**MANAGEMENT REPORT ON OPERATIONS OF**

**THE GROUP OF COMPANIES OPONEO.PL**

**IN 2012**

BYDGOSZCZ 25.04.2013

**Table of contents**

# 1. LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

Dear Shareholders!

I have the pleasure to present to you the management report on the operations of the GROUP OF COMPANIES OPONEO.PL that sum up the results for 2012.

Last year proved to be difficult for the entire sector. Despite this fact, the Group achieved very good financial results. We obtained revenues on sales that were by 21% higher than in the previous year, at the level of approx. PLN 207 million and the net result in the amount of PLN 1.3 million.

As in the previous years, the strategy of developing sales outside Poland and of continuation of investments undertaken was implemented, which resulted in a 19% increase in revenues generated on foreign sales, which reached 21% of the Group's total revenues in 2012.

In 2012, the Group launched three new foreign websites: oponeo.nl for Dutch customers, oponeo.ie for Irish customers and oponeo.com.tr dedicated to customers from Turkey. Investments connected with the planned launch of sales in the Czech Republic and in the United States were also implemented. At the same time, the Group kept increasing the quality of services provided and extended its offer on existing markets.

I am convinced that the experience gained in the sales of goods through foreign websites of OPONEO.PL will provide strong foundations for accomplishing ambitious objectives, such as gaining a significant position on the European market.

The effects of continuous development of the Group OPONEO.PL do not only translated into the company's financial results as well as to the number of satisfied clients. In July 2012, OPONEO.PL S.A. won its millionth customer.

Despite negative forecasts for the Polish economy for the year 2013, I am convinced that the directions of development adopted by the Group OPONEO.PL will allow for achieving satisfactory results in the next years.

On behalf of the Management Board of OPONEO.PL S.A., I would like to thank the Company's Shareholders for their trust in our actions. I would also like to thank all our business partners and employees as without their support and involvement, we would not have been able to make our intentions come true.

I would like to invite you to read the Annual Report presenting the achievements of the Group of Companies OPONEO.PL in 2012.

Kind regards,

-----------------------------------------

Dariusz Topolewski

President of the Management Board

# 2. MANAGEMENT REPORT ON OPERATIONS OF THE GROUP OF COMPANIES OPONEO.PL IN 2012

## 2.1 GENERAL OUTLINE OF ACTIVITIES OF THE GROUP OPONEO.PL

The basic activities of the Group of Company OPONEO.PL are connected with the retail sale of tyres and rims over the Internet using original e-commerce and IT solutions.

The Group sells over 100 brands of tyres and rims via websites, such as: Oponeo.pl, Opony.com, Opony.pl, Motostrada.pl, Felgi.pl as well as foreign shops in Germany, France, Spain, Italy, Austria, Great Britain, the Netherlands, Ireland and Turkey. We offer tyres for passenger cars, delivery trucks and tyres for off-road vehicles (4x4) as well as steel wheels, aluminium rims, snow chains and other automotive accessories.

The Group OPONEO.PL also runs an information platform about the quality, condition and operation of tyres - Opony.com.pl, which is the largest in Poland and second largest in the world. It is also a co-owner of the company running an automotive website, Autocentrum.pl, and the owner of the websites, Elektroda.pl and Edaboard.com – electronic portals which make available rich electronic resources and a discussion forum.

The Group's share in the sale of tyres market is estimated at approx. 8-9% and it has allowed to keep the position of leader in on-line sales with an approx. 75%-share in the market.

## 2.2 DISCUSSION OF BASIS ECONOMIC AND FINANCIAL VALUES DISCLOSED IN THE ANNUAL FINANCIAL STATEMENTS, IN PARTICULAR, A DESCRIPTION OF FACTORS AND EVENTS, INCLUDING ATYPICAL ONES, WHICH HAVE A SIGNIFICANT INFLUENCE ON THE ISSUER'S ACTIVITIES AND ITS PROFITS OR LOSSES IN THE TRADING YEAR AS WELL AS DISCUSSION OF PERSPECTIVES FOR THE DEVELOPMENT OF THE ISSUER'S ACTIVITIES AT LEAST DURING THE NEXT TRADING YEAR.

**Table 1. Selected financial data of the Group of Companies OPONEO.PL**

| Selected financial data | 01.01.2012-31.12.2012 PLN | 01.01.2011-31.12.2011 PLN | 01.01.2012-31.12.2012 EUR | 01.01.2011-31.12.2011 EUR |
|---|---|---|---|---|
| Net revenues on the sale of products, goods and materials | 207,082 | 170,964 | 49,482 | 41,498 |
| Profit (loss) on sales | 33,571 | 32,023 | 8,022 | 7,773 |
| Profit (loss) on operating activity | -1,143 | 6,152 | -273 | 1,493 |
| Gross profit (loss) | 1,969 | 10,043 | 470 | 2,438 |
| Net profit (loss) | 1,359 | 7,453 | 325 | 1,809 |
| Net cash flows from operating activities | 2,058 | 12,318 | 492 | 2,990 |
| Net cash flows from operating activities | 1,744 | -2,389 | 417 | -580 |
| Net cash flows from financial activities | -3,029 | -5,324 | -724 | -1,292 |
| Total net cash flows | 773 | 4,605 | 185 | 1,118 |
| Total assets | 105,987 | 108,366 | 25,925 | 24,535 |
| Liabilities and provisions for liabilities | 29,826 | 29,872 | 7,296 | 6,763 |
| Long-term liabilities | 2,728 | 3,716 | 667 | 841 |
| Short-term liabilities | 27,098 | 26,156 | 6,628 | 5,922 |
| Equity | 76,161 | 78,494 | 18,629 | 17,772 |
| Share capital | 13,936 | 13,936 | 3,409 | 3,155 |
| Number of shares (in items) | 13,936,000 | 13,936,000 | 13,936,000 | 13,936,000 |
| Profit (loss) per ordinary share (in PLN/EUR) | 0.10 | 0.57 | 0.02 | 0.13 |
| Diluted profit (loss) per ordinary share (in PLN/EUR) | 0.10 | 0.57 | 0.02 | 0.13 |
| Book value per ordinary share (in PLN/EUR) | 5.47 | 5.63 | 1.34 | 1.28 |
| Diluted book value per ordinary share (in PLN/EUR) | 5.47 | 5.63 | 1.34 | 1.28 |

| | | | | |
|---|---|---|---|---|
| **Declared or paid-out dividend per ordinary share (in PLN/EUR)** | 0.20 | 0.00 | 0.05 | 0.00 |

**The following exchange rates were used for converting financial data**:

1. Individual items of assets and liabilities are represented according to the exchange rate applicable as at the balance sheet date, i.e. on 31 December 2012 – 4.0882 Table No. 252/A/NBP/2012 and for other comparable data as at the average exchange rate of the National Bank of Poland as at the balance sheet date, i.e. on 31 December 2011 – 4.4168 Table No. 252/A/NBP/2011.
2. The revealed items of the profit-and-loss account and the cash flow statement are represented according to the exchange rate constituting the arithmetic mean of the exchanged rates determined by the National Bank of Poland, applicable as at the last day of each ended month, i.e. for the period from 01 January to 31 December 2012 – 4.1850 and for comparable data according to the exchange rate constituting the arithmetic mean of exchange rates established by the National Bank of Poland applicable as at the last day of each ended month, i.e. for the period from 01 January to 31 December 2011 – 4.1198.

In the trading year 2012, the Group OPONEO.PL increased revenues on sales by 21% as compared to the trading year 2011, achieving the total revenues on sales of products, goods and materials of PLN 207,082 thousand.

In 2012, the Group received the consolidate result of EBITDA at an amount of PLN 7,139 thousand, which constitutes a decrease by approx. 41%, as compared to the previous year. The EBITDA margin was 3.45%.

In the reporting period, the Group OPONEO.PL incurred a loss on operating activities at an amount of PLN 1,143 thousand, while the net result was 1,359 thousand, as compared to PLN 7,453 thousand net in 2011.

The balance sheet amount of the Group OPONEO.PL at the end of 2012 was PLN 105,987 thousand, which means a decrease by 2% as compared to the level achieved in 2011. The fixed assets constituted 58% of the total assets at the end of 2012.

The equity constituted 72% of the total liabilities at the end of 2012 and the long-term and short-term liabilities constituted approximately 3 and 25%. The equity structure at the end of 2011 was similar.

In 2012, the Group recorded an increase in the depreciation by 37% as compared to the previous year, resulting mostly from continuing the amortisation of adopted projects.

**Factors and events influencing the financial results in the reporting period**

The financial results obtained by OPONEO.PL in 2012 are the result of maintaining high dynamics of the Group development. On the Polish market, the number of orders increased by 16%, as compared to 2011, while on foreign markets, OPONEO.PL recorded a 65% increase in the number of orders as compared to the data for the previous year, which influenced the revenues on foreign sales by 19% and translated positively into financial results. The revenues on sales abroad constituted 21% of the total revenues.

The financial result in 2012 was also influenced by an increase in orders for steel and aluminium rims by 29% in total as compared to 2011.

**Perspective for the development of operations:**

Plans of the Group OPONEO.PL in 2013 include launching new websites abroad, including the ones for customers in the Czech Republic and Slovakia and commencing sales in the United States using tested models operating in Poland and other European countries, in which OPONEO websites operate, i.e. Germany, France, Spain, Italy, the Netherlands, Great Britain, Ireland and Turkey.

The Group, in addition to the development of its basic activities, intends to develop other projects which are not connected with its basic business, assuming the possibility of selling them or introducing them to the NewConnect market in the next years, including:

- Hurtopon.pl - a website through which wholesale tyre transactions are concluded,
- Autocentrum.pl – automotive portal,
- Elektroda.pl – a household appliances & audio/video devices forum,
- Partadax.pl – an on-line wholesale platform for trading in automotive parts.

## 2.3 DESCRIPTION OF RISK FACTORS AND THREATS WITH A SPECIFICATION OF EXTENT TO WHICH THE ISSUER IS EXPOSED TO THEM

Risk factors connected with the environment, in which the Issuer conducts its activities

**The risk connected with the macroeconomic situation in Poland and in Europe**

The financial situation of the Group OPONEO.PL depends both on the macroeconomic situation in Poland and in Europe. The following factors have a direct and indirect influence on the Group's financial results: the situation on the foreign markets, the GDP growth dynamics, inflation, monetary and tax policy, the level of investments by businesses, the amount of household income and the level of consumer demand. Both the aforementioned factors and their direction as well as the extent of changes occurring in them influence the accomplishment of the assumed objectives.

**Risk connected with legal environment**

Legal regulations in Poland are subject to continuous changes. Legal regulations concerning economic activities which have frequently been amended in recent years, include, first of all: tax law, labour and social insurance law, commercial law and regulations concerning business entities acting on the telecommunications market. Each change in provisions may result in changes in the level of costs of the Group's activities and influence its financial results.

**Risk connected with potential changes in tax regulations and differences in their interpretation**

Changes in the tax system and changes in tax regulations belong to more significant factors, which can affect the Group's activities. In connection with divergent interpretations of tax regulations for a company from Poland, a higher risk occurs for a company operating within more stable tax systems. The operations of the Group OPONEO.PL and their presentation in tax returns may be considered to be contrary to regulations imposed by tax authorities. If tax authorities adopt an interpretation of tax regulations, which is different from the ones used by the Group to calculate its tax liability, this situation may have a significant influence on its operations.

**Risk connected with barriers to the development of the Internet in Poland**

The operations of the Group OPONEO.PL largely depend on the development of the Internet in Poland and its availability. One should take into account the fact that this development encounters various barriers. The following can be mentioned here: insufficiently developed telecommunications infrastructure which, however, is still being developed, still high costs of Internet access for its users, costs of computer purchase as well as a relatively low degree of IT education in society and lack of awareness of benefits offered by the Internet. One should take into account that the factors listed above will influence the development and popularisation of Internet access in Poland.

**Risk of a decrease in the growth dynamics of the e-commerce market in Poland.**

On-line sales, as a new form of activity, requires the introduction of appropriate legal solutions and the rate of their introduction will significantly affect further dynamics of the development of e-commerce, in the same way as wide-spread Internet access and further development of the backbone network in Poland.

<u>Risk factors directly connected with the operations of the Group OPONEO.PL</u>

**Risk connected with disclosure of confidential information**

The policy and the conditions of sales and purchases from suppliers within the individual assortment groups determine the Group's competitive position. The ability to respond to the external factors and the conditions of goods purchase from suppliers determine the possibilities of the Group's success on the competitive market. To prevent the occurrence of such risks, OPONEO.PL discloses confidential information only to the highest-level executives.

**Risk connected with adopting a wrong strategy**

The market, on which OPONEO.PL operates, is subject to continuous changes. Their direction and intensity depend on a range of factors, which are often mutually exclusive. In this situation, the Group's future position and, as a result, its revenues and profits, depend on the company's ability to develop a strategy, which will be effective in the long run. To minimise the risk, OPONEO.PL collects information concerning the market size and tendencies occurring on the market.

**Risk connected with storing goods at one place**

The logistics centre and the main storage facilities are situated in the Bydgoszcz area. Potential fortuitous events (fire, flood, etc.) would result in serious disruptions of the continuity of supplies to recipients. To minimise potential negative effects of this risk factor, a system was implemented, which allows for the systematic creation of spare copies of all information and immediate reconstruction of the IT network using the emergency system. Also, appropriate insurance agreements were concluded, which cover potential losses.

**Risk connected with the IT system**

Operating activities of OPONEO.PL are based on an efficient online IT system. Possible problems with its proper operation might mean a decrease in sales or even make selling impossible. To prevent such a situation, the Group's companies use high-quality IT equipment with low failure rates and protect themselves by full software and hardware multiplication.

**Risk connected with sales seasonality**

The tyre sales market is characterised by very high seasonality of sales. Basically, there are two periods of above-average sales - spring and autumn - the time of seasonal tyre swapping. The sale of steel and aluminium rims and car care cosmetics largely compensates for these fluctuations. Considering the fact that the sale of rims is characterised by high profitability, a systematic increase in the rim sale share in the total sales will make it possible to compensate for a decrease in the sale of tyres outside the seasonal peaks connected with swapping them.

**Foreign exchange risk**

OPONEO.PL estimates the size of foreign currency purchases approx. one month in advance before starting the current sales season. This is the time when domestic corporations announce their price lists and present their purchasing conditions. These elements are points of reference for taking decisions about the size of foreign currency purchases. Foreign exchange rates valid at the time when the purchase size is estimated are used for calculating purchase prices. In the area of handing and securing foreign currency transactions, the Dominant Entity cooperates with BRE Bank and BNP Paribas.

**Risk connected with the occurrence of serious software errors**

The Group OPONEO.PL uses commercial software, which is connected with the risk of errors limiting the company's ability to provide services or errors increasing the risk of hacking into the system. The Group takes care of appropriate employee training in the area of using commercial software and close cooperation with software suppliers in the area of fault removal and failure elimination.

**The risk connected with potential online hacking (loss of trust in the portal)**

The connection of IT systems to the Internet creates a potential risk connected with computer crime committed via the Internet, such as hacking into the computer system, its destruction or damage or denial of service. The Group does not take the risk lightly and keeps a team of persons responsible for the security of the portal and uses appropriate protection system and security procedures.

## 2.4 INFORMATION ABOUT BASIC PRODUCTS, GOODS AND SERVICES TOGETHER WITH THE SPECIFICATION OF THEIR QUANTITY AND VALUE AND THE SHARE OF PARTICULAR GOODS AND SERVICES (IF THEY ARE SIGNIFICANT) OR THEIR GROUPS IN THE ISSUER'S TOTAL SALES AS WELL AS CHANGES IN THIS AREA.

The Group OPONEO.PL primarily deals with retail sales of tyres and other automotive products via the Internet. Revenues on sales obtained by the Group in 2012 amounted to PLN 207,082.

OPONEO.PL offers all-season, summer and winter tyres. In 2012, tyres accounted for 96% of sales in the quantitative structure of the sales of goods. Summer tyres had the greatest share (53%) in the retail sales of goods in 2012. The following types of tyres are distinguished within sales segments:

- for cars (passenger cars, delivery vans, for 4x4 cars),
- for trucks,
- for motorcycles.

The range of goods sold, apart from tyres, also includes: steel rims, aluminium rims, accessories for rims and snow chains.

**Table 1 Quantitative structure of goods sold according to segments of sales of OPONEO.PL in 2012 (in items)**

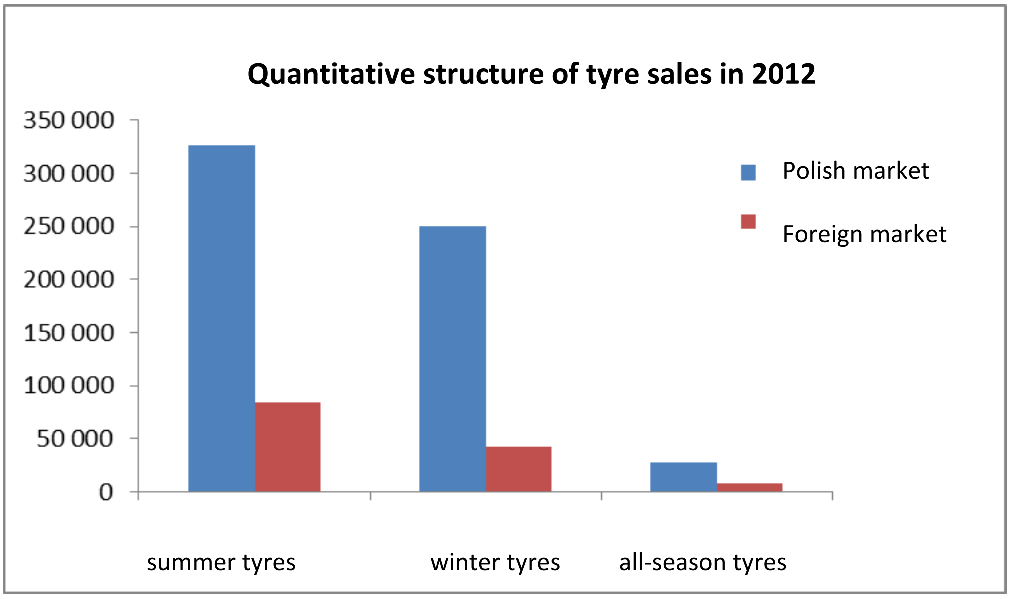
| | Quantity of goods on the Polish market | Quantity of goods on the foreign market | Total quantity | Share in the entire sale | Total change 2011/2012 |
|---|---|---|---|---|---|
| **Car tyres** | 596,966 | 108,008 | 704,974 | 91.40% | 12% |
| **Motorcycle tyres** | 5,254 | 26,411 | 31,665 | 4.11% | 317% |
| **Truck tyres** | 945 | 8 | 953 | 0.12% | -7% |
| **Rims** | 23,497 | 7,663 | 31,160 | 4.04% | 28% |

**Table 2. Quantitative structure of goods sold according to types in 2012 (in items)**

| | Quantity of goods on the Polish market | Quantity of goods on the foreign market | Total quantity | Share in the entire sale | Total change 2011/2012 |
|---|---|---|---|---|---|
| **Summer tyres** | 326,178 | 84,250 | 410,428 | 53% | 15% |
| **Winter tyres** | 249,712 | 42,258 | 291,970 | 38% | 15% |

| | | | | | |
|---|---|---|---|---|---|
| **All-season tyres** | 27,286 | 7,954 | 35,240 | 5% | 20% |
| **Aluminium rims** | 13,559 | 1,426 | 14,985 | 2% | 16% |
| **Steel rims** | 9,943 | 6,242 | 16,185 | 2% | -1% |

**The quantitative structure of tyre sales in Poland and on foreign markets through stores of the Group OPONEO.PL in 2012**




**The quantitative structure of tyre sales in Poland and on foreign markets through OPONEO.PL stores**

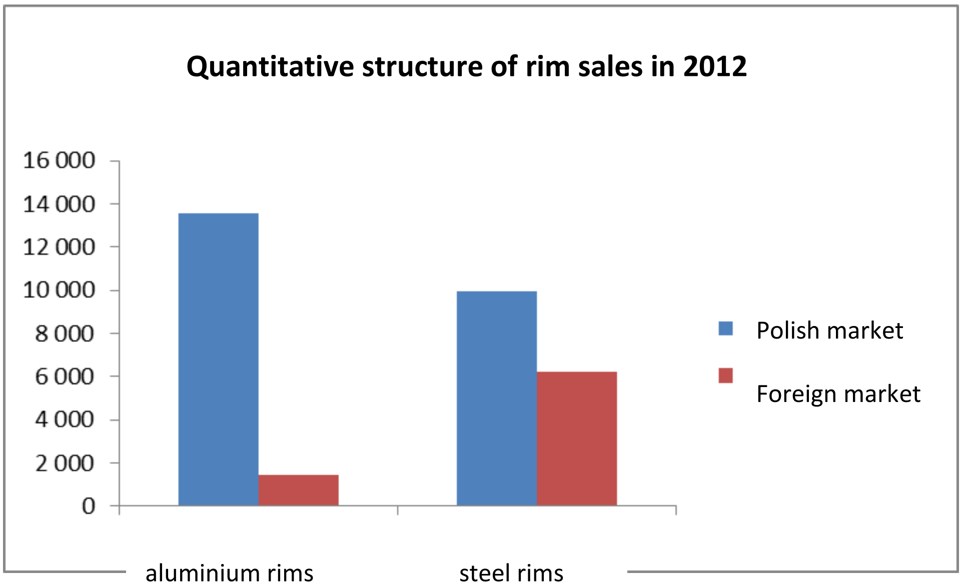


**Table 3. The value structure of the sale of goods of OPONEO.PL in thousands PLN**

| | 2011 | 2012 | Share in total sales in 2012 | Change 2011/2012 |
|---|---|---|---|---|
| **Car tyres** | 151,567 | 183,936 | 92% | 21% |
| **Motorcycle tyres** | 2,511 | 8,305 | 4% | 231% |
| **Truck tyres** | 995 | 1,026 | 0.5% | 3% |
| **Rims** | 6,102 | 6,527 | 3% | 7% |
| **Other sales** | 1,279 | 581 | 0.5% | -55% |
| **Total value of goods sold** | **162,454** | **200,375** | **100.00%** | **23%** |

**Table 4. Available brands (comparison 2011/2012)**

| | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | **Tyres** | **Aluminium rims** | **Steel rims** | **Tyres** | **Aluminium rims** | **Steel rims** |
| 1. | Accelera | 24h du Mans | Alcar | Accelera | 24h du Mans | Alcar |
| 2. | Achilles | Advanti Racing | Ford Motor Company | Achilles | Advanti Racing | Ford Motor Company |
| 3. | Aeolus | AEZ | General Motors | Aeolus | AEZ | General Motors |
| 4. | Atturo | ALUTEC | Magnetto Wheels | Akina | ALUTEC | Kronprinz |
| 5. | Autoguard | ANZIO | Suzuki | America | ANZIO | Magnetto Wheels |
| 6. | Avon | ATS | | Apollo | ASA | SSWL |
| 7. | Barum | ATT | | Atturo | ATS | Südrad |
| 8. | BCT | Autec | | Autoguard | ATT | |
| 9. | BFGoodrich | BBS | | Avon | Autec | |
| 10. | Bridgestone | Borbet | | Barum | BBS | |
| 11. | Ceat | Brock | | BCT | Borbet | |
| 12. | Clear | Calibre | | BFGoodrich | Brock | |
| 13. | Compass | Carmani | | BKT | Calibre | |
| 14. | Continental | DEZENT | | Blackstone | Carmani | |
| 15. | Cooper | DOTZ | | Bridgestone | DEZENT | |
| 16. | Dayton | Drag Racing | | Ceat | DOTZ | |
| 17. | Delfin | DRAG WHEELS | | Cheng Shin | Drag Racing | |
| 18. | Deltire | ENZO | | Clear | ENZO | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 19. | Dextero | Gulf | | Compass | Gulf | |
| 20. | Dębica | Infiny | | Continental | Infiny | |
| 21. | Dunlop | MAK | | Cooper | Keskin Tuning | |
| 22. | Duro | MOMO | | Daewoo | MAK | |
| 23. | Euro-Tyfoon | MSW | | Dayton | MOMO | |
| 24. | Evergreen | Oxigin | | Deestone | MSW | |
| 25. | Falken | OZ | | Delfin | Oxigin | |
| 26. | Federal | Pro Line | | Dextero | OZ | |
| 27. | Firenza | RC Design | | Dębica | Pro Line | |
| 28. | Firestone | RIAL | | DoubleStar | Racer | |
| 29. | Fortuna | Ronal | | Dunlop | RC Design | |
| 30. | Fulda | RSW | | Duro | RIAL | |
| 31. | Fullrun | Sparco | | EP Tyres | Ronal | |
| 32. | Fullway | Speedline | | Euro-Tyfoon | RSW | |
| 33. | General | TENZO R | | Evergreen | Sparco | |
| 34. | Gislaved | Tomason | | Falken | Speedline | |
| 35. | Goodride | TSR | | Federal | TENZO R | |
| 36. | Goodyear | TSW | | Fenix | TOORA | |
| 37. | Gremax | Vermilion | | Firenza | TSR | |
| 38. | GT Radial | Wolfrace | | Firestone | TSW | |
| 39. | Hankook | | | Forceum | Vermilion | |
| 40. | Heidenau | | | Fortuna | Wolfrace | |
| 41. | Hercules | | | Fulda | | |
| 42. | Infinity | | | Fullrun | | |
| 43. | Interstate | | | Fullway | | |
| 44. | Kelly | | | Galaxy | | |
| 45. | Kenda | | | General | | |
| 46. | Kingstar | | | Gerutti | | |
| 47. | Kingstire | | | Gislaved | | |
| 48. | Kleber | | | Goodride | | |
| 49. | Kormoran | | | Goodyear | | |
| 50. | Kumho | | | Gremax | | |
| 51. | Ling Long | | | GT Radial | | |
| 52. | Maloya | | | Haida | | |
| 53. | Marangoni | | | Hankook | | |
| 54. | Marshal | | | Heidenau | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 55. | Mastersteel | | | Hercules | | |
| 56. | Matador | | | Hifly | | |
| 57. | Maxtrek | | | Imperial | | |
| 58. | Maxxis | | | Infinity | | |
| 59. | Meteor | | | Interstate | | |
| 60. | Metzeler | | | IRC | | |
| 61. | Michelin | | | ITP | | |
| 62. | Milestone | | | Journey | | |
| 63. | Minerva | | | Kelly | | |
| 64. | Mitas | | | Kenda | | |
| 65. | MSW | | | Kingstar | | |
| 66. | Nankang | | | Kingstire | | |
| 67. | Nexen | | | Kleber | | |
| 68. | Nokian | | | Kormoran | | |
| 69. | Nordexx | | | Kumho | | |
| 70. | Ovation | | | Ling Long | | |
| 71. | Pirelli | | | Luccini | | |
| 72. | Platin | | | Maloya | | |
| 73. | Pneumant | | | Marangoni | | |
| 74. | Rapid | | | Marshal | | |
| 75. | Regal | | | Mastersteel | | |
| 76. | Riken | | | Matador | | |
| 77. | Roadhog | | | Maxtrek | | |
| 78. | Roadstone | | | Maxxis | | |
| 79. | Rockstone | | | Mentor | | |
| 80. | Runway | | | Meteor | | |
| 81. | Sagitar | | | Metzeler | | |
| 82. | Sailun | | | Michelin | | |
| 83. | Sava | | | Minerva | | |
| 84. | Schwalbe | | | Mitas | | |
| 85. | Semperit | | | Nankang | | |
| 86. | Shinko | | | Nexen | | |
| 87. | Silverstone | | | Nokian | | |
| 88. | Sonar | | | Nordexx | | |
| 89. | Sportiva | | | Novex | | |
| 90. | Stunner | | | Ovation | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 91. | Sunny | | | Petlas | | |
| 92. | Syron | | | Pirelli | | |
| 93. | Tigar | | | Platin | | |
| 94. | Toyo | | | Pneumant | | |
| 95. | Tracmax | | | Point S | | |
| 96. | Trayal | | | Rapid | | |
| 97. | Triangle | | | Regal | | |
| 98. | Uniroyal | | | Riken | | |
| 99. | Viking | | | Roadstone | | |
| 100. | Vredestein | | | Rockstone | | |
| 101. | Wanli | | | Runway | | |
| 102. | West Lake | | | Sagitar | | |
| 103. | Yokohama | | | Sailun | | |
| 104. | Zeetex | | | Sava | | |
| 105. | Zeta | | | Schwalbe | | |
| 106. | | | | Sebring | | |
| 107. | | | | Semperit | | |
| 108. | | | | Silverstone | | |
| 109. | | | | Sonar | | |
| 110. | | | | Sportiva | | |
| 111. | | | | Star Performer | | |
| 112. | | | | Stunner | | |
| 113. | | | | Sunew | | |
| 114. | | | | Sunitrac | | |
| 115. | | | | Sunny | | |
| 116. | | | | Syron | | |
| 117. | | | | Tigar | | |
| 118. | | | | Toyo | | |
| 119. | | | | Tracmax | | |
| 120. | | | | Triangle | | |
| 121. | | | | Uniroyal | | |
| 122. | | | | Vee Rubber | | |
| 123. | | | | Viking | | |
| 124. | | | | Vredestein | | |
| 125. | | | | Wanli | | |
| 126. | | | | West Lake | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 127. | | | | Yokohama | | |
| 128. | | | | Zeetex | | |
| 129. | | | | Zeta | | |

## 2.5 INFORMATION ABOUT SALES MARKETS, INCLUDING THE DIVISION INTO DOMESTIC AND FOREIGN MARKETS AS WELL AS INFORMATION ABOUT SOURCES OF GOODS AND SERVICES PROCUREMENT, WITH THE SPECIFICATION OF DEPENDENCE ON ONE OR MORE RECIPIENTS AND SUPPLIERS.

**Sales markets**

In 2012, the Group OPONEO.PL conducted sales in Poland, Germany, France, Spain, Italy, Great Britain, Austria, the Netherlands, Ireland and Turkey. The revenues on foreign sales obtained amounted to PLN 43,840 and they constituted 21% of total revenues. OPONEO.PL predicts further significant increases in turnover on foreign markets; however, the domestic market is still the Issuer's basic sales market. Revenues of OPONEO.PL on domestic sales amounted to PLN 163,242 thousand.

**Group of recipients**

The group focuses on the sales of goods offered, in particular tyres, to retail customers. For this reason, the recipient concentration phenomenon does not occur.

The group of company's recipients in 2012 includes:

- Individual customers – 99.86% (99.03% in 2011).
- Fleet customers – 0.14% (0.97% in 2011).

**Group of suppliers**

Due to the profile of the activities of the Group OPONEO.PL, its main suppliers include tyre wholesalers.

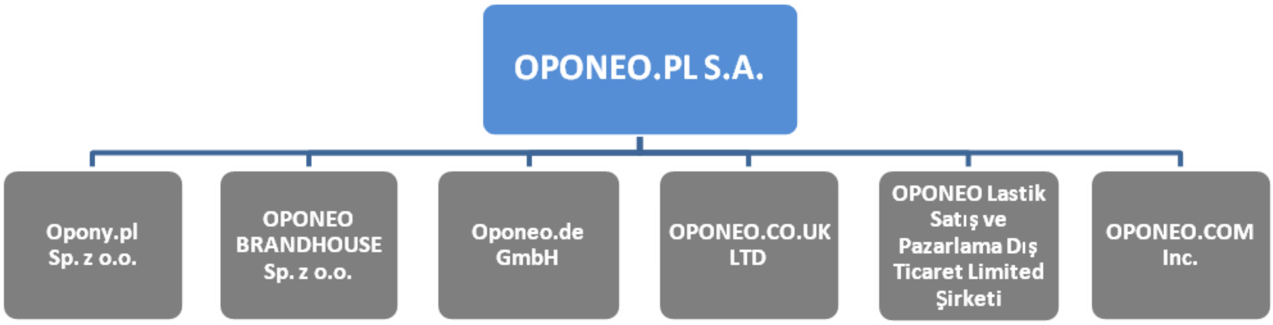
## 2.6 INFORMATION ABOUT CONCLUDED AGREEMENTS WHICH ARE SIGNIFICANT FOR THE ISSUER'S ACTIVITIES, INCLUDING AGREEMENTS CONCLUDED BETWEEN SHAREHOLDERS (PARTNERS), INSURANCE AGREEMENTS, COOPERATION OR COLLABORATION AGREEMENTS WHICH ARE KNOWN TO THE ISSUER.

In 2012, the Group OPONEO.PL did not conclude any significant agreements nor did it receive information about such agreements concluded between the shareholders.

## 2.7 INFORMATION ABOUT THE ISSUER'S ORGANISATIONAL OR EQUITY CONNECTIONS WITH OTHER ENTITIES AND SPECIFICATION OF ITS MAIN DOMESTIC AND FOREIGN INVESTMENTS (SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE ASSETS AND REAL PROPERTIES), INCLUDING CAPITAL INVESTMENTS MADE OUTSIDE ITS GROUP OF AFFILIATED ENTITIES AND A DESCRIPTION OF THEIR FUNDING METHODS.

**Group of Companies**

The company OPONEO.PL S.A. is the dominant company in the Group of Companies OPONEO.PL.




**Information about the Issuer (dominant entity)**

<u>Company name: OPONEO.PL S.A.</u>

Issuer's legal form: joint stock company

Country of the Issuer's registered office: Republic of Poland

Registered office and address: ul. Podleśna 17, 85-145 Bydgoszcz

NIP (Tax Identification Number): 953-24-57-650

REGON No.: 093149847

KRS (National Court Register) No.: 0000313131

Share capital: PLN 13,936,000.00

The Company's basic activities involve retail sale of parts and accessories for motor vehicles.

The Management Board of OPONEO.PL S.A.:

- Dariusz Topolewski - President of the Management Board,
- Michał Butkiewicz – Member of the Management Board,
- Maciej Karpusiewicz – Member of the Management Board,

- Andrzej Reysowski – Member of the Management Board.

The Supervisory Board of OPONEO.PL S.A.:

- Ryszard Zawieruszyński – Chairman of the Supervisory Board,
- Lucjan Ciaciuch – Member of the Supervisory Board,
- Wojciech Małachowski – Member of the Supervisory Board,
- Damian Nawrocki – Member of the Supervisory Board,
- Wojciech Topolewski – Member of the Supervisory Board.

**Dependent entities**

1. Opony.pl Sp. z o.o.

Company name: Opony.pl Sp. z o.o.
Issuer's legal form: spółka z ograniczoną odpowiedzialnością (a limited liability company)
Country of the Issuer's registered office: Republic of Poland
Registered office and address: ul. Łucka 18a, 85-021 Bydgoszcz
REGON No.: 340712119
NIP No. (Tax Identification Number): 967-132-28-01
KRS (National Court Register) No.: 0000349357
Share capital: PLN 1,225,000.00
The basic object of the company's activities includes wholesale of parts and accessories for motor vehicles, excluding motorcycles.
Composition of the Management Board:
Arkadiusz Kocemba – President of the Management Board
Shareholders: 100% of shares belongs to OPONEO.PL S.A.

2. OPONEO Brandhouse Sp. z o.o.

Company name: OPONEO Brandhouse Sp. z o.o.
Issuer's legal form: spółka z ograniczoną odpowiedzialnością (a limited liability company)
Country of the Issuer's registered office: Republic of Poland
Registered office and address: Podleśna 17, 85-145 Bydgoszcz
REGON No.: 142759976
NIP No. (Tax Identification Number): 7010276664

KRS (National Court Register) No.: 0000374489

Share capital: PLN 28,921,000.00

The basic object of the company's activities includes activities in the area of intellectual property rights management and marketing activities.

Composition of the Management Board:

Michał Opolski – President of the Management Board

Shareholders: 100% of shares belongs to OPONEO.PL S.A.

3. OPONEO.CO.UK LTD

Company name: OPONEO.CO.UK LTD

Legal form: a limited liability company

Country of the company's registered office: Great Britain

Registered office and address: 46 Station Road, North Harrow, London, HA2 7SE

Company's registration number: 08160779

Share capital: GBP 1.00 (one British pound)

The basic object of its activities includes: marketing, on-line sale, wholesale and retail sales of car products, tyres and spare parts.

Composition of the Management Board:

- Dariusz Topolewski - President of the Management Board,
- Arkadiusz Kocemba – Member of the Management Board
- Ernest Pujszo – Member of the Management Board,
- Seweryn Rutkowski – Member of the Management Board.

Shareholders: 100% of shares belong to OPONEO.PL S.A.

4. Oponeo.de GmbH

Company name: Oponeo.de GmbH

Legal form: a limited liability company

Country of the company's registered office: Germany

Registered office and address: Ahornstraße 20, 12163 Berlin/Steglitz

Share capital: EUR 25,000.00

The basic object of activities involves trading in tyres, rims, snow chains, car and motorcycle equipment items, spare parts for car and motorcycles and car accessories.

Composition of the Management Board:

– Filip Fischer – President of the Management Board

Shareholders: 100% of shares belongs to OPONEO.PL S.A.

5. <u>OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi</u>

Company name: OPONEO Lastik Satış ve Pazarlama Dış Ticaret Limited Şirketi

Legal form: a limited liability company

Country of the company's registered office: Turkey

Registered office and address: İnönü Caddesi Miralay Şefik Bey Sokak No:17/1, 34-437 Gümüşsuyu Beyoğlu Istanbul

Company's registration number: 836318

Share capital: TRY 20,000.00 (Turkish liras)

The basic object of its activities includes marketing, on-line sale, wholesale and retail sales of car products, tyres as well as spare parts.

Composition of the Management Board:

– Ernest Pujszo – President of the Management Board,

Shareholders: 99% of shares belong to OPONEO.PL S.A., 1% to OPONEO Brandhouse Sp. z o.o.

6. <u>OPONEO.COM Inc.</u>

Company name: OPONEO.COM Inc.

Legal form: joint stock company

Country of the company's registered office: United States of America

Registered office address: Suite 201,910 Foulk Road, New Castle County, Wilimington, DE 19803

Company's EIN number: 99-0384363

The basic object of its activities includes on-line sale that is broadly understood.

Shareholders: 100% of shares belong to OPONEO.PL S.A.

**Affiliated entities**

1. <u>Autocentrum.pl S.A.</u>

Company name: Autocentrum.pl S.A.

Issuer's legal form: joint stock company

Country of the Issuer's registered office: Republic of Poland

Registered office and address: ul. Zawiła 57, 30-930 Kraków

REGON No.: 357161703

NIP No. (Tax Identification Number): 676-21-47-130

KRS (National Court Register) No.: 0000313131

Share capital: PLN 500,000.00

Composition of the Management Board:

Zachar Zawadzki – President of the Management Board,

Shareholders: 49.74% of shares belong to OPONEO.PL S.A.

2. Hurtopon.pl Sp. z o.o.

Company name: Hurtopon.pl Sp. z o.o.

Issuer's legal form: spółka z ograniczoną odpowiedzialnością (a limited liability company)

Country of the Issuer's registered office: Republic of Poland

Registered office and address: ul. Krapkowicka 21, 45-772 Opole

REGON No.: 020107107

NIP No. (Tax Identification Number): 899-254-41-20

KRS (National Court Register) No.: 0000236108

Share capital: PLN 150.000,00

Composition of the Management Board:

Tomasz Piotr Groehl – President of the Management Board

Shareholders: 50% of shares belong to OPONEO.PL S.A.

3. ROTOPINO.PL S.A.

Company name: ROTOPINO.PL S.A.

Issuer's legal form: joint stock company

Country of the Issuer's registered office: Republic of Poland

Registered office and address: ul. Podleśna 17, 85-145 Bydgoszcz

REGON No.: 093188712

NIP No. (Tax Identification Number): PL9532472649

KRS (National Court Register) No.: 0000300709

Share capital: PLN 1,000,000.00

Composition of the Management Board:

Ryszard Zawieruszyński – President of the Management Board

Maciej Posadzy – Member of the Management Board

Shareholders: 22.74% of shares belong to OPONEO.PL S.A.

## 2.8 DESCRIPTION OF TRANSACTIONS WITH AFFILIATED ENTITIES, IF THE ONE-OFF OR TOTAL VALUE OF TRANSACTIONS CONCLUDED BY A GIVEN AFFILIATED ENTITY IN THE PERIOD FROM THE BEGINNING OF THE TRADING YEAR EXCEEDS THE AMOUNT CORRESPONDING TO 500,000 THOUSAND EUROS EXPRESSED IN PLN.

In the period covered by the report, the dominant entity - the Company OPONEO.PL S.A. - did not conclude any transactions with affiliated entities, whose one-off or total value would exceed the amount of 500,000 euros.

## 2.9 INFORMATION ABOUT CREDITS TAKEN OUT, LOAN AGREEMENTS, INCLUDING THEIR DUE DATES, SURETIES AND GUARANTEES.

As at the end of the trading year 2012, OPONEO.PL S.A. had the possibility of using a line of credit available at BNP Paribas S.A. The credit limit is PLN 25,000 thousand. The crediting period was defined until 15 July 2013. The credit interest rate consists of the WIBOR-based rate for one-month deposits increased by a margin of 2.0 p.p. per year.

The security for line-of-credit liabilities includes:

- a blank promissory note,
- cap mortgage up to an amount of PLN 25,000 thousand,
- assignment of claims from the real property insurance agreement,
- registered pledge on warehouse stocks,
- assignment of claims from the warehouse stock insurance agreement,
- the Borrower's declaration of submission to execution for the Bank,
- transfer of existing and future claims arising from receivables.

As at 31 December 2012, OPONEO.PL S.A. did not use the line of credit.

## 2.10 INFORMATION ABOUT THE LOANS GRANTED, INCLUDING THEIR DUE DATES AS WELL AS SURETIES AND GUARANTEES GRANTED WITH SPECIAL EMPHASIS ON LOANS AND GUARANTEES GRANTED TO THE ISSUER'S AFFILIATED ENTITIES.

In 2012, the Group did not grant loans, sureties and guarantees, including affiliated entities. At the same time, employee loans to a total amount of PLN 135,555.10 were repaid at the same time.

## 2.11 INFORMATION CONCERNING SECURITIES ISSUANCE

In 2012, the Group OPONEO.PL did not issue any securities.

## 2.12 EXPLANATION OF DIFFERENCES BETWEEN FINANCIAL RESULTS DISCLOSED IN THE ANNUAL REPORT AND PREVIOUSLY PUBLISHED FORECASTS FOR A GIVEN YEAR.

The Management Board of OPONEO.PL S.A. did not publish any forecasts of results for the Group of Companies for the year 2012.

## 2.13 THE EVALUATION, TOGETHER WITH ITS JUSTIFICATION, CONCERNING THE MANAGEMENT OF FINANCIAL RESOURCES WITH SPECIAL EMPHASIS ON THE ABILITY TO REPAY THE LIABILITIES AND DEFINITION OF POSSIBLE THREATS AND ACTIONS WHICH THE ISSUER HAS TAKEN OR INTENDS TO TAKE TO COUNTERACT THESE THREATS.

**Table 5. Indices of profitability and financial liquidity**

| | Unit | 2012 |
|---|---|---|
| **Net sales** | thousands PLN | 207,082 |
| **Result on operating activities** | thousands PLN | -1,143 |
| **Net financial result** | thousands PLN | 1,359 |
| **Amortisation and depreciation** | thousands PLN | 8,282 |
| **Assets** | thousands PLN | 105,987 |

| | | |
|---|---|---|
| **Equity capital** | thousands PLN | 76,161 |
| **Current assets** | thousands PLN | 44,904 |
| **Inventory** | thousands PLN | 16,708 |
| **Receivables** | thousands PLN | 13,241 |
| **Short-term accruals** | thousands PLN | 15 |
| **Total liabilities** | thousands PLN | 29,826 |
| **Long-term liabilities** | thousands PLN | 2,728 |
| **Short-term liabilities** | thousands PLN | 27,098 |
| **Cash** | thousands PLN | 13,634 |
| | | |
| **EBITDA** | thousands PLN | 7,139 |
| **EBIT** | thousands PLN | -1,143 |
| **EBITDA profitability** | % | 3.45 |
| **Gross profitability of sales** | % | 0.95 |
| **Return on assets (ROA)** | % | 1.28 |
| **Return on equity (ROE)** | % | 1.78 |
| **Inventory turnover** | days | 29 |
| **Receivables turnover** | days | 22 |
| **Total liabilities turnover** | days | 51 |
| **Short-term liabilities turnover** | days | 47 |
| **Total debt ratio** | | 0.28 |
| **Debt to equity ratio** | | 0.39 |
| **Current ratio** | | 1.66 |
| **Quick ratio** | | 1.04 |

The Group OPONEO.PL keeps its financial liquidity and pays all of its obligations (in PLN and in foreign currencies) on a timely manner. The presented ratio analysis confirms that no threats resulting from the management of financial resources occur.

## 2.14 DESCRIPTION OF THE STRUCTURE OF MAIN CAPITAL DEPOSITS OR CAPITAL INVESTMENTS WITHIN THE GROUP OF COMPANIES.

In the trading year in question, no capital deposits or investments were established within the Group OPONEO.PL.

## 2.15 DESCRIPTION OF SIGNIFICANT OFF-BALANCE SHEET ITEMS ON AN ENTITY, OBJECT AND VALUE BASIS.

In 2012, no significant off-balance sheet occurred in the Group of Companies OPONEO.PL.

## 2.16 THE ASSESSMENT OF POSSIBILITIES OF IMPLEMENTING INVESTMENT INTENTIONS, INCLUDING CAPITAL INVESTMENTS, AS COMPARED TO THE AMOUNT OF FUNDS, INCLUDING POSSIBLE CHANGES IN THE STRUCTURE OF FINANCING THIS INVESTMENT.

In the first quarter 2012, the Group OPONEO.PL completed an investment project consisting in integrating Polish and foreign tyre suppliers. Moreover, in 2012, the implementation of the project entitled “Passport to Export” was started and is still continued.
Information about all subsidised projects of the Group OPONEO.PL are presented in the table below.

**Table 6. Subsidized projects.**

| Project name | Agreement date | De minimis aid (gross value in thousands PLN) | The total cost of project implementation (in thousands PLN) | Subsidy value (in thousands PLN) | Nature of subsidy | Project completion date |
|---|---|---|---|---|---|---|
| 1. The construction of a B2B system integrating OPONEO.PL with wholesale tyre suppliers | 03.03.2010 | 106 | 2835 | 1765 | refunding | 29.02.2012 |
| 2. Preparing an export development plan to diversify export activities | 07.05.2012 | 10 | 12 | 10 | refunding | 30.06.2012 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3. R&D works on a telework Platform | 14.11.2012 | | 10755 | 5264 | refunding | 30.06.2015 |
| 4. Implementation of the Export Development Plant Oponeo.pl SA | 18.02.2013 | 195 | 391 | 195 | refunding | 30.11.2013 |

For all projects completed in 2012, the assumed result indices were achieved.

Re. 1. The construction of a B2B system integrating OPONEO.PL with wholesale tyre suppliers:

- increasing the number of warehousing tyre indices,
- an increase in the turnover with partners included in the B2B system in tyre trading

Ad.3. The Agreement was concluded at the end of 2012, while the beginning of actions connected with the implementation of the project was postponed until 2013.

Ad.4. The co-funding agreement was concluded in 2012; however, activities connected with its implementation were started in October 2012.

In addition, in 2012, the Group OPONEO.PL implemented projects using its own funds. They were aimed at developing foreign sales, including websites intended for clients from Ireland and Turkey and a range of works on the launch of activities on the American market.

In 2013, apart from projects aimed at increasing the sales market, e.g. by developing foreign sales, the Group is not planning on any investment undertakings.

The funds as at 31 December 2012 amounted to PLN 13,634 thousand. The funds held by the company are sufficient for the implementation of developmental actions planned by the Management Board.

## 2.17 THE ASSESSMENT OF FACTORS AND ATYPICAL EVENTS WHICH INFLUENCE THE RESULT OF OPERATIONS FOR THE TRADING YEAR WITH THE DETERMINATION OF THE DEGREE OF INFLUENCE OF THESE FACTORS OR ATYPICAL RESULTS ON THE RESULT ACHIEVED.

In 2012, no additional factors affecting the financial results achieved occurred.

## 2.18 CHARACTERISTICS OF EXTERNAL AND EXTERNAL FACTORS SIGNIFICANT FOR THE DEVELOPMENT OF THE ISSUER'S COMPANY AND DESCRIPTION OF PERSPECTIVES FOR THE ISSUER'S ACTIVITIES AT LEAST UNTIL THE END OF THE TRADING YEAR, FOR WHICH THE FINANCIAL STATEMENTS WERE PREPARED AS PUBLISHED IN THE ANNUAL REPORT, INCLUDING ELEMENTS OF MARKET STRATEGY DEVELOPED BY THE ISSUER

Factors, which will influence the financial results achieved by the Company within the next trading year, are the following:

- The success of the adopted development strategy, including in particular:
  - Further development of sales by means of on-line stores operating on foreign markets in Germany, Austria, Spain, Italy, France, Great Britain, the Netherlands, Ireland and Turkey.
  - Opening new stores in the Czech Republic, Slovakia and the United States using tested models operating in European countries, in which Oponeo websites currently operate, on the basis of adapting the commercial offer to the specificity of the given market and also on the provision of appropriate contents and Internet tools.
  - The implementation of developmental projects aimed at extending the range of services provided and general technological development, including the development of Partadax.pl - implementation of this business model on foreign markets.
- Situation on the car sales and import market.
- Macroeconomic conditions, especially as regards consumer behaviour in the tyre market in Poland and in Europe and the shaping of commercial margins.
- Situations on the currency market.

## 2.19 CHANGES IN BASIC PRINCIPLES OF THE ISSUER'S COMPANY MANAGEMENT

In the year under analysis, no changes occurred in basic management principles in the Group OPONEO.PL.

## 2.20 CHANGES IN THE PEOPLE MANAGING AND ADMINISTERING THE ISSUER, PRINCIPLES OF APPOINTING AND DISMISSING MANAGERIAL STAFF AND COMPETENCES OF MANAGERIAL STAFF, IN PARTICULAR THE RIGHT TO MAKE A DECISION ON ISSUANCE OR REPURCHASE OF SHARES.

As at the day of submitting the report, the dominant entity - the Management Board of OPONEO.PL S.A. - consists of four persons.

**The composition of the Management Board of OPONEO.PL S.A as at 31 December 2012:**

- Dariusz Topolewski - President of the Management Board,
- Michał Butkiewicz – Member of the Management Board,
- Maciej Karpusiewicz – Member of the Management Board,
- Andrzej Reysowski – Member of the Management Board.

In 2012, the composition of the Management Board did not change.

**Principles concerning the appointment and dismissal of members of the Management Board**

Members of the Management Board are appointed and dismissed by a resolution of the Supervisory Board, which entrusts the position of the President of the Management Board to one of them. In accordance with a resolution adopted by the General Meeting of Shareholders on 26 June 2012, the term of office of the Management Board is common and it lasts for 5 years.

**Competences of the Management Board**

The Management Board is entitled and obliged to take all decisions connected with operative management of OPONEO.PL S.A. matters with due diligence.

In particular, the scope of the Management Board's actions includes:

a) conducting the Company's business,

b) drawing up Management reports on the Company's operations, the balance sheet, the profitand-loss account in a manner and within time limits provided for within the legal regulations in force,

c) keeping the minutes of the General Meeting of Shareholders and the books of adopted resolutions,

d) the execution of the General Meeting of Shareholders resolutions and following the guidelines and recommendations of the Supervisory Board,

e) running all matters, which are not reserved for the Company's other authorities.

The Management Board is obliged to fulfil all of its responsibilities resulting from legal obligations in force as well as from binding adoptions of the Company's authorities and external control and management authorities.

Matters beyond the competences of the ordinary Management Board and in particular:

a) approval of orders to be fulfilled:

- which are atypical for the Company's activities,
- based on individual calculations (detailed),
- fulfilled on the basis of the general agreement, except for general agreements with the established price list or specified price-determining parameters, if their value exceeds 10% of the Company's share capital;

b) granting and taking out loans, guarantees and sureties;

c) granting subsidies, donations or other unpaid benefits for third parties;

d) concluding agreements with a value exceeding 10% of the share capital and the value of all general agreements;

e) concluding sponsoring or advertising agreements with a value exceeding 0.2% of the Company's share capital;

f) concluding agency, intermediary agreements or other similar agreements, if, as a result, an obligation to pay commission or another form of remuneration with a value exceeding 0.5% of the Company's share capital;

g) concluding a cooperation agreement, joining social or economic organisations, if it is connected with the possibility of occurrence of financial obligations on the part of the Company;

h) withdrawal from agreement the Company is bound with and stepping out of organisations the Company belongs to;

i) purchasing, modernisation, extension, etc., of fixed assets not included in the investment plan presented for the Supervisory Board's approval;

j) purchasing  or selling securities;

k) concluding an agreement for transfer of the Company's equity components;

l) establishing a mortgage on a real property owned by the Company;

m) refusal to accept claims with a value exceeding an equivalent of 0.5% of the Company's share capital;

n) consent to remission of payables before the limitation date if their value exceeds the equivalent of 0.2%  of the Company's share capital;

o) sale of claims;

p) initiating court, administrative or amicable proceedings,

if the value of the dispute exceeds 1.0% of the Company's share capital.

The principles concerning the appointment and dismissal of managing persons and their rights, in particular, the right to make decisions about issuing or buying out shares did not change.

On 05 February 2007, the first three-person Supervisory Board of the Company was appointed. On 13 March 2007, it was extended to five members.

**The composition of the Supervisory Board of OPONEO.PL S.A as at 31 December 2012:**

- Ryszard Zawieruszyński – Chairman of the Supervisory Board,
- Lucjan Ciaciuch – Member of the Supervisory Board,
- Wojciech Małachowski – Member of the Supervisory Board,
- Damian Nawrocki – Member of the Supervisory Board,
- Wojciech Topolewski – Member of the Supervisory Board.

In 2013, the composition of the Supervisory Board did not change, as compared to the previous year.

The compositions of the Management Boards and the principles of their appointment and dismissal in dependent entities belonging to the Capital Group OPONEO.PL did not change in 2012.

## 2.21 ALL AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND MANAGING PERSONS PROVIDE FOR A COMPENSATION IF THEY RESIGN OR ARE DISMISSED FROM THEIR POSITION WITHOUT AN IMPORTANT REASON OR IF THEIR RESIGNATION OR DISMISSAL OCCURS DUE TO THE ISSUER'S MERGER OR ACQUISITION.

In 2012, agreements providing for the payment of a one-off severance pay concluded with Members of the Management Board OPONEO.PL S.A. in 2011, which were described in the Management Report on Operation of the Group of Companies OPONEO.PL in 2011 in point 2.19 on page 38.

## 2.22 THE VALUE OF REMUNERATION, AWARDS OR BENEFITS PAID OR DUE INDIVIDUALLY FOR EACH OF THE PERSONS MANAGING AND SUPERVISING THE ISSUER.

All information concerning remunerations of the persons paid or due managing and supervising the Issuer was disclosed in the Consolidated Financial Statements of the Group for 2012 in point 35 of this report.

## 2.23 THE DETERMINATION OF THE TOTAL NUMBER AND NOMINAL VALUE OF ALL ISSUER'S SHARES AND STOCKS AND SHARES IN THE ISSUER'S AFFILIATED ENTITIES HELD BY MANAGING AND SUPERVISING PERSONS (SEPARATELY FOR EACH PERSON).

**Table 7. The ownership of OPONEO.PL S.A. shares by managing and supervising persons together with determination of the nominal value as at 31 December 2012**

| Full name/name | Number of shares | Nominal value (in thousands PLN) |
|---|---|---|
| Dariusz Topolewski | 3,082,661 | 3,082 |
| Michał Butkiewicz | 14,624 | 14 |
| Maciej Karpusiewicz | 5,523 | 5 |
| Andrzej Reysowski | 272,702 | 272 |
| Ryszard Zawieruszyński | 3,043,915 | 3,043 |
| Wojciech Topolewski | 38,000 | 38 |
| Lucjan Ciaciuch | 0 | 0 |
| Wojciech Małachowski | 0 | 0 |
| Damian Nawrocki | 0 | 0 |

## 2.24 IDENTIFICATION OF SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY BY DEPENDENT ENTITIES AT LEAST 5% IN THE TOTAL NUMBER OF SHARES TOGETHER WITH SPECIFICATION OF THE NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETING OF SHAREHOLDERS WITH THE PERCENTAGE OF SHARES HELD BY THESE ENTITIES, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, THE NUMBER OF VOTES RESULTING FROM THE NUMBER OF SHARES HELD AND THEIR PERCENTAGE SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS.

The share capital of OPONEO.PL S.A. amounts to PLN 13,936,000. It is divided into 8,676,000 ordinary bearer shares series A with the nominal value of PLN 1.00 each, 4,000,000 ordinary bearer shares series B with the nominal value of PLN 1.00 each and 1,260,000 ordinary bearer shares series C with the nominal value of PLN 1.00 each.

**Table 8. Shareholders' structure (over 5%) as at the publication of the report for the year 2012**

| Full name (name) | Number of shares | Number of votes | Share in the share capital in % | % of votes at the General Meeting of Shareholders |
|---|---|---|---|---|
| **Dariusz Topolewski (1)** | 3,082,661 | 3,082 661 | 22.12 | 22.12 |
| **Ryszard Zawieruszyński (2)** | 3,043 915 | 3,043 915 | 21.84 | 21.84 |
| **Amplico PTE SA (3)** | 906,965 | 906,965 | 6.51 | 6.51 |
| **Aviva Investors Poland SA (4)** | 730,813 | 730,813 | 5.24 | 5.24 |

(1) in accordance with Current Report No. 43/2011 published on 28 July 2011

(2) in accordance with Current Report No. 12/2012 published on 24 May 2012

(3) in accordance with Current Report No. 44/2008 published on 28 October 2008

(4) in accordance with Current Report No. 66/2011 published on 24 November 2011

## 2.25 INFORMATION ABOUT AGREEMENTS KNOWN TO THE ISSUER (INCLUDING ALSO THE ONES CONCLUDED AFTER THE BALANCE SHEET DATE), AS A RESULT OF WHICH CHANGES CAN OCCUR IN THE FUTURE IN THE PROPORTION OF SHARES HELD BY EXISTING SHAREHOLDERS AND BOND HOLDERS.

As at the date of submitting this report, the Group OPONEO.PL did not have any information about agreements; as a result, changes can occur in the future in the proportions of shares held by existing shareholders and bond holders.

## 2.26 IDENTIFICATION OF HOLDERS OF ALL SECURITIES WHICH OFFER SPECIAL CONTROL RIGHTS IN RESPECT OF THE ISSUER TOGETHER WITH A DESCRIPTION OF THESE RIGHTS

According to the status at the date of submitting this report, no securities exist which would provide special control rights in respect of OPONEO.PL S.A.

## 2.27 INFORMATION ABOUT THE CONTROL SYSTEM OF THE EMPLOYEE STOCK OWNERSHIP PLAN.

There is no employee stock ownership plan at the Group of Companies.

## 2.28 IDENTIFICATION OF ALL LIMITATIONS CONCERNING THE TRANSFER OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES AND ALL LIMITATIONS IN THE AREA OF THE RIGHT TO VOTE PERTAINING TO THE ISSUER'S SHARES.

No limitations occur, which concern the transfer of ownership of OPONEO.PL S.A. shares or other limitation in the execution of the right to vote for OPONEO.PL S.A. shares.

## 2.29 IDENTIFICATION OF PROCEEDINGS BEFORE COURTS, AUTHORITIES COMPETENT TO CONDUCT ARBITRATION PROCEEDINGS OR PUBLIC ADMINISTRATION AUTHORITIES WITH A VALUE AMOUNTING TO AT LEAST 10% OF THE ISSUER'S EQUITY.

In 2012, no proceedings were pending which would apply to obligations or debts with an individual or total value of at least 10% of the Issuer's equity.

## 2.30 INFORMATION ABOUT:

A) DATE OF CONCLUDING THE AGREEMENT WITH AN ENTITY ENTITLED TO AUDIT FINANCIAL STATEMENTS CONCERNING AN AUDIT OR REVIEW OF THE FINANCIAL STATEMENTS OR THE INDIVIDUAL FINANCIAL STATEMENT AND THE PERIOD FOR WHICH THIS AGREEMENT WAS CONCLUDED;

B) THE TOTAL VALUE OF REMUNERATION RESULTING FROM AN AGREEMENT WITH AN ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS, DUE OR PAID FOR AUDITING OR REVIEWING THE FINANCIAL STATEMENT AND, IF OPONEO.PL S.A. DRAWS UP INDIVIDUAL

FINANCIAL STATEMENTS FOR AUDITING AND REVIEWING THE INDIVIDUAL FINANCIAL STATEMENTS CONCERNING A GIVEN TRADING;

C) THE REMAINING TOTAL VALUE OF REMUNERATION RESULTING FROM AGREEMENT WITH AN ENTITY ENTITLED TO AUDIT FINANCIAL STATEMENTS OR CONSOLIDATED FINANCIAL STATEMENTS DUE OR PAID FOR SERVICES OTHER THAN THOSE DEFINED IN LETTER B CONCERNING THE TRADING YEAR;

D) INFORMATION SPECIFIED IN LETTERS B AND C SHOULD BE ALSO SPECIFIED FOR THE PREVIOUS TRADING YEAR.

**Year 2011**

Agreement on performing a review and audit of the individual and financial statements of OPONEO.PL S.A. for the year 2011 concluded with Morison Finansista Audit Sp. z o.o. with its registered office in Poznań concluded on 21 May 2011.

The value of remuneration resulting from the aforementioned agreement is PLN 54 thousand + VAT.

In 2011, the amount of the gross remuneration paid to the statutory auditor for the audit and review of the financial statements and related services was PLN 82 thousand.

**Year 2012**

Agreement on performing a review and audit of the individual and financial statements of OPONEO.PL S.A. for the year 2012 concluded with Morison Finansista Audit Sp. z o.o. with its registered office in Poznań concluded on 06 June 2012.

The value of remuneration resulting from the aforementioned agreement is PLN 49 thousand + VAT.

In 2012, the amount of the gross remuneration paid to the statutory auditor for the audit and review of the financial statements and related services was PLN 63,960.00.

# 3. REPORT CONCERNING THE APPLICATION OF PRINCIPLES OF CORPORATE GOVERNANCE IN 2012

## 3.1 BASES FOR PREPARING THE STATEMENT ON CORPORATE GOVERNANCE.

This statement on the application of corporate governance of OPONEO.PL S.A. in 2012 is provided in accordance with § 91 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities. Moreover, information contained in the statement meets the requirements of the report on using the "Code of Best Practice for WSE Listed Companies" defined in Resolution No. 17/1249/2010 of Giełda Papierów Wartościowych S.A. of 19 May 2010.

The Management Board of OPONEO.PL S.A. informs that, using the recommendations contained in part 1 of the code "Code of Best Practice for WSE Listed Companies", the Board used its best efforts to make the information policy transparent and effective and to ensure appropriate communication with investors and analysts in the broadest sense. In 2012, the Company operated a website using the model website of investor relations in the scope and method of data presentation. Actions undertaken by the Management Board are aimed at making available information necessary for proper assessment of the Company's situation and perspectives. Within the implemented information policy, the Management Board of OPONEO.PL S.A. uses traditional communication methods, i.e.: direct meetings of the Management Board with investors as well as actions conducted by the Investment Relations Department, which answers individual questions of investors and answers questions sent by e-mail to ir@oponeo.pl. Moreover, the Company keeps updating information published at the investor relations website of OPONEO.PL S.A. concerning the Company's financial results, actions undertaken by the Management Board and other significant events resulting from its current operations.

## 3.2 IDENTIFICATION OF CORPORATE GOVERNANCE PRINCIPLES WHICH WERE NOT USED BY THE ISSUER TOGETHER WITH THE SPECIFICATION OF CIRCUMSTANCES AND CAUSES OF FAILURE TO APPLY A GIVEN PRINCIPLE AND THE METHOD IN WHICH THE COMPANY INTENDS TO ELIMINATE POSSIBLE CONSEQUENCES OF NOT APPLYING A GIVEN PRINCIPLE AND WHAT STEPS IT INTENDS TO TAKE TO REDUCE THE RISK OF NOT APPLYING A GIVEN PRINCIPLE IN THE FUTURE.

Like in the previous years, in 2012, the Company did not comply with the following principles:

1. **“Best practices implemented by Management Boards of stock-exchange-listed companies” issue 2**

The Management Board of OPONEO.PL S.A. informs that the Company shall not use the principle of number II.2 of the Code of Good Practices of WSE-listed Companies, with which the Company ensures operation of its website in English.

**Justification:**

The Company, at investors' request, prepares information in English; moreover, the English version of the Company's website contains the most important information about the company and financial data, which is not connected with such considerable costs as keeping a corporate website in English in accordance with the requirements specified in the Code of Best Practice for WSE-listed Companies. To ensure access to current and periodic information to foreign investors, the Company (from 28 March 2013) began to publish its current and periodic reports in English at its website.

2. **“Best practices used by members of supervisory boards” issue 6**

At least two members of the Supervisory Board should meet the criteria of being independent of the Company and entities significantly affiliated with the Company. As regards the criteria of independence of members of the Supervisory Board, Annex II Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board shall apply. Regardless of the provisions of point b) of the aforementioned Annex, a person employed by the Company, a dependent entity or an affiliated entity may not be considered to meet the independence criteria. Moreover, actual and significant affiliation to a shareholder holding the right to execute 5% or more of the total number of votes at the General Meeting of Shareholders is considered to be the affiliation excluding the independence of a member of the Supervisory Board.

**Justification:**

Due to the structure and size of the company and due to the considerable dispersion of shares, the introduction of the aforementioned principle of appointing at least two members of the Supervisory Board, who would be independent members, is not necessary in the Company's opinion. In view of the above, OPONEO.PL S.A. has assumed that there will be one independent member in the Supervisory Board, Mr. Lucjan Ciaciuch was such a member in 2012.

At the same time, the Management Board of OPONEO.PL S.A. declares that the appointment of one independent member of the Supervisory Board is not connected with any risk at the moment.

## 3.3 DESCRIPTION OF THE METHOD OF OPERATION OF THE GENERAL MEETING OF SHAREHOLDERS, ITS BASIC COMPETENCE AND THE SHAREHOLDERS' RIGHTS AND THE METHOD OF THEIR EXECUTION.

In 2012, one General Meeting of Shareholders of OPONEO.PL S.A took place. It was held in accordance with the regulations of the Code of Commercial Companies, the Company's Articles of Association, regulations concerning the operation of public companies whose shares were accepted for trading on the regulated market and the adopted Rules and Regulations of the General Meeting of Shareholders.

The Company's General Shareholders Meeting was held in accordance with the principles described below in 2012:

General Meetings of Shareholders are held at the Company's registered office in Bydgoszcz. A General Meeting of Shareholders of OPONEO.PL S.A. can be held as ordinary or extraordinary. It is called by the Management Board on its own initiative or on a request from a Shareholder or Shareholders representing at least one-twentieth of the share capital or it is called by the Supervisory Board in cases specified in §18 point 7, letters t) and u) of the Company's Articles of Association. General Meetings of Shareholders can also be called by Shareholders representing at least a half of the share capital or at least a half of the votes in the Company by appointing the president of such a Meeting. The Ordinary Shareholders' Meeting is called by the Company's Management Board on an annual basis by 30 June in the following trading year.

The object of the Ordinary Shareholders' Meeting should include:

- Review and approval of the Management Board's report on the Company's activity and approval of the Company's financial statement for the previous trading year;
- Adopting a resolution on sharing the profit or covering the losses;
- Acknowledgement of the fulfilment of duties by the members of the Company's authorities.

The following matters require a resolution by the General Meeting of Shareholders:

- acceptance of the balance sheet, the profit-and-loss account and the cash flow statements for the previous year,
- Acknowledgement of the fulfilment of duties by the members of the Management Board and the Supervisory Board,
- all decisions concerning the Shareholders' claims for repair of damage suffered due to the establishment of the Company or its management or supervision,

- leasing the company and establishing the right to use it,
- sale of the company,
- the method of using the profits and specification of the method of covering the losses,
- establishing remuneration for Members of the Supervisory Board,
- approval of annual and long-term plans for the Company's activities,
- dissolution, liquidation or transformation of the Company,
- increasing and decreasing the Company's share capital and redemption of shares by the Company,
- changes in the Articles of Association,
- controlling the Supervisory Board's activities,
- approval of the Rules and Regulations of the Supervisory Board's operations,
- appointment and dismissal of members of the Supervisory Board.

The object of a General Meeting of Shareholders may include any matter submitted by the Management Board, the Supervisory Board or on request, Shareholders representing at least 10% of the share capital. A request for calling a General Meeting of Shareholders and including specific matters in the agenda submitted by competent entities should be justified. Draft resolutions proposed for adoption by the General Meeting of Shareholders and other significant materials should be presented to Shareholders together with a justification and the Supervisory Board's opinion before the General Meeting of Shareholders, at a time which makes it possible to become familiarised with them. A General Meeting of Shareholders, which is called upon the shareholders' request, should be held on the day specified in the request and if there are significant obstacles to keeping this deadline, it is to be held on the nearest possible day, allowing for resolving matters that are to be considered by the General Meeting of Shareholders. A General Meeting of Shareholders, for which some matters have been included in the agenda on the request of authorised entities or which was called upon such a request, may be cancelled only with the consent of the requesting parties. In other cases, a General Meeting of Shareholders may be cancelled if its organisation encounters extraordinary obstacles (the so-called force majeure) or is obviously unsubstantiated. Cancellation take place in a way including the calling, ensuring the least negative effects for the Company and the Shareholders; in any case, the cancellation must be no later than three weeks before the originally scheduled date. A change in the date of a General Meeting of Shareholders is made in the same manner as its cancellation, even if the proposed agenda is not changed. The participation of a Shareholder's representative in a General Meeting of Shareholders requires documenting the right to act on his/her behalf in an independent manner. The presumption is used that a written document confirming the right to represent a Shareholder at a General Meeting of Shareholders is legal and it does not require any additional confirmations.

1 vote is assigned to each share at a General Meeting of Shareholders. Resolutions are adopted by a majority of 51% of all votes held by the Shareholders. The voting is open, unless the regulations of the Code of Commercial Companies require that it should be secret. Moreover, on request from one of the Shareholders present, also for elections and motions to remove members of the Company's authorities or its liquidators or to prosecute them as well acknowledge the fulfilment of duties, secret voting is required. The election of the Supervisory Board, including also election by separate voting in groups, is held in accordance with the regulations of the Code of Commercial Companies.

Each Shareholder as well as advisers, specialists and possibly other persons invited by the Management Board or the Supervisory Board can take part in the General Meeting of Shareholders, The members of the Supervisory Board and the Management Board should be present at the General Meeting of Shareholders. The Management Board shall invite the Company's statutory auditor to take part in an Ordinary General Meeting of Shareholders and to take part in the Extraordinary Shareholders' Meeting if the Company's financial matters are to be discussed. The absence of a member of the Management Board or a member of the Supervisory Board at a General Meeting of Shareholders must be accounted for. Members of the Supervisory Board and the Management Board as well as the statutory auditor should provide explanations and information concerning the company to the participants within the scope of their competences and within the scope necessary to resolve the matters discussed during the Meeting. The Management Board should answer questions from the General Meeting of Shareholders, taking into account the fact that information-related obligations are fulfilled by a listed company in a manner resulting from the legal regulations on security trading in force and some information may not be provided in a way other than that resulting from these regulations. A person raising an objection against a resolution should be given an opportunity to briefly justify it. The Management Board or the President of the Management Board should formulate resolutions in a way to make it possible for each entitled person, who does not agree with their decisions to challenge them. On the request of a participant of the General Meeting of Shareholders, their written statements are enclosed with the minutes. Statements of the General Meeting of Shareholders should concern only significant matters and the ones considered by this General Meeting of Shareholders.

On 30 May 2012, an Ordinary Meeting was called for 26 June 2012 on the initiative of the Management Board.

## 3.4 THE COMPOSITION AND PRINCIPLES OF OPERATION OF THE COMPANY'S MANAGING AND SUPERVISORY AUTHORITIES AND THEIR COMMITTEES.

**The Management Board of the Company**

The Management Board of the Company acts in accordance with legal regulations in force, in particular, in accordance with regulations governing the operation of listed companies with shares being accepted for trading on the regulated market as well as on the basis of resolutions of the General Meeting of the Company's Shareholders and the Rules and Regulations of the Company's Management Board.

The Management Board consists of one person or of several persons. Members of the Management Board are appointed and dismissed by a resolution of the Supervisory Board, which entrusts the position of the President of the Management Board to one of them. In accordance with a resolution adopted by the General Meeting of Shareholders on 26 June 2012, the term of office of the Management Board is common and it lasts for 5 years. The Management Board manages all of the Company's operations and represents it outside the Company and also before the court. The Management Board is obliged to manage the Company's equity and matters and to fulfil its duties with diligence required for trading, comply with legal regulations, the provisions of the Articles of Association and resolutions of the Company's other authorities. The scope of the Management Board's operations includes in particular:

- conducting the Company's business;
- drawing up reports on the Company's operations, the balance sheet, the profit-and-loss account in a manner and within the time limits provided for within the legal regulations in force;
- keeping the book of minutes of the General Meeting of Shareholders and the books of adopted resolutions;
- the execution of resolutions adopted by the General Meeting of Shareholders resolutions and following the guidelines and recommendations of the Supervisory Board,
- all matters not reserved for the competence of the Company's other authorities.

The Supervisory Board may dismiss the Management Board's rules and regulations defining its internal organisation and the method of performing activities. Two members of the Management Board acting jointly are entitled to submit declarations of will and to sign documents on the

Company's behalf. The Management Board is obliged to keep a book of registered shares and provisional certificates. A Member of the Management Board may not, without the Supervisory Board's consent, deal with competitive business or participate in competitive company as a partner in a private partnership or a member of a limited liability company. Each member of the Management Board has the right and is obliged to deal with the Company's matters within the scope of the Company's ordinary activities. The Company may conclude with members of the Management Board employment agreements, management agreements or other agreements that define the methods of performing their function and providing services by a Member of the Management Board. The Company is represented by the Supervisory Board for the conclusion of agreements with members of the Management Board.

**The Composition of the Management Board of OPONEO.PL S.A. during the reporting period was as follows:**

- Dariusz Topolewski - President of the Management Board
- Michał Butkiewicz – Member of the Management Board
- Maciej Karpusiewicz – Member of the Management Board
- Andrzej Reysowski – Member of the Management Board

**Supervisory Board**

The Supervisory Board acts on the basis of legal regulations, including, in particular, the Code of Commercial Companies, the Company's Articles of Association and the Rules and Regulations of the Supervisory Board it has adopted.

The Supervisory Board consists of 5 members appointed and dismissed by a resolution of the General Meeting of Shareholders for a joint term of office which lasts 5 years. Members of the Supervisory Board elect the Chairman, who is a member of the Supervisory Board. Both the entire Supervisory Board and its individual members may be dismissed at any time by a General Meeting of Shareholders.

Meetings of the Supervisory Board are called by its Chairman or, if he/she is absent, by another member of the Supervisory Board authorised to do so in writing by the Chairman. Meetings of the Supervisory Board are held at least once a quarter. The Management Board or individual members of the Supervisory Board may put forward a motion to call a Supervisory Board meeting. The Supervisory Board adopts resolutions if at least half of its members is present at its meeting and all of its members have been invited.

Member of the Supervisory Board may take part in adopting resolutions of the Supervisory Board by voting in writing or through another member of the Supervisory Board. Voting in writing may not concern matters introduced to the agent at the meeting of the Supervisory Board. The Supervisory Board may adopt resolutions in writing or using means of direct remote communication. A resolution is valid if all members of the Supervisory Board have been informed about the contents of the resolution. Adopting resolutions in this way does not apply to the election of the chairman and vice-chairman of the Supervisory Board, the appointment of a member of the Management Board or appointing or suspending these persons. Each member of the Supervisory Board may bring an advisor to a meeting of the Supervisory Board, who has the right to take part in the discussion, although without the right to vote. Members of the Supervisory Board may receive remuneration established by a resolution of the General Meeting of Shareholders. Members of the Supervisory Board are entitled to receive a refund of costs connected with participation in the Supervisory Board's work.

The Supervisory Board may adopt its rules and regulations, which should subsequently be approved by the General Meeting of Shareholders. The Supervisory Board constantly supervises the Company's operations and the operations of all of its branches.

Special responsibilities of the Supervisory Board include:

- constant supervision of the Management Board's operations and submission of annual reports on the Supervisory Board's operations.
- auditing and giving opinions on reports as regards their consistency with the ledgers and documents and with the actual status;
- giving opinions on annual and periodic reports of the Management Board and the Management Board's motions concerning the division of profits and their intended use;
- representing the Company in disputes and in conclusion of agreements between the Management Board and the Company, suspending members of the Supervisory Board in activities for important reasons;
- giving opinions on the Management Board's motions on establishing new companies, joining existing companies and economic organisations, purchasing and selling stocks and shares in other companies;
- giving opinions on the Company's economic plans;

- granting consent to the establishment of new companies, joining existing economic organisations, purchasing and sale of stocks and shares in other companies, establishing and closing branches, plants, units, agencies and undertakings;
- approving the Company's economic plans and periodic plans for its development;
- considering and resolving the Management Board's motions;
- expressing consent to the purchase, sale, encumbrance or share in the real property;
- establishing the remuneration to the members of the Management Board;
- approving the Company's budget;
- appointing and dismissing statutory auditors for annual audits of the Company's financial statements and approving significant changes in the method of bookkeeping provided that such a change does not result from the applicable legal regulations.
- expressing consent to undertaking business activities in new branches of the economy provided that they do not result from the Company's approved annual plan;
- approving agreements with entities having connection with any of the members of the Management Board by ownership, marriage or blood relationship;
- approving the rules and regulations of the Management Board's operations;
- delegating a member or members of the Supervisory Board to perform the Management Board's activities on a temporary basis if members of the Management Board or the entire Management Board are suspended;
- granting consent to appoint proxies to the Management Board;
- expressing consent to the sale and/or lease, pledge, encumbrance of the Company's assets with a value of over 10% of the Company's share capital unless they result from the Company's approved annual plan or a business plan, including a part or all of the Company's activities;
- calling an Ordinary General Meeting of Shareholders if the Management Board does not call it within the time limits specified in the Articles of Association;
- calling an Extraordinary General Meeting of Shareholders if the Supervisory Board deems it advisable;
- performing the tasks of the auditing committee in accordance with the legal regulations in force.

**The Composition of the Supervisory Board of OPONEO.PL S.A. during the reporting period was as follows:**

- Ryszard Zawieruszyński – Chairman of the Supervisory Board,
- Lucjan Ciaciuch – Member of the Supervisory Board,
- Damian Nawrocki – Member of the Supervisory Board,
- Wojciech Topolewski – Member of the Supervisory Board,
- Wojciech Małachowski – Member of the Supervisory Board.

## 3.5 DESCRIPTION OF BASIC CHARACTERISTICS OF THE INTERNAL CONTROL SYSTEMS USED IN THE COMPANY AND RISK MANAGEMENT WITH REFERENCE TO THE PROCESS OF DRAWING UP FINANCIAL STATEMENTS.

The accounting policy adopted for OPONEO.PL S.A. and dependent companies in accordance with the International Financial Reporting Standards determines the correctness and reliability of bookkeeping for these entities. Pursuant to the Accounting Act of 29 September 1994, on the basis of which the Management Board approved the documentation describing the accounting principles implemented by the Company for drawing up financial statements of OPONEO.PL S.A., Polish accounting principles are used. Together with the establishment of the Group of Companies in 2010, consolidated financial statements are drawn up in accordance with the International Financial Reporting Standards. The process of preparing financial statements is conducted with strict and absolute compliance with the aforementioned principles. Preparation of the source data is subject to the formalised operating and approving procedures, which determine the scope of competence of individual persons. Entries in the documents and Source Ledgers are the basis for data entered in the Main Ledger. By the application of the internal control system in the area of accounting and financial reporting, the Company ensures reliable and clear presentation of its financial and equity situation. The Management Board is responsible for the internal control system and risk management and its effectiveness with reference to the process of drawing up financial statements. The Company has documentation describing the principles of accounting, specifying the methods of asset and liability valuation and the establishment of the financial result as well as the method of keeping ledgers, the data protection systems and their collections. The prepared financial statements are formally approved by the Chief Accounting and next by the Management Board of the Company. In the process of drawing up statements, the verification of the Company's financial statements and the financial statements of the companies belonging to the Group is made by an independent statutory auditor. The statutory auditor's tasks include in particular: reviewing semi-annual financial statements and auditing annual statements. Financial data, which are the basis for financial statements and periodic reports, come from the monthly financial and operating reporting prepared by the Company on the basis of financial and reporting system. Preparation of financial statements and periodic reports starts after acceptance of the results of the completed period. During the year, the Management Board and the Supervisory Board analysis assess and supervise the financial results obtained, as compared to the adopted assumptions of the budget plan developed in accordance with the accounting policy adopted by the Company. The effectiveness of control procedures and risk management in the process of drawing up financial reports of OPONEO.PL S.A. is confirmed by the high quality of reports, which is confirmed by the statutory auditors' opinions on the audit of the financial statements. OPONEO.PL S.A. monitors significant factors of legal, tax, economic and operating risks, which influence directions for the Company's development. Moreover, all elements of risk, which are known to the Company, are created in accordance with the provision accounting.

## 4. STATEMENT OF THE MANAGEMENT BOARD ON THE RELIABILITY OF THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY TO 31 DECEMBER 2012 AND ON THE ENTITY ENTITLED TO AUDIT FINANCIAL STATEMENTS

We declare that in accordance with our best knowledge and conviction that:

The annual consolidated financial statements and comparable data were drawn up in accordance with applicable accounting principles and they reflect in a true, reliable and clear manner, the equity and financial situation of the Group OPONEO.PL and its financial result. The annual consolidated Management report on operations contains a true picture of the development and achievements and the situation of the Group OPONEO.PL, including a description of basic threats and risks. The Group complied with legal regulations and the conditions of agreements concluded, which were significant from the point of view of our activity and, in particular, its continuation.

We made available to the statutory auditor/the auditing team the ledgers and full documentation confirming the status of accounting records.

The establishment, registration and articles of association documents submitted to the statutory auditor/auditing team were valid as at the date of commencement of the financial statement audit.

According to our knowledge, the consolidated financial statements are free from significant errors and omissions and tax and non-tax settlements were made in accordance with regulations in force and were not questioned by competent control authorities.

In the consolidated financial statements of the Group OPONEO.PL, the valuation of assets and liabilities was presented in a correct and reliable manner and the revenues and expenses concerning the reporting period were presented in a complete manner, the necessary provisions were created and the foreign exchange differences were settled in foreign settlements.

The consolidated financial statements were drawn up with the assumption of continued operations in the foreseeable future and there are no circumstances, which would indicate a threat to the continuation of the entity's operations.

We have established all redundant and immovable provisions by depreciating it in accordance with the principles of prudent balance sheet valuation.

In the consolidated financial statements, we have disclosed all receivables and liabilities, including provisional ones, such as guarantees, sureties (including promissory notes) and pledges as well as disputable settlements.

We hold all legalities titled to components of assets disclosed in the balance sheet.

We provided the statutory auditor/the auditing team with lists of court cases filed by our Group or pending against the entity as well as the ones being prepared for court proceedings.
We also presented a list of external checks and a list of collaterals on the entity's equity, which is included in the additional information.
We waived the interest for delay in payments of our receivables.
We did not include the penalty interest due to our business partners in the ledgers - in connection with untimely payments of liabilities, as we received their consent to pay the principal amount only.
We disclosed all connections with natural and legal persons concerning indirect or direct participation in the management or control and the participation in the equity of entities affiliated to our company.
We revealed to the statutory auditor/the auditing team all events which occurred after the balance-sheet date, which might influence the opinion on the audited financial statements and the assessment of the Company's equity and financial situation.
As at 31 December 2012, the Group OPONEO.PL does not have any open financial instruments, in particular: futures contracts, forward contracts, option contracts, swap contracts other than those, which were presented and disclosed in the financial statements drawn up as at 31 December 2012.
We declare that no formal or informal arrangements with another entity exist, which would concern the compensation of the balance of cash and equity or funds.
Moreover, we declare that the entity authorised to audit financial statements, Morison Finansista Audit Sp. z o.o., which performed the audit of the consolidated financial statements of the Group OPONEO.PL for the period from 01 January 2012 to 31 December 2012, was selected in accordance with legal regulations and met the conditions for issuing an impartial and independent opinion on the audit in accordance with the relevant principles and professional standards.

Bydgoszcz, 25 April 2013

**Signatures of persons representing the Company**

| Date | Full name: | Position/Function | Signatures |
|---|---|---|---|
| 2013-04-25 | Dariusz Topolewski | President of the Management Board | |
| 2013-04-25 | Michał Butkiewicz | Member of the Management Board | |
| 2013-04-25 | Maciej Karpusiewicz | Member of the Management Board | |
| 2013-04-25 | Andrzej Reysowski | Member of the Management Board | |