

**THE STATEMENT OF
„MOSTOSTAL-EXPORT” S.A. IN WARSAW
REGARDING
OBSERVANCE IN THE COMPANY A DOCUMENT “BEST PRACTICES IN PUBLIC COMPANIES 2005”**

	RULE	YES / NO	COMMENTARY OF “MOSTOSTAL-EXPORT” S.A. COMPANY
<u>GENERAL RULES</u>			
I	<u>Objective of the Company</u> <p>The main objective of a company’s authorities is to further the company’s interests, i.e. to increase the value of the assets entrusted to them by the shareholders, taking into consideration the rights and interests of entities other than the shareholders that are involved in the functioning of the company, especially the company’s creditors and employees.</p>	Yes	Management Board does one’s best to Company’s effective economical activity, with observance of all shareholders groups’ interests as well as other groups connected with Company’s interest.
II	<u>Majority Rule and Protection of Minority</u> <p>A joint-stock company is a capital venture, therefore it must respect the principle of capital majority rule and the primacy of majority over minority. A shareholder who contributes more capital also bears a greater economic risk. It is, therefore, justified that his interests be considered in proportion to the capital he contributes. The minority must have a guarantee that their rights will be properly protected within the limits set by the law and commercial integrity.</p> <p>When exercising his rights, a majority shareholder should take into account the interests of the minority.</p>	Yes	<p>Management and Supervisory Boards doing and supervising Company’s interests, take care so that majority shareholder entitlement realisation won’t contribute to minority shareholders suffers.</p> <p>Common interests of all committed groups, but not individual interest determine company’s activity.</p>

III	<p><u>Honest Intentions and No-Abuse of Rights</u></p> <p>The exercising of rights and reliance on legal institutions should be based on honest intentions (good faith) and cannot go beyond the purpose and economic reasons for which these institutions are established. No actions should be taken which, by exceeding the limits set, constitute an abuse of the law. The minority should be protected against any abuse of ownership rights by the majority and the interests of the majority should be protected against any abuse by the minority of its rights, thus ensuring the best possible protection of the equitable interests of the shareholders and other market participants.</p>	Yes	<p>Members of Company's organs hold their functions and carry out entitled rights and duties, with highest care and in best faith. Company's organs took into consideration "Good Practices in public companies 2005" text and approved it to observance in range, that resulted from Company's statement announced according to § 27 of Warsaw Stock Exchange Regulations.</p>
IV	<p><u>Court Control</u></p> <p>The company's authorities and persons chairing the general meeting cannot decide on issues, which should be resolved by a court judgement. This does not apply to activities which the company's authorities and persons chairing general meetings are authorised or obliged to undertake by force of law.</p>	Yes	<p>Persons who chairing GSM, gives statement on taking into consideration "Best Practises in public companies 2005" and on adoption its rules in range, that resulted from Company's Statement given according to § 27 of Warsaw Stock Exchange Regulations.</p>
V	<p><u>Independent Opinions Ordered by the Company</u></p> <p>When choosing an entity to provide expert services, particularly an auditor, financial and tax advisors or legal advisors, the company should examine whether there are any circumstances that would limit the entity's independence when performing the tasks entrusted.</p>	Yes	<p>Company takes care on fully independent opinions, especially there is a rule in Company, that entity that gives auditor's service can't without Supervisory Board permission give in the same time other services to the Company.</p>
<p><u>GENERAL SHAREHOLDERS MEETINGS' GOOD PRACTICES</u></p>			

1	A general meeting should take place in a location and at a time that allows the participation of as many shareholders as possible.	Yes	GSMs take place in Company's headquarter, in Warsaw. There is a rule in Company that Ordinary General Shareholders Meeting takes place in the second part of June in the morning hours.
2	A request made by parties entitled to do so for a general meeting to be convened and for certain issues to be put on its agenda should be justified. Draft resolutions proposed for adoption by the general meeting and other key documents should be presented to the shareholders together with justification and a supervisory board opinion before the general meeting to allow them time to review and evaluate the same.	Yes	Management Board presented justification of Extraordinary GSM calling and placing given matters in GSM agendas. In the case of demand of calling GSM and placing in agenda given matters by shareholder or shareholders without justification, regardless of realising of GSM calling duty, Management Board will ask for such justification. All-important documents on GSM are available in Company for inspection, in enough time to acquaint and make opinion on it. According to Company's Statute, all matters mentioned to GSM proceedings ought to be presented to Supervisory Board for giving an opinion on it.
3	A general meeting convened on the shareholders' request should be held on the date given in the request and, if this date cannot be kept, on the nearest date that would allow the general meeting to settle the issues on its agenda.	Yes	Management Board does one's best for GSM, called by shareholders motion to take place on a date pointed in motion, unless from objective reasons it is impossible – in that case, in consultation with mention, the new date is established.

4	<p>A general meeting whose agenda includes certain issues at the request of authorized entities or which has been convened on such a request can only be cancelled with the consent of the requesting parties. In all other instances, a general meeting can be cancelled if its holding is hindered (force majeure) or is obviously groundless. A meeting is called off in the same way as it is convened, limiting negative consequences for the company and its shareholders as far as possible and no later than three weeks before the original meeting date. A change in the date of a general meeting is made in the same way as a cancellation, even if the proposed agenda does not change.</p>	Yes	<p>The Company applied a general rule of neither withdraw nor change called dates of GSM, unless there are any extraordinary or special justified reasons.</p> <p>In last case there are suitable procedures, according to calling all interested.</p>
5	<p>Before a shareholder's representative can participate in a general meeting, his right to act on the shareholder's behalf should be duly documented. It should be presumed that a written document confirming the right to represent a shareholder at a general meeting conforms with the law and does not require any additional confirmations or acknowledgement unless the company's management board or the chairman of the general meeting has doubts about its authenticity or validity prima facie (when drawing up the list of attendance).</p>	Yes	<p>To participate in GSM and to carry out vote, only proxy is required (in written form on penalty of invalid), given by entitled persons, according to suitable extract from register, or in a case of private person according to Civil Code regulations.</p> <p>During list completing on GSM, Company only controls above-mentioned documents.</p>
6	<p>The general meeting should have regular by-laws setting out in detail the principles on which meetings are conducted and resolutions adopted. The by-laws should, in particular, contain provisions on elections, including elections to the supervisory board by voting in separate groups. The by-laws should not be subject to frequent change; it is advisable for any changes to enter into force as of the following general meeting.</p>	Yes	<p>Company has the stable Regulations, described detailed rules of GSM conducting and passing resolutions.</p> <p>The topic of Supervisory Board members' appointment is regulated in Company's Statute.</p> <p>In a case of separate groups voting the suitable regulations are used, that resulted from Commercial Companies Code rules.</p>

7	The person opening the general meeting should immediately organise the election of the meeting chairman and should refrain from making any substantial or formal decisions.	Yes	Suitable record is in GSM Regulations currently in force in Company.
8	The chairman of the general meeting ensures that the meeting is run efficiently and that the rights and interests of all the shareholders are observed. The chairman should, in particular, counteract any abuse of rights by meeting participants and should guarantee that the rights of minority shareholders are respected. The chairman should not, without good reason, resign from his function or delay signing the meeting minutes.	Yes	Chairmen of GSM, apply an announcement on acquainting with Best Practices in Public Companies 2005 text and about execution of these rules in extend, resulting form Company's statement announcement according to § 29 of Stock Exchange Rules.
9	A general meeting should be attended by the members of both the supervisory board and the management board. The auditor should also be present at an annual general meeting and an extraordinary general meeting if the company's financial matters are to be discussed. The absence of a supervisory or management board member from the general meeting requires an explanation, which should be given at the meeting.	Yes	The Management Board every time informs Supervisory Board members on a date and agenda of every GSM. All matters addressed for GSM proceedings, are opinionated earlier by Supervisory Board. Auditors' experts who audit Company's statements, know that according to the above declaration "Best practices in public companies 2005" they should take part in GSMs. Supervisory and Management Boards members should excuse their absence on GSM.
10	Supervisory and management board members and the company's auditor should, within their powers and to the extent needed to settle issues discussed at the general meeting, provide meeting participants with explanations and information about the company.	Yes	Supervisory and Management Boards members as well as auditor, those present during GSM, give explanation and information on Company in limit of their competence and in indispensable range to justification mentioned matters.

11	All answers provided by the management board to questions posed by the general meeting should take into account the fact that a public company carries out its reporting obligations in the way stipulated in the Law on the Public Trading in Securities; certain information cannot be provided in any other way.	Yes	Answered Management Board members obey the Act on Trading in Financial Instruments, the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies and the decree regarding information duties and Commercial Companies Code, which regulate issues regarding giving to a shareholders by Management Board information on Company.
12	Short breaks in the session which do not constitute an adjournment and are ordered by the chairman in justified cases cannot be aimed at hindering the exercising by the shareholders of their rights.	Yes	Chairman can announce short breaks during GSM proceedings only in justified cases.
13	Voting on administrative issues may only concern issues related to the running of the meeting. Resolutions which may have an impact on the exercising by the shareholders of their rights cannot be voted on in this way.	Yes	Voting on agenda concerns only with GSM proceedings carrying on.
14	A resolution not to consider an issue on the agenda may be adopted only if it is supported by sound reasons. Any motion in this respect should be accompanied by a detailed justification. A decision to remove an item from the agenda or not to consider an issue put on the agenda at a shareholder's request requires a general meeting resolution, once all the shareholders present who put the issue on the agenda have given their consent, supported by 75% of the votes present at the meeting.	Yes	During GSM proceedings, all matters included in agenda ought to be considered. Resolution on desisting from considering of any agenda item can be realise only when it supports important and matter-of-fact reasons. The motion in this respect should be accompanied by a detailed justification. A decision to remove an item from the agenda or not to consider an issue put on the agenda at a shareholder's request requires a general meeting resolution, once all the shareholders present who put the issue on the agenda have given their consent, supported by 75% of the votes present at the meeting.

15	Any party objecting to a resolution must be given the opportunity to put forward concise reasons for its objections.	Yes	GSM Chairman makes possible for all voted shareholders an objection to resolution, to present their arguments and to justify objection.
16	As the Code of Commercial Companies does not provide for court control in the event of a resolution not being adopted by the general meeting, the management board or the meeting chairman should form resolutions in such a way that anyone who does not agree with the merits of a decision being the subject of the resolution has the possibility of challenging the same, provided that he is entitled to do so.	Yes	GSM Chairman has task to watch over formulating clear and transparent resolutions. Management Board gives Chairman opportunity to get know advice from Company's Law Department.
17	Written statements made by a participant at a general meeting are recorded in the minutes at the participant's request.	Yes	According to practice, written announcement of GSM participants are accepted in the Minutes.
<u>SUPERVISORY BOARD'S BEST PRACTICES</u>			
18	The supervisory board submits a concise evaluation of the company's standing to the general meeting every year. The evaluation should be made available to all shareholders early enough to allow them to become acquainted with the contents before the annual general meeting.	Yes	Supervisory Board yearly pass a resolution on accepting report from its activity, which included also opinion on Company's situation. This document Supervisory Board submits to GSM. Management Board makes possible for shareholders to acquaint with this report before GSM.

19	A member of the supervisory board should have the relevant education, the appropriate professional and practical experience, be of high moral standing and be able to devote the time required performing his supervisory board function properly. Supervisory board candidature should be announced and supported by reasons sufficiently detailed to enable an informed choice to be made	Yes	Candidates for Supervisory Board members proposed for GSM are always justified. This who proposed gives content-related and formal opinion, which helps to vote consciously. New Members of Supervisory Board get among other things internal regulations associated with Company entities and other materials and documents.
----	---	-----	--

20	<p>20.¹ (a) At least half the members of the supervisory board should be independent members, subject to point (d) below. Independent members of the supervisory board should not have relations with the company and its shareholders or employees, which could significantly affect the independent member's ability to make impartial decisions.</p> <p>(b) Detailed independence criteria should be laid down in the company's statutes².</p> <p>(c) Without the consent of the majority of independent supervisory board members, no resolutions should be adopted on the following issues:</p> <ul style="list-style-type: none"> - performances of any kind by the company and any entities associated with the company in favour of management board members; - consent to the execution by the company or a subsidiary of a key agreement with an entity associated with the company, a member of the supervisory board or management board, or with their associated entities; and - appointment of an auditor to audit the company's financial statements. <p>(d) In companies where one shareholder holds a block of shares carrying over 50% of all voting rights, the supervisory board should consist of at least two independent members, including an independent chairman of the audit committee, should such a committee be set up.</p> <p>Rule 20 may be implemented by the company on a date different from that on which the other rules in the set are implemented, though no later than by 30 June 2005.</p> <p>2 The Best Practices Committee hereby recommends rules based on European standards, i.e. the independence criteria set out in the Commission's Recommendation on strengthening the role of non-executive or supervisory directors</p> <p>http://eureopa.eu.int/comm/internal_market/company/independence/index_en.htm</p>	Yes	<p>According to the Statute at least half of the supervisory board members should be independent members.</p> <p>Independence means that the supervisory board member has not more than 10 % Company's shares and was not elected by separate groups voting.</p>
----	---	-----	--

21	A supervisory board member should, above all, keep the company's interests in mind.	Yes	Supervisory Board Members during their acting take Company's interest into consideration. Especially they supervise strategy and long-term plans execution.
22	Supervisory board members should take the relevant action to receive from the management board regular and complete information on any and all significant issues concerning the company's operations and on any risks related to the business and ways of managing such risks.	Yes	On every Supervisory Board Meeting, Management Board reported on all-important matters accorded to Company's activity. In matters of urgency Supervisory Board members are informed by Management Board by circulating mode. Company makes also permanent activities to strengthen internal control.
23	A supervisory board member should inform the other members of the board of any conflict of interest that arises, and should refrain from participating in discussions and from voting on any resolution on the issue in respect of which the conflict of interest has arisen.	Yes	In case of interest conflict, member of Management Board ought to inform other Board's members and to refrain from participating in discussions as well as from voting on resolution passing in case, the conflict arose.
24	Information on a supervisory board member's personal, actual and organizational connections with a given shareholder, particularly with the majority shareholder, should be made publicly available. The company should have a procedure in place for obtaining such information from supervisory board members and for making it publicly available.	Yes	Company has information on organizational connections of Supervisory Board Member with given shareholder. Getting information is accessible, after motion in Company's headquarters.
25	Supervisory board meetings should be accessible and open to management board members, save for issues which directly concern the management board or its members, especially the removal, liability and remuneration (of management board members).	Yes	Members of Supervisory Board are invited for Management Board meetings.

26	A supervisory board member should make it possible for the management board to present publicly and in an appropriate manner information on the transfer or acquisition of shares in the company or in its dominant company or subsidiary and of transactions with such companies, provided that such information is relevant to his financial standing.	Yes	In this case the Company uses rules according to regulations connected with informational duties of securities' issuers.
27	Supervisory board members' remuneration should be set on the basis of a set of transparent procedures and rules. The remuneration should be fair but should not constitute a significant cost item in the company's business or have a material impact on its financial results. It should also be in reasonable relation to the remuneration of members of the management board. The total amount of all supervisory board members' remuneration, as well as the remuneration of individual members, with a breakdown of its various elements should be disclosed in the annual report together with information on the procedures and rules applied to determine it.	Yes	Remuneration of Supervisory Board is settled according to GSM's resolution. Remuneration of Supervisory Board members isn't an important item in Company's costs of Company activity and there is not significant influence on its financial result. Total value of remuneration of whole Supervisory Board as well as remuneration of individual members is presented in Annual Report.

28	<p>The supervisory board should operate in accordance with its by-laws, which should be publicly available. The by-laws should stipulate that at least two committees should be set up:</p> <ul style="list-style-type: none"> - audit, and - remuneration. <p>The remuneration committee should consist of at least two independent members and at least one person possessing the relevant qualifications and experience in accounting and finance. The committee's tasks should be specified in the board by-laws. The committees should present reports on their activities to the supervisory board every year. The company should then make these reports available to its shareholders.</p>	Yes	<p>Company's Supervisory Board operates in accordance with Supervisory Board Regulations, which contents is available on Company's Web site. There were introduced records concerning setting up two committees:</p> <ul style="list-style-type: none"> • audit, and • remuneration. <p>In accordance with the record included in above-mentioned Regulations the audit committee should consist of at least two independent members and at least one person possessing the relevant qualifications and experience in accounting and finance. Committee's tasks are detailed defined in the supervisory board Regulations. Audit and Remuneration Committees will be formed on the first meeting of supervisory board after GSM, which approve proper changes of Statute.</p>
29	<p>The agenda of a supervisory board meeting should not be amended or supplemented during the meeting to which it relates. This requirement does not apply if all the supervisory board members are present and agree to the amendment or supplementation, and if certain actions have to be taken by the supervisory board to protect the company against damage and in the case of a resolution assessing whether there is a conflict of interests between a supervisory board member and the company.</p>	Yes	<p>Agenda of Supervisory Board meeting is established 7 days before meeting planned date and is accepted by Chairman, and then together with documents is passed on to Boards members, unless there are some extraordinary circumstances, that justified date shortening.</p> <p>The agenda can be changed or completed in case, when all members of Supervisory Board are presented and give one's assent to do it.</p>
30	<p>A supervisory board member delegated by a group of shareholders to permanently exercise supervision should submit detailed reports on the performance of his task to the supervisory board.</p>	Yes	<p>"MOSTOSTAL-EXPORT" S.A. announcement on Corporate Governance rules was passed by Supervisory Board, thus it's start to be obligatory in this range also for its members.</p>

31	A supervisory board member should not resign from his function during his term of office if this would make it impossible for the board to function, particularly if it could hinder the timely adoption of an important resolution.	Yes	“MOSTOSTAL-EXPORT” S.A. announcement on Corporate Governance rules was passed by Supervisory Board, thus it’s start to be obligatory in this range also for its members.
<u>MANAGEMENT BOARD'S BEST PRACTICES</u>			
32	With the company’s interests in mind, the management board sets out the strategy and the main objects of the company’s operations and submits them to the supervisory board. The management board is responsible for implementation and performance. The management board sees that the company’s management system is transparent and effective and that its business is conducted in accordance with legal regulations and best practice.	Yes	Management Board, being governed by Company’s interest, creates strategy of Company’s activity and submitted it for acceptance to Supervisory Board. Management Board is responsible for its initiate and execution.
33	When making decisions on corporate issues, management board members should act within the limits of justified business risk, i.e. after considering all information, analyses and opinions, which, in the reasonable opinion of the management board, should be taken into account in a given case in view of the company’s interest. When determining the company’s interests, the long-term interests of the company’s shareholders, creditors and employees should be kept in mind, as well as those of other entities and persons co-operating with the company, also the interests of the local community.	Yes	Management Board carefully analyses taken activities and decisions. Management Board members do their duties with care and with the best using of their knowledge as well as their life’s’ experiences.

34	In transactions with shareholders and other persons whose interests affect those of the company, the management board should act with the utmost care to ensure that the transactions are carried out at arm's length.	Yes	Base to estimate transaction value with shareholders as well as with other persons, which businesses influenced on Company's interest, is market price, when is known, and in the case when is unknown, transactions are reached under conditions established in according to marketing criteria.
35	A management board member should always be loyal to the company and avoid actions, which could lead to the advancement of his own material interests only. If a management board member receives information about the opportunity to make an investment or another advantageous transaction relating to the company's objects, he should put this information immediately before the management board to be reviewed in terms of the company taking advantage of it. Such information may only be used by a management board member or passed on to a third party with the consent of the management board and only if it does not infringe on the company's interests.	Yes	Management Board adopted mentioned announcement accepted included rules.
36	A management board member should treat his shares in the company and its dominant companies and subsidiaries as a long-term investment.	Yes	Management Board members who have Company's and subsidiaries shares treat it as a long-term investment.
37	Management board members should inform the supervisory board whenever a conflict of interests arises, or if there is a risk of a conflict of interests arising in connection with the function performed.	Yes	Management Board members are obligated to inform Supervisory Board on every interest conflict in according to their fulfilling duties or on possibility of it.

38	<p>The remuneration of management board members should be set on the basis of transparent procedures and principles,</p> <p>taking into account its incentive nature and ensuring effective and smooth management of the company. The remuneration should correspond to the size of the company's business enterprise, should be in reasonable relation to business results, and be related to the scope of liability in a given function, taking into account the level of remuneration of members of management boards in similar companies on a similar market.</p>	Yes	<p>Payment of Management Board consists of fixed part and changing part, the last one depended on Company's financial results.</p>
39	<p>The total amount of all management board members' remuneration, as well as the remuneration of individual members, with a breakdown of its various elements should be disclosed in the annual report together with information on the procedures and rules applied to determine it. If the amount of the remuneration of individual members of the management board significantly differs, it is recommended that a relevant explanation be published.</p>	Yes	<p>Total value of remuneration of all Management Board members and each Management Board member individually is disclosed in Annual Report.</p> <p>Differences at the amount of payment resulted only from fulfilling functions and are connected with duties range.</p>
40	<p>The management board should lay down in the by-laws principles and procedures for operating and allocating powers. These principles should be clear and generally available.</p>	Yes	<p>Rules and mode of work as well as division of competence of Management Board members is included in organizational Company's Regulations.</p>

BEST PRACTICES IN THE SCOPE OF RELATIONS WITH EXTERNAL INSTITUTIONS AND PERSONS

41	When selecting an auditor, the company should ensure that he will perform the tasks entrusted to him impartially.	Yes	Entity, who will be Company's auditor, is chosen in a way to guarantee impartiality of realization given tasks.
42	In order to ensure an impartial opinion, the company should change its auditor once every five years at the least. The change of auditor should also be understood as a change in the individual carrying out the audit. Additionally, over a long period of time the company should not use the services of the same auditing entity.	Yes	Agreement signed with auditor is reached every year, after choosing by Supervisory Board.
43	The auditor should be selected by the supervisory board on the recommendation of the audit committee, or by the general meeting on the recommendation of the supervisory board containing the audit committee recommendation. If an auditor other than the one recommended by the audit committee is chosen by either the board or the general meeting, detailed reasons should be given. Information on the selection of an auditing entity together with the relevant justification should be disclosed in the annual report.	Yes	Company's Supervisory Board chooses auditing entity. Information on auditor choosing is included in Annual Report.
44	The current auditor or the auditor auditing the annual accounts of the company or its subsidiaries in the period under examination cannot act as a special purpose auditor for the same company.	Yes	Company obeys rule, that auditor for special purpose can't be an expert who is auditor in Company or in subsidiary companies. A special purpose auditor has not been appointed in Company so far. However, Company declares that in the case of such situation, when a special purpose auditor is appointed, Company will obey the rule, that a special purpose auditor cannot act as an expert auditing the annual reports of the company or its subsidiaries.
45	A company should acquire its own shares in such a way that no group of shareholders is privileged.	Yes	Company purchased so far own shares for redemption. Purchasing was made without privilege of any shareholders groups.

46	The company's statutes, its basic internal regulations, information and documents related to general meetings, and its financial statements should be made available in the company's registered office and on its website.	Yes	Company's Statute, basic internal regulations, information and documents connected with GSMs, as well as financial reports are available in Company's headquarter and on its Web site.
47	A company should have appropriate media relations procedures and regulations and an information policy ensuring coherent and reliable information about the company. The company should, in compliance with legal regulations and to safeguard its interests, make information on its current operations and business standing available to media representatives and allow them to attend general meetings.	Yes	Management Board do its best to make available to media reliable information on current company's activities, Company's economical situation, with taking into consideration, that informational duties of a securities' issuer executes according to regulations resulted from the Act on Trading in Financial Instruments, the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies. Company enable media to participate in GSM. To realize these duties properly, Company has Spokesperson, who together with media represents established proceedings and rules of mutual contacts.
48	In its annual report, a company should include a statement to the effect that corporate governance standards are applied. Any departure from these standards should also be publicly explained.	Yes	Company obeys Good Practises in public companies 2005 regulations, currently in force on Warsaw Stock Exchange and made this announcement.