



General Shareholders Meeting of Apator SA

Ostaszewo, 16.06.2014

Report on activity of Supervisory Board

Presentation includes selected issues from the report on activity of the Supervisory Board of Apator S.A. in 2013.

Complete content of the reports is available since 7th May 2014 on the website of Apator S.A.

www.apator.com

Makeup of Supervisory Board in 2013

The fourth year of activity of the Supervisory Board of VII tenure

Makeup of Supervisory Board since 1st January 2013 till 24th June 2013

- » Janusz Marzygliński – Chairman of Supervisory Board
- » Mariusz Lewicki – Deputy Chairman of Supervisory Board
- » Danuta Guzowska – Member of Supervisory Board
- » Krzysztof Kwiatkowski – Independent Member of Supervisory
- » Ryszard Wojnowski – Member of Supervisory Board
- » Eryk Karski – Independent Member of Supervisory

Makeup of Supervisory Board since 25th June 2013 till 31st December 2013

- » Janusz Niedźwiecki – Chairman of Supervisory Board
- » Mariusz Lewicki – Deputy Chairman of Supervisory Board
- » Janusz Marzygliński – Member of Supervisory Board
- » Danuta Guzowska – Member of Supervisory Board
- » Krzysztof Kwiatkowski – Independent Member of Supervisory
- » Marcin Murawski – Independent Member of Supervisory

Makeup of Audit Committee in 2013

Makeup of Audit Committee since 1st January 2013 till 24th June 2013

- » Mariusz Lewicki – Chairman of Audit Committee
- » Ryszard Wojnowski – Member of Audit Committee
- » Krzysztof Kwiatkowski – Independent Member of Audit Committee

Makeup of Audit Committee since 25th June 2013 till 31st December 2013

- » Mariusz Lewicki – Chairman of Audit Committee
- » Krzysztof Kwiatkowski – Independent Member of Audit Committee
- » Marcin Murawski – Independent Member of Audit Committee

Meetings of Supervisory Board and Audit Committee in 2013

The Supervisory Board had 12 meetings:

- » 29th January
- » 1st March
- » 3rd April
- » 14th May
- » 24th June
- » 25th June
- » 6th August
- » 28th August
- » 23rd September
- » 29th October
- » 12th November
- » 12th December

where 31 resolutions were adopted.

Audit Committee had 6 meetings:

- » 3rd April
- » 29th April
- » 14th May
- » 28th August
- » 12th November
- » 12th December

where 3 resolutions were adopted.

Makeup of the Executive Board of Apator SA in 2013

Makeup of Executive Board since 1st January 2013 till 24th June 2013

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

Supervisory Board on 25th June 2013 appointed the Executive Board of Apator SA for following 3-year tenure with the following makeup :

- » Andrzej Szostak – President of Executive Board
- » Tomasz Habryka – Member of Executive Board
- » Jerzy Kuś – Member of Executive Board

Standpoint of Supervisory Board regarding the remuneration of Executive Board

Remuneration of Executive Board in 2013- PLN 2.888 000, including extras and awards – PLN 1.425 000 (49%). They were established based on transparent principles and they took into account:

- » care about provision of effective management of the company,
- » motivating character of remuneration

Remuneration of particular members of Executive Board resulted from their scope of responsibility and they were in reasonable relation to:

- » remuneration of Executive Board in similar public companies,
- » enterprise value

The observance of the Best Practices of WSE Listed companies in 2013

Standpoint of Supervisory Board regarding observance of rules of the Best Practices by the Company

Pursuant to the declaration made, Apator SA respected all rules except two regarded the participation of shareholders and voting by use of electronic means of communication.

Standpoint of Supervisory Board regarding observance of rules of the Best Practices by Members of Supervisory Board

The Members of Supervisory Board respected all rules of the Best Practices regarding Supervisory Board among others:

- » There was no case where could be conflict of interest between the Member of Supervisory Board and the Company
- » The Members of Supervisory Board performed in person their duties, they attended the meetings of Supervisory Board, they spent required time for the fulfilment of their duties,
- » The Members of Supervisory Board advised about changes in their professional involvement if such took place (IAS 24),
- » In case of conclusion of transaction regarding shares of Apator, the Members of Supervisory Board advised about that fact the Company.

Financial statements, Executive Board reports for 2013

Standpoint of Supervisory Board regarding the assessment of statements:

On 6th May 2014 Supervisory Board made the assessment of:

- » separate and consolidated financial statement for 2013 ,
- » report on activity of the Executive Board of Apator SA,
- » reports of Executive Board on activity of Apator Group,

Supervisory Board confirms that financial data presented in annual financial statements for 2013 are as follows:

- » reliable,
- » correct,
- » real,
- » prepared pursuant to binding accounting principles being used permanently, based on correctly kept accounting books

The above statements and reports:

- » they have obtained positive recommendation of Audit Committee
- » they have been audited by KPMG – opinions without reservations



Supervision over the activity of Apator SA and Apator Group

(1)

Pursuant to art. 382 of the Polish Commercial Companies Code, Supervisory Board have been supervising permanently over activity of Apator S.A. and Apator Group:

- » control of the activity of Executive Board with analysis of the resolutions adopted by Executive Board,
- » control of the progress of the performance of separate plan of activity approved and the forecast announced of results of Apator Group,
- » detail analysis of the situation in particular companies and their monthly results, particularly:
 - *performance of home sales and export,*
 - *cost level,*
 - *profitability obtained,*
 - *changes in working capital,*
 - *debt level, financial liquidity*
- » cooperation with statutory auditor and assessment of regular financial statements
- » analysis of identified strategic, operating, financial and other risks

Supervision over the activity of Apator SA and Apator Group

(2)

Supervisory Board supervised particularly:

- » updating of the strategy of Apator Group for 2014 – 2019,
- » acquisition of Elkomtech SA,
- » prospects of development of the companies
- » sale of Newind sp. z o.o. by Apator Rector Sp. z o.o.,
- » dividend payment policy by subsidiaries,
- » hedging policy,
- » Strategy of development of the products and design studies being performed,
- » development of technological processes,
- » employment policy with the level of remuneration of Executive boards in the companies of Apator Group included,
- » quality management and material supplies policy with the claims for products included



Assessment of activity, motions to General Shareholders Meeting

Very good financial results in 2013

» Revenues on sales	PLN 684 m
» Export	PLN 311 m
» <i>Share of export in revenues</i>	<i>45%</i>
» Profit on sales	PLN 89 m
» EBITDA	PLN 107 m
» Net profit	PLN 69 m
» <i>Net profitability</i>	<i>10%</i>



The report of Supervisory Board was accepted by the Board at the meeting held on 6th May 2014 and it includes the following motions to General Shareholders Meeting:

1. Motion on approval of financial statements and reports of Executive Board
2. Motion on vote of approval for all the Members of Executive Board
3. Motion on approval of dividend in gross amount suggested by Executive Board i.e. PLN 0,6 per share (interim dividend paid in gross amount of PLN 0,3 per share included)
4. Motion on approval of the report of Supervisory Board
5. Motion on vote of approval for all the Members of Supervisory Board



**Thank you
for your attention**