

**RESOLUTION**  
**of the Supervisory Board of ELEKTROBUDOWA SA**  
**on adopting the annual report**  
**on the operations of the Supervisory Board in 2008**

Guided by the rule defined in Section III clause 1 of the Code of Best Practice for WSE Listed Companies introduced by Resolution No. 12/1170/2007 of the WSE Supervisory Board dated 4 July 2007 and with reference to Resolution No. 1013/2007 of the WSE Management Board dated 11 December 2007, the Supervisory Board of ELEKTROBUDOWA SA presents:

**The Annual Report on Operations of the Supervisory Board of ELEKTROBUDOWA SA in 2008**

The composition of the Supervisory Board as of 31 December 2008:

Dariusz Mańko	– Chairman of the Supervisory Board,
Karol Żbikowski	– Deputy Chairman of the Supervisory Board,
Aleksander Chłopecki	– Member of the Supervisory Board,
Jacek Chwałek	– Member of the Supervisory Board,
Tomasz Mosiek	– Member of the Supervisory Board,
Ryszard Rafalski	– Member of the Supervisory Board,
Dariusz Wojda	– Member of the Supervisory Board.

Changes in the composition of the Supervisory Board in 2008:

Michał Wnorowski	from 1.01.2008	to 24.04.2008
Roman Zalewski	from 1.01.2008	to 24.04.2008
Dariusz Mańko	from 24.04.2008	to date
Dariusz Wojda	from 24.04.2008	to date
Ryszard Rafalski	from 24.04.2008	to date
Karol Żbikowski	from 24.04.2008	to date
Aleksander Chłopecki	from 24.04.2008	to date
Jacek Chwałek	from 24.04.2008	to date
Tomasz Mosiek	from 24.04.2008	to date

In the past 2008 year seven meetings of the Supervisory Board of ELEKTROBUDOWA SA were held, on which 20 resolutions were adopted altogether.

In 2008 the Supervisory Board was performing its duties pursuant to the Company Articles, the Regulations of the Supervisory Board, and relevant legal provisions. The Board exercised permanent supervision over the Company's activities. The Board's meetings considered current matters of the Company, and in particular:

- analysed current business and financial results of the Company in particular periods,
- familiarized themselves with periodic information concerning current and planned operations of the Company, provided by the Management Board,
- assessed the situation of the market environment in which the Company operates,
- analysed the principles of export development,
- approved of and gave consent to assume obligations by the Company,
- analyzed the Company's proposals of capital investment.

Beside its normal duties, the Supervisory Board considered and accepted:

- draft budget of the Company and the consolidated budget of the ELEKTROBUDOWA SA Group for 2008,
- the consolidated text of the Articles of the Company,
- additional bonuses for the Management Board members for 2007,

- payment of the 2007 bonus to members of the Management Board of ELEKTROBUDOWA SA,
- changes to the supplementary capital,
- 2007 dividend record date and payment date,
- distribution of 2007 profit,
- the financial statements of the Company and of the Group, including Directors' Reports for 2007,
- terms of bonuses for the Management Board Members in 2008,
- principles of trading in securities of ELEKTROBUDOWA SA by the members of the Supervisory Board,
- appointing an auditor to audit the financial statements of the Company and the Group for 2008,
- change of the level of basic remuneration of the Management Board members,
- amendments to the Regulations of the Supervisory Board,
- purchase of a real property in Tychy by the Company.

The Supervisory Board appointed two committees, composed of its members:

- the Nominations and Remuneration Committee
- the Audit Committee

Composition of the Nominations and Remuneration Committee as of 31 December 2008:

Ryszard Rafalski	- Chairman of the Committee
Aleksander Chłopecki	- Committee Member
Karol Żbikowski	- Committee Member

Changes to the composition of the Nominations and Remuneration Committee in 2008:

Michał Wnorowski	– from 1.01.2008 to 24.04.2008
Ryszard Rafalski	– from 6.02.2008 to date
Karol Żbikowski	– from 24.04.2008 to date
Aleksander Chłopecki	– from 24.04.2008 to date.

In 2008 the Nominations and Remuneration Committee had five meetings, with the following issues on the agenda:

- system of remunerating the Management Board members and possibility of introducing a new executive option plan in the Company,
- additional compensation for the Management Board members for the financial results achieved by the Company in 2007,
- principles for performance-based additional compensation for the Management Board members for the results achieved by the Company in 2008,
- review of basic remunerations of the Management Board members and proposal of change from 1 October 2008,
- review of qualifications of a potential new Management Board member and recommendation of his candidacy.

Composition of the Audit Committee as of 31 December 2008:

Dariusz Wojda	- Chairman of the Committee
Tomasz Mosiek	- Committee Member
Ryszard Rafalski	- Committee Member

A change in the composition of the Audit Committee in 2008:

Roman Zalewski	- from 1.01.2008 to 24.04.2008.
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In 2008 the Audit Committee had four meetings, with the following issues on the agenda:

- maintaining the independence of a statutory auditor,
- monitoring the accuracy of financial information,
- review of the internal control system and the risk management system in respect of the financial risk.

### **The appraisal of work of the Supervisory Board in 2008**

The Supervisory Board positively appraises the above described works and also its organisation and composition, which as a whole provides versatile knowledge, judgement and experience needed for proper execution of tasks. Powers of the Supervisory Board, its work method and dossiers of its members are available on the Company's website [www.elbudowa.com.pl](http://www.elbudowa.com.pl)

### **The appraisal by the Supervisory Board of the situation of ELEKTROBUDOWA SA with registered office in Katowice for 2008**

The Supervisory board of ELEKTROBUDOWA SA, acting in compliance with the Code of Best Practice for WSE Listed Companies, with particular consideration to the best practice for Supervisory Board Members, have conducted a brief assessment of the Company's standing, including the evaluation of the internal control system and the system of managing the risk significant for the Company.

The Supervisory Board has carefully watched all aspects of the Company's performance and the work of its key executives who were consistently carrying out the plans assumed for 2008.

In the past year ELEKTROBUDOWA consistently carried out the assumed plans, strengthening its market position and placing itself among the companies composing mWIG 40 index.

In the first quarter of 2008 the Company successfully finalized the issue of series D shares, which generated the proceeds amounting to PLN 89.7million. the proceeds were earmarked for the targets defined in the issue prospectus, one of which was the acquisition of several companies, what contributed to the enlargement of the ELEKTROBUDOWA SA Group and strengthening its position. In 2008 the Company achieved record financial results and earned the PLN 56.3million profit before taxes on the net sales revenues of PLN 786.2 million.

ELEKTROBUDOWA SA is focused on strengthening its position in the Polish construction and power sector and on diversification of its activity both in the domestic and overseas markets.

Despite the slump in the economy manifested from the fourth quarter of the last year, the Management Board of ELEKTROBUDOWA SA proposed to pay the dividend to the Shareholders in the amount of PLN 3.00 per share. The Supervisory Board approves of the Management Board's dividend policy and will recommend dividend payment to the general meeting.

The Supervisory Board approves of the performance of the Management Board of ELEKTROBUDOWA SA in 2008. Submitting this report the Supervisory Board puts forward a motion to the General Meeting to discharge the members of the Management Board of ELEKTROBUDOWA SA from liability in respect of their management in the financial year 2008.

### **The appraisal of the internal control system and the significant risk management system in place in the Company**

The Company maintains the internal control and risk management system. The duties of the Audit Committee appointed from among the members of the Supervisory Board comprise the streamlining of the Board's work by giving instructions on preparation of decisions to be taken in respect of:

- monitoring the independence of a statutory auditor (external auditor) by complying with mandatory guidelines for the rotation of audit partners and reviewing the character and scope of services other than auditing;
- monitoring the accuracy of financial information presented by the Company, by reviewing the accounting methods used in the Company;
- evaluation of internal control and risk management systems, by reviewing the systems in respect of financial risks.

One of the essential elements of control in the process of preparing the financial statements of the Company and of the Group is verification of the financial statements by an independent auditor. Tasks of an auditor include in particular: review of the bi-annual financial statements and preliminary and final auditing the separate and consolidated annual statements. An auditor is selected by the Supervisory Board in the tender procedure from among prime auditing companies which guarantee high standards of service and required independence.

Preparation of the financial statements, interim reports and current management accounting of the Company and the Group lies within the responsibilities of departments reporting to the Finance Director. Financial statements of the Company and of the Group are prepared by middle managers and checked by the Finance Director before submitting to the auditors for review. On this stage functional control and identification of risk, if any, with their elimination, are performed.

Financial data for financial statements and interim reports come from monthly financial reporting. Middle and top managers, after closing books for the end of each calendar month, together analyse the financial results of the Company as a whole and of its units, comparing them with the business assumptions. Any identified errors are corrected at current basis in the Company books, according to the adopted accounting policy. In the case of subsidiaries and associates in the Group monitoring of performance from the level of the parent is carried out quarterly.

ELEKTROBUDOWA SA maintains its accounting books in the integrated software system, JDEdwards. The integrated management system enables the company to analyse all economic and financial issues, released in the appropriate scope in to all organisational units of ELEKTROBUDOWA SA. This allows comprehensive analysis of current situation, proper cost calculation of offers and precise planning, budgeting and forecasting of economic issues. High flexibility of the system allows its adjusting to changing accounting principles or legal regulations. The system has complete technical documentation and access to information resources available in the system requires relevant authorisation, granted to employees in the scope of their duties. Access control is carried out on each stage of preparing the financial statements, beginning with entering source data, through data processing, until generating output information.

Accounting policy concerning financial reporting which is implemented by the Company and the Group is applied both in budgeting and forecasting process and in periodical management accounting, which means that the Company uses coherent accounting principles in presenting its financial data in the annual and interim financial statements as well as other reports provided to the shareholders.

Financial risk management in ELEKTROBUDOWA SA consists in the process of risk identification and defining the degree of its acceptance, actions which limit the adverse effects of the risk materialization.

The effectiveness of the applied methods of risk control and management in the process of financial statements preparation is proved by high quality of those statements confirmed in the opinions issued by statutory auditors and appreciated by their readers.

Areas of risk to which the Company is exposed are described in Note 3 to the consolidated and the separate financial statements for the financial year ended 31 December 2008.