory internal regulations within this scope (exposure for given year is hedged up to 80% for next year up to 70% and for the third year up to 50%) .

Loan risk is limited by taking loans in Polish zloty. The rate of interest depends on WIBOR.

The risk related to sales and fluidity is being minimized by the use of procedures of operation such as financial control of sales orders in BaaN system or the service of receivables in BaaN system. The Supervisory Board confirms that in result of control and monitoring being carried out by the Executive Board of Apator SA and permanent supervision of the Supervisory Board and Audit Committee the main risks have been significantly restricted.

Other risks including the observation of the obligatory legal regulations and the regulations are also correctly identified and managed by the Company.

XII. The assessment of the operation of the Supervisory Board and the application to the General Shareholders Meeting

The Supervisory Board considers that it fulfilled its duties according with the all formal and legal requirements and its work had the contribution in the increase of the goodwill and confidence of the shareholders.

The Supervisory Board appeals to General Shareholders Meeting to approve the report of its activity and to give a vote of approval to all the members of the Supervisory Board in 2010.

Chairman of Supervisory Board

Janusz Marzygliński