Resolution No 3/IV/2012 r. of the Supervisory Board P.R.I. „POL-AQUA” S.A. of 25 April 2012 r.


Supervisory Board activity in the year 2011

In the turnover year 2011 the Supervisory Board performed the duties described in the relevant rules, the Company Statute and Rules of the Management Board, in particular overseeing the Company activities and making sure that the proper rules and regulations concerning accounting, finances and reporting for public companies were followed.

The Supervisory Board assessed the Company financial statements and Management Board reports on Company activities, as well as POL-AQUA Capital Group reports for the year 2010 and gave its recommendation for the Ordinary Meeting of Shareholders concerning their approval. The assessment was made in active cooperation with a Permanent committee of the Supervisory Board – the Audit Committee. The Supervisory Board also gave its approval to the motion by the Management Board to call an Ordinary General Meeting for the purpose of approving the reports for the year 2010 and discussing the proposed resolutions.

The Supervisory Board also chose the auditor to check the financial reports for the year 2011.

On the day 29th November 2011 there was a change to the number and composition of the Supervisory Board – from that day the Board has 5 members. The Board sent one of its members to independently perform some of the supervisory duties, as outlined in a resolution by the Board. The board also introduced 2 new Board members.


The audit and assessment of the Management Board Report on Company (Issuer) activities and the Financial Statement for the turnover year 2011 (the year ended on 31st December 2011), as well as the Consolidated Financial Report of the Capital Group POL-AQUA and Capital Group POL-AQUA activity report were performed by Ernst&Young Audit Sp. z o.o.

The Auditor put the assessment in the Auditor's Opinion and Assessment Report of the Financial Report for the year ended 31st December 2011, expressing the opinion on diligence, correctness and clarity of the report and the correctness of bookkeeping the report was based on.

The audit covered, in particular, the verification of the correctness of the accounting principles (policy) and substantial estimates applied by the Company, verification of accounting documents and accounting records supporting the figures and information included in the financial statements, as well as the overall opinion on the financial statements. Based on aforementioned documents, and as result of performing the supervisory function during the turnover year, the Supervisory Board of P.R.I. "POL-AQUA” S.A. submits the assessment of the Report of the Management Board from the activity of the Company (the Issuer) and the
assessment of the Financial Statements in respect of their compliance with the accounting books, documents and factual status.

I. Organization of the accountancy and reliability of keeping the books.

1. The closing balance as of 31.12.2010 verified and approved by the General Meeting of Shareholders held on 21 June 2011 constituted the basis for the opening of the accounting books as of 01.01.2011.
2. The accounting books are kept in the manner ensuring the reliable and correct recording of all business transactions.
3. The method and extent of internal control at the Company, both in substantive and formal-legal terms, ensures the full and complete recognition and documentation of all business transactions.
4. The report of financial situation as of 31 December 2011 and the statement of comprehensive income for the period from 1 January 2011 to 31 December 2011 were prepared in accordance with the rules defined in:
   a) International Standards of Financial Reporting as approved by the European Union,
   c) Regulation of the Minister of Finance dated 19 February 2009 on current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state (Journal of Laws No 33, item. 259, with later changes – "Regulation on current and interim information”).
5. The balance sheet total disclosed in the report of financial situation as of 31 December 2011 amounts to PLN 573,448,000.
6. The profit and loss statement for the period from 01.01 to 31.12.2011 shows net profit of PLN 11,977,000.
7. Total profit and loss statement for the period from 01.01 to 31.12.2011 shows net profit of PLN 11,977,000.
8. Statement of changes in equity of P.R.I. "POL-AQUA” S.A. shows an increase of equity during the period from 1 January 2011 to 31 December 2011 by the amount of PLN 10,992,000.
9. The net cash flow statement during the turnover year encompassing the period from 1 January 2011 to 31 December 2011 shows a decrease of cash by amount of PLN 110,185,000.

II. Economic and financial position of P.R.I. “POL-AQUA” S.A.

The activity of the Company during the period from 1 January to 31 December 2011 shows the following changes, values and ratios determined based on the report from financial situation, statement of comprehensive income and the cash flow statement.

1. The Company property indicated in the financial report for the day 31st December 2011 show a decrease from PLN 683,567,000 to PLN 573,448,000, that is by PLN 110,119,000. The structure of Company property shows no significant changes compared to the previous period – state for the day 31st December 2010.
2. The equity amounting to PLN 225,247,000, long-term liabilities amounting to PLN 55,181,000 and short-term liabilities at the level of PLN 293,020,000 are the source of financing Company's property. The structure of sources of financing of the property at the end of turnover year 2011 has not changed materially in relation to the same period of the previous year.

3. The revenues from sales for the period of the year 2011 amounted to PLN 626,444,000 and decreased by PLN 440,746,000 in relation to the previous year. The revenues from sale of services amounted to PLN 617,126,000 and accounted for 98.5% of the total amount of revenues generated in 2011. The structure of revenues has not changed a compared to year 2010. Other operation income achieved in 2011 amounted to PLN 50,849,000 and increased compared to the previous year by 327,6% and the biggest items there is the actualisation of value of assets amounting to PLN 18,871,000 and release of reserves amounting to PLN 17,770,000. Financial income for 2011 amounted to PLN 7,027,000 and decreased by 18.5% compared to 2010.

4. Prime cost of the sale for 2011 amounted to PLN 596,464,000 and was lower than the costs in 2010 (a 44.3% decrease compared to the previous year). Other operating expenses amounted to PLN 11,582,000 and decreased by 91.0% in relation to the previous year. Financial expenses for 2011 amounted to PLN 9,252,000 and decreased by 92.2% in relation to the year 2010.

5. As the result of gross gain from sales amounting to PLN 29,980,000, operating gain of PLN 17,796,000 and net gain from continued activity of PLN 11,977,000 the profitability ratios calculated based on those amounts achieved positive values.

In relation to the above, the Supervisory Board recommends to the General Meeting:

- Approval of the financial statement of P.R.I. „POL-AQUA” S.A. for the year ended 31 December 2011,
- Approval of the Consolidated Financial Report of the Capital Group POL-AQUA for the year ended 31 December 2011,
- Approval of the management report of P.R.I. "POL-AQUA" S.A.,
- Approval of the management report of the Capital Group POL-AQUA.

Based on the presented opinion of the auditors and own evaluation of the situation, the Supervisory Board resolves that:

- Financial statement for the year 2011. P.R.I."POL-AQUA” S.A. was prepared in accordance with the accounting principles, applicable legal regulations and that it presents the actual situation of the Company, as well as presenting clearly and diligently all the information required for assessment of the Company financial result. Furthermore it was prepared according to the International Standards for Financial Reporting approved by EU, based on properly made accounting books. The Report also meets the requirements of regulations concerning preparing financial reports, as well as with the Company Statute.

- The Report on activities of P.R.I. "POL-AQUA" S.A. was made according to the Regulation of the Minister of Finance dated 19 February 2009 on current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state (Journal of Laws No 33 item 259 with later changes) and the financial information
contained therein originating from the Financial Statements is consistent with these financial statements.

- Consolidated Financial Statement of the Capital Group POL-AQUA was made according to the rules of law, it illustrates clearly and diligently all the information required for assessment of the financial result of the Group, was made according to the International Standards of Financial Reporting approved by the EU.

- The Report on activity of the POL-AQUA Capital Group was made according to the Regulation of the Minister of Finance dated 19 February 2009 on current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state (Journal of Laws No 33 item 259 with later changes) and the financial information contained therein originating from the Financial Statements is consistent with these financial statements.

The Company achieved in 2011 a gain of PLN 11,977,000, however, due to losses from previous years amounting to PLN 363,658,000 the Company cannot divide the gain for the 2011 between the shareholders.

Because of this, the Supervisory Board approves the motion of the Management Board to spend the gain for the year 2011 amounting to PLN 11,977,000 on covering the losses from previous years.