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Assessment of performance of Selena FM SA in 2008 by the Company's Supervisory Board

The Management Board of Selena FM S.A. advises that pursuant to chapter III point 1.1 of the "Best Practice for Listed Companies", at the meeting held on 3 June 2009 the Company's Supervisory Board assessed the Company's performance in 2008. The assessment report is appended hereto.

Appendix

BRIEF ASSESSMENT OF PERFORMANCE OF SELENA FM S.A. IN 2008

adopted by the Supervisory Board of Selena FM S.A. on 3 June 2009

Pursuant to chapter III point 1.1 of the "Best Practice for Listed Companies", the Supervisory Board of Selena FM S.A. hereby presents a brief description of the Company's performance including an evaluation of the internal control system and the system for management of significant risks in the Company.

Main events in 2008

The main event for Selena FM S.A. in 2008 was the floatation of its shares. On 28 December 2007, the Company submitted a share prospectus to the Financial Supervision Commission. The prospectus was approved on 21 March 2008. The initial public offering started early in April and on 18 April 2008 the series C shares were for the first time quoted on the Warsaw Stock Exchange.

The raised capital was allocated to increase the production capacity and above all to further development of foreign operations. As part of the international expansion, in 2008 the Selena Group established two subsidiaries in China and took over a production plant and shares in a distribution company in Turkey. In Poland, Selena completed development of a new hall in the polyurethane foam production facility in Nowa Ruda and as a result of its acquisition activity launched a new product line: dry adhesives and mortars.

The Company's core business activity is, as before, strategic and operational management of the Selena Group, providing the Group companies with specialised services which are complementary to their core business and which follow uniform standards. These services include: strategic (including legal) advice, financial advice, personnel advice, book-keeping, creating and implementing sales strategies.

Key financials of the Group and the Company

In 2008, the Company achieved revenue from sales of PLN 529.6 m versus PLN 518 m in 2007 (an increase by 2.3%). Gross profit in 2008 amounted to PLN 160.9 m versus PLN 152.4 m in 2007, up 5.6 %, with gross profit margin at 30.38%.

Net profit in 2008 was PLN 15.2 m, compared with PLN 34.9 m posted in 2007. This means a net profit margin of 2.9 %.

As at 31.12.2008, total assets of the Selena Group amounted to PLN 431.8 m, up 39% on 2007. The main component of assets are current assets, which amount to PLN 302.0. The

biggest items in current assets are *Cash and cash equivalents (PLN 112.2 m)* and *Trade debtors (PLN 96.9 m)*.

Non-current assets of PLN 129.8 m account for ca. 30.1% of the Group's total assets. Their key components are property, plant and equipment which amount to PLN 108.1 m.

The Group's assets are primarily funded by equity (PLN 323.4 m) and short-term liabilities (PLN 87.2 m).

In 2008, Selena FM S.A. achieved revenue from sales of PLN 7.3 m versus PLN 7.1 m in 2007.

At the end of 2008, its total assets amounted to PLN 197.2 m (PLN 84.8 m at the end of 2007). Current assets of PLN 110.5 m are the main component of total assets, while the main item in current assets are short-term financial assets of PLN 84 m.

The Company's assets are funded by equity of PLN 196.3 m. In 2008, the Company posted a net loss of -PLN 5.9 m.

Risk Factors

The Supervisory Board agrees with the opinion of the Management Board of Selena FM S.A. that the key risks the Group is exposed to include:

- the economic situation in Poland and in the world, which affects the trading performance of the Group companies, has an impact on the investment and business decisions and might influence the speed of delivery of the Group's development strategy;
- weakening demand for investments and consumption in Poland;
- limited credit availability to the construction sector, adversely affecting building production and hence the market of construction chemicals;
- increasing problems with liquidity among customers and delays in collection of debts;
- risk of increase in raw material prices (mainly oil-based);
- risk of legislation changes;
- currency fluctuations in the markets where the Group operates.

Internal control

The Management Board of Selena FM S.A. constantly monitors the performance of the Group and the Group companies.

To ensure reliability of its financial accounts, the Company has implemented and has been upgrading its internal control and risk management system. The system covers, among others, the following areas:

- Controlling;

- Accounting, including Financial Reporting and Consolidation;
- Forecasting and financial analyses.

The internal control and the risk management system incorporates the following solutions:

- harmonisation of the accounting policies, financial reporting and accounting procedures;
- application of a standardised financial reporting model for external and internal purposes;
- clear division of roles and responsibilities of the financial functions and the middle and upper management;
- regular and formalised process of reviewing and updating the budget assumptions and financial projections;
- having the financial accounts reviewed and audited by an independent auditor.

As required by law, the Company has its financial accounts reviewed or audited by an independent auditor.

In the opinion of the Supervisory Board, the Company's and the Group's economic position is good.

The Supervisory Board believes that the Company is managed professionally and Selena FM S.A. as the parent positively shapes the Group's development and position in the markets where it operates.

The Supervisory Board positively assesses the Company's financial performance and the Management Board's efforts to foster the whole Group's growth.