

The Qumak-Sekom SA Supervisory Board's 2008 Annual Report

Following the rule described in the Chapter III point 1 of the Good Practices *in* Public Companies Quoted on WSE, the Qumak-Sekom's SA Supervisory Board hereby presents the Supervisory Board's 2008 Annual Report including its committees work and the Supervisory Board's valuation. The present report includes also brief Company's standing valuation including the internal control system as well as the risk management system valuation significant for the Company.

The Supervisory Board's activity in 2008

Qumak-Sekom's SA Supervisory Board with headquarters in Warsaw acts pursuant to the law and Company's Charter based on its By-laws. Pursuant to the paragraph 19 of the Company's Charter, the Supervisory Board constantly supervises the Company's activity.

The Supervisory Board acting by the Audit and Remuneration Comities as well as all members, including independent ones, actively participated in the most important initiatives valuation having in mind the shareholders' businesses. Additionally, the Supervisory Board supervised the Company's standing, the budget's implementation as well as the financial targets implementation using current financial standing valuation method made on each meeting of the Board and Audit Comity.

The manning of the Supervisory Board in year 2008:

- From 2008, January 1st to 2008 March 25th.
Rafał Twarowski - Chairman of the Supervisory Board
Maciej Matusiak - Vice-chairman of the Supervisory Board
Andrzej Nehrebecki - Supervisory Board Member
Bogdan Pilch - Supervisory Board Member
Wojciech Rostworowski - Supervisory Board Member
Krzysztof Zieliński - Supervisory Board Member

On 2008, March 25th the Company received the document informing about Mr. Krzysztof Zeliński resignation of the Qumak-Sekom's SA Supervisory Board member duties. Because of this fact, the Company's General Meeting on 2008, July 24th adopted the resolution degrading the number of the Supervisory Board members and assessed it at 5.

The manning of the Supervisory Board as of 2008, December 31st:

- Rafał Twarowski - Chairman of the Supervisory Board
- Maciej Matusiak - Vice-chairman of the Supervisory Board
- Andrzej Nehrebecki - Supervisory Board Member
- Bogdan Pilch - Supervisory Board Member
- Wojciech Rostworowski - Supervisory Board Member

In previous – 2008 year took place 4 meetings of the Supervisory Board, conducted pursuant to the Supervisory Board's by-laws, additionally the Board adopted resolutions voting in writing.

On the meeting the Board discussed Company's current issues, specially:

- analyzed Company's current financial results in each quarter
- acquainted with the Management Board's periodical information concerning the current and future activates
- valued the Company's market position as well as its growth perspectives
- evaluated the financial forecasts presented by the Management Board and supervised their implementation

- supervised the Motivation program for the Qumak-Sekom's SA Management Board implementation
- analyzed Company's standing in the view of the economic crisis and monitored the action made in order to minimize its influence on the Company

Additionally the Supervisory Board, apart from the its current activity:

- analyzed and accepted the expert auditor's elected to investigate the Company's 2008 semi-annual and annual financial statement
- evaluated the Company's 2007 financial statement as well as the 2007 Business report prepared by the Management Board
- evaluated the Company and its activity in 2008
- evaluated the dates, agendas and the resolution drafts on the Company's General Meeting in 2008
- made a decision concerning the Management Board members' remunerations increase and bonuses payment for year 2007

In the frames of the Board acts:

- Audit Committee
- Remunerations Committee

In 2008 the **Audit Committee** acted in the following manning:

Rafał Twarowski and Wojciech Rostworowski

The Audit Committee's tasks specially was to recommend the Company's expert auditors as well as contacting with them upon cases concerning the financial statements. The Audit Committee familiarized with the Management Board's motion in so far as the expert auditor election and after its analyzing recommended the Pro Audit Kancelaria Biegłych Rewidentów sp. z o.o. with headquarters in Krakow to act as the expert auditor investigating the Company's 2008 annual and semi-annual financial statement. On this ground the Company's Supervisory Board, in special resolution, made a decision concerning the recommended auditor election.

Additionally, the Audit Committee supervised the Company's financial targets implementation using the following methods:

- the 2007 financial statement analysis
- the 2008 quarterly report and semi-annual report analysis
- current financial standing valuation method made on each meeting of the Board or Audit Comity.

In 2008 the Remuneration Committee acted in the following manning:

- From 2008, January 1st to 2008 March 25th.
Maciej Matusiak and Krzysztof Zieliński
- Since 2008, May 7th:
Maciej Matusiak and Bogdan Pilch

The Remuneration Committee takes care of the Qumak-Sekom's SA Management Board members remunerations issues, motivation program issues as well as the Company's Supervisory Board's members remunerations issues, it also recommended the 2007 annual bonuses for the Management Board's member payment in acknowledgement of the effects of their work in the mentioned period as well as the Management Board's members remuneration changes.

The Supervisory Board's 2008 activity valuation

The Supervisory Board positively values described above activities as well as its organization and manning. The exception the Mr. Krzysztof Zieliński's attitude, who shown lack of commitment in the Board's tasks not participating in its meetings and not delivering any extenuations. This motivated the Board to give Mr. Krzysztof Zieliński negative recommendation to the General Meeting in case of giving him an exoneration.

In 2008 the Board's members were persons having proper knowledge and work experience in the area of the management, economy and finance, as well as persons having proper knowledge from the Company's activity areas. The Board also consists of independent members, in the number allowing this body act impartially. Detailed Supervisory Board's authorities including its operating including information concerning its members are available on the Company's web site.

The Company's 2008 condition

The present valuation was prepared by the Supervisory Board based on the investigated Company's issues, the Management Board interviews held on the meeting with the Management Board's participation, the Management Board's statement and financial statement as well as the Management Board's finding concerning the 2008 profit distribution. Additionally the Supervisory Board took into account the 2008 financial statement valuation (opinion and report) prepared by the expert auditor as well as prepared by Board itself.

The Supervisory Board positively evaluates the Management Board's activity, and the Company's condition as good.

In year 2008 Qumak-Sekom SA noticed the basic operating income equals PLN 253.741 thds. In comparison to the previous year the income growth dynamics equaled 121%. 74% of total sales was the products sales, and the remaining part goods and materials sales. Analyzing the sales structure we have to stress that the significant part of the sales incomes and profits was generated on account of the Intelligent Building Technologies solutions sales (in 2008 equaled more than 50% of total sales income). Insignificantly increased the System Integration's sales from 37% in 2007 up to 40% in 2008. In turn the Business Application's department sales characterizes the highest margins.

In 2008 the Company resigned of the outsourcing services providing. Came into existence new perspective department, that provides services connected with large projects implementation (specially for corporations), concentrated mostly on the telecommunication sector. Decision concerning the resignation of the outsourcing services providing was made based on the analysts forecasts evaluating the demand for such services. This activity generated almost 5% of the previous (2008) year incomes, but ended with not significant loss deriving from the preparation period costs.

The sales incomes growth had to take effect on the total costs growth (specially sales costs), but it mostly derives from the hiring growth in sales department and contracts department. The Company's costs grew in total by 26% in comparison to the previous period.

The significant growth of the result in the operational departments (by 45%) at moderated costs growth translates to the Company's profitability growth, that exceeds 5,5%.

The Company's 2008 forecasted results, increased in December 2008, in each of the forecasted positions were exceeded.

The Company's activity in year 2008 brought net profit equals PLN 14.122 thds, that is more than in previous year by 68%.

Sales, margins growth as well as net results were achieved notably thanks to well qualified Company's sales and executive forces, big enough rolling capital dedicated to implement won projects as well as constantly improved work organization.

Year 2008 was the third one in which the Company was quoted on the Warsaw Stock Exchange and also the third one in which the Company effectively competed with other entities. The Company's achievements, its consequent growth in year 2008, as well as the dynamic improvement of the results, were reflected in Company's stock rate, that against a background of general decrease tendency connected with unstable economy, also on the IT market, decreased slower than market indexes.

Additional distinction for the Company is its nomination to the award "Bulls and Bears" of year 2008 granted by the Gazeta Gieldy Parkiet Magazine in the category "The best managed Company of year 2008". Additionally, the opinion economic magazine "Home&Market" elected the Company's President of the Management Board – Mr. Paweł Jaguś to become the member of the elite group of the managers – Walne Zgromadzenie Zarządu Polskiej Gospodarki.

The important element that allows the Company to have good perspectives, although braking economy, are eventful orders in hand in 2009. In addition the Company took some actions in order to canvass few projects connected with Euro 2012.

Internal control system and risk management system valuation

Internal control system and risk management system connected with the Company's financial statements preparation is implemented pursuant to the Company's financial statements preparation and validation procedures.

The Company prepares the financial statement pursuant to the Accounting Act of 1994, September 29th allowing of later alterations as well as pursuant to the requirements concerning the securities issuers in a fashion ensuring to educe all information significant in order to valuate Company's financial standing and state of affairs as well as its financial results and cash flow. The financial statements are prepared in the eye of the chief accountant and Vice-president of the Board, Chef Financial Officer and validated by the Company's Management Board. Thereafter the financial statement is verified by the independent auditor – expert auditor choose by the Supervisory Board resolution (covers annual and semi-annual reports). Once a year the Supervisory Board evaluates the Company's financial statements in so far as its compatibility with the books and documents, as well as actual state of affairs and the Management Board statement (in the financial year). The shareholders are informed about the valuation results, the fact that the Board members are independent guaranties the impartiality. The accepted account rules are applied constantly that allows financial statements comparability.

Additionally, the Supervisory Board's meeting is attended by the Management Board members, who informs about current Company's standing and the budget implementation level.

The Company has a Quality Management System based on the standard EN ISO 9001:2000.

The Supervisory Board positively evaluates the Company's internal control system as well as risk management system.

The Supervisory Board is satisfied of the Management Board's members work and commitment. Handing the present report, the Supervisory Board will motion to give positive recommendation to the Qumak-Sekom's SA Management Board from it's activity in year 2008.

Warsaw, 2009, May 7th

The Company's Supervisory Board:

1. Rafał Twarowski _____

2. Maciej Matusiak _____

3. Andrzej Nehrebecki _____

4. Wojciech Rostworowski _____