

Statement on the application of corporate governance.

1. Indication of a set of corporate governance rules, under which the issuer acts, and the place where the text of a set of rules is publicly available.

a) To whom the issuer is subject to:

"Good Practices of Listed Companies on WSE"

- Division II Best Practices of the boards of listed companies
- Division III Best Practices of members of supervisory boards,
- Chapter IV Best Practices of the shareholders.

b) The application, which RADPOL SA could decide voluntarily:

"Best Practices of WSE Listed Companies"

- Chapter I Recommendations concerning good practices of Listed Companies.

c) the place where the text of the Statement of Principles is publicly available:

The set of corporate governance, "Best Practices of WSE Listed Companies" is publicly accessible on **www.corpgov.gpw.pl**. This is the official website of the Stock Exchange in Warsaw devoted to issues of corporate governance (www.corp-gov.gpw.pl/assets/library/polish/dobrepraktyki2007.pdf).

2. A description of changes in the statutes or articles of association of the issuer

To change the statute, the resolution of the general meeting and an entry in the register of entrepreneurs in the National Court Register is required.

The Supervisory Board of RADPOL SA has the power to establish uniform text of the amended statute or amendment of an editorial set out in the meeting's resolution.

3. Indication of shareholders holding, directly or indirectly significant number of shares along with an indication of the number of shares held by the Shareholders, their percentage of the share capital, voting rights arising from them and their percentages of the total number of votes at the general meeting.

The ownership structure of large blocks of shares of RADPOL SA at 31-12-2009.

Name	Number of shares	Share in capital (%)	Number of votes at the General Meeting	Share in the total number of votes at the General Meeting
Tar Heel Capital R LLC	5 470 835	22,84	5 470 835	22,84
Grzegorz Bielowicki	3 031 572	12,66	3 031 572	12,66
Marcin Wysocki	3 031 572	12,66	3 031 572	12,66
BZ WBK AIB AM, including BZ WBK AIB TFI	2 300 425	9,60	2 300 425	9,60
ING Nationale-Nederlanden OFE	1 814 854	7,58	1 814 854	7,58
Aviva Investors Poland S.A. (former Commercial Union Investment Management (Poland) S.A.)	1 340 649	5,60	1 340 649	5,60
Commercial Union Specjalistyczny Fundusz Inwestycyjny Otwarty	1 298 858	5,42	1 298 858	5,42

In 2010 until the publication of the report the following changes were made in the shareholding structure (based on the number of blocked shares on the EGM on 19.02.2010)

Shareholding structure of RADPOL S.A.	Number of shares	Share in capital (%)	Number of votes at the General Meeting	Share in the total number of votes at the General Meeting
Tar Heel Capital R LLC	5 481 029	22,88	5 481 029	22,88
Grzegorz Bielowicki	3 031 572	12,66	3 031 572	12,66
Marcin Wysocki	2 431 572	10,15	2 431 572	10,15
ING Nationale-Nederlanden OFE	1 814 854	7,58	1 814 854	7,58
Funds managed by BZ WBK AIB Asset Management S.A.(ARKA BZ WBK AKCJI FIO, ARKA BZ WBK ZRÓWNOWAŻONY FIO, LUKAS FUNDUSZ INWESTYCYJNY)	2 230 000	9,31	2 230 000	9,31
Funds managed by Aviva Investors Poland S.A.	1 950 825	8,14	1 950 825	8,14
Funds managed by PKO Towarzystwo Funduszy Inwestycyjnych S.A. Warsaw	1 205 452	5,03	1 205 452	5,03
RADPOL S.A. (buyback of shares for redemption - Agreement of General Meeting of Shareholders of 21-04-2008)	500 884	2,09	500 884	2,09
Other shareholders	5 305 422	22,16	5 305 422	22,16
TOTAL:	23 951 610	100,00	23 951 610	100,00

All shares issued by RADPOL SA are ordinary bearer shares.

4. Indication of the holders of any securities with special control rights and a description of those rights.

RADPOL SA did not emit securities with special control rights and the shares issued by RADPOL SA are ordinary shares.

5. Indication of any restrictions on voting rights, such as limiting the voting rights of shareholders of a given percentage or number of votes, deadlines for exercising voting rights, or systems according to which, with the cooperation of the company, the rights attaching to securities are separated from the possession of securities.

There are no restrictions.

6. Indication of any restrictions on the transfer of ownership of securities of the issuer.

There are no restrictions on the transfer of ownership of securities. In accordance with Resolution No. 1916 of Shareholders Meeting of RADPOL SA of 21 April 2008 on the authority of the Board to acquire own shares for redemption, the Company may not acquire its own shares in the transaction packet from the shareholders: TAR HEEL CAPITAL R LLC, Mr. Marcin Wysocki and Mr. Grzegorz Bielowicki.

7. Information on the extent to which the issuer departed from the provisions of the code of corporate governance, an indication of these provisions and clarification of the reasons for this withdrawal and the manner in which the issuer intends to remove the possible consequences of not applying the rules or what steps it intends to take to reduce the risk of not applying the rules in the future.

In 2009 permanently or temporarily the following rules were not used:

- Rule No. 1 of Chapter I: *"The company should maintain a transparent and effective information policy, both through traditional methods and with the use of modern technology to deliver security and broad access to information. The company, using these methods of communication to the best possible extent should ensure appropriate communication with investors and analysts, to allow transmission of the general meeting by use of the Internet, record proceedings and publish it on a website."*

The company did not have broadcasts of the general meeting in 2009 using the Internet, but it was registered and made available on the Company's website.

- Rule No 1 pt. 6 of Chapter II: *"The company manages the corporate web site and publishes on it:*

(...) 6) the annual reports of the Supervisory Board, including the work of its committees, including the by the assessment of work of the supervisory board provided by the Supervisory Board and the system of internal control and risk management relevant to the company. (...) "

The Supervisory Board of RADPOL SA prepares an annual reports on its activities in a given year, but did not take into account the work of its committees, due to the fact that in the Supervisory Board of RADPOL SA no Committees were created.

- Principle 7 of Chapter III: *"The supervisory board should establish at least an audit committee. The committee should include at least one independent member of the company and the entities with significant connections with the company, with expertise in accounting and finance. In companies where the board consists of minimum number of members required by law the, the task of the committee may be exercised by the supervisory board."*

On 9 December 2009 the Supervisory Board adopted a resolution under which the duties of the audit committee have been attributed to the entire Supervisory Board and the decision is consistent with that principle, since the Supervisory Board of RADPOL SA consists of 5 members. Company informed of that fact in the current report No. 38/2009 of 10 December 2009.

- Principle 8 of Chapter III: *"In terms of tasks and the functioning of the committees of the supervisory board Annex I to the European Commission Recommendation of 15 February 2005 on the role of non-executive directors should be used (...)"*.

This rule in 2009 was not implemented because committees did not function within the Supervisory Board. However, given the assignment by the Resolution of the Supervisory Board on 9 December 2009, the tasks of the audit committee, the Supervisory Board, the Company provides for the application in 2010 of Annex I - Recommendation of the European

8. Mode of action of the general meeting and its key powers, and a description of the rights of shareholders and the manner of their execution, in particular those arising from the Regulations of the General Meeting where such rules have been passed, unless the information in this regard does not arise directly from the law.

a) Mode of activity of the general meeting:

General Meeting of RADPOL SA (GM) operates in accordance with the Commercial Companies Code (CCC), Articles of Association and Rules of Procedure of the General Meeting of the Company RADPOL SA. may be ordinary or extraordinary, and may be held in the Company's headquarters or in Warsaw. Plenary meeting is open and maintained until the election of the President of the general meeting, the chairman of the supervisory board (in his absence, Vice Chairman, Chairman of the Board or any other person designated by the Board). Chairman of the General Meeting directs the deliberations, to decide on procedural and technical matters and is empowered to interpret the rules of the general meeting of the Company RADPOL SA. The General Meeting may decide on the choice of Scrutiny Committee, which ensures the proper conduct of voting, supervises and checks the voting and announces the results. The Meeting shall decide on the form of resolutions which are adopted in an open voting or secret ballot. Resolutions of the General Meeting shall be undertaken by an absolute majority except in cases for which the law provides for stricter requirements.

In 2009, a meeting was convened:

27-04-2009 - the Ordinary General Meeting of RADPOL SA, 11 shareholders were present (65.08% of shareholding structure of RADPOL SA), which represented 15,587,883 shares.

The Chairman opened the deliberations of the AGM of the Supervisory Board - Mr. Grzegorz J. Bielowski - who ordered to report candidates for the President of the Meeting. For this function one candidate has been declared who, in a secret ballot (15,587,883 votes were cast 14,277,883 votes for him with no votes against and 1,310,000 abstentions) was elected Chairman of the Meeting.

Resolutions adopted at the Meeting and other documents can be found on the website of RADPOL SA.

b) The principal powers of the general meeting.

Among the fundamental rights of the General Meeting of RADPOL SA, it should:

- Consider and approve the report of board of the company,
- Review and approve financial statements for the previous financial year,
- Give vote of acceptance to the members of the Board and the Supervisory Board on the performance of their duties,
- Adopt a resolution regarding profit distribution or coverage loss,
- Identify the date as of which the list of shareholders entitled to dividends shall be done
- Define the date of dividend
- Establish the rules for redemption of shares of the Company,
- Create capital to cover losses and expenses,
- Decide on the use of capital reserve
- Appoint and dismiss Board and Supervisory Board,
- Determine the principles of remuneration of Supervisory Board Members,
- Change the object of the Company.

c) The rights of the shareholders.

The rights of shareholders and:

- The right to request the convening of the Extraordinary General Meeting and put certain issues on the agenda of this meeting - this right is granted to a shareholder or shareholders who represent at least 1 / 20 of share capital, ie they have at least 1,197,581 shares of RADPOL SA

- The right to participate in the General Meeting - have only those who are shareholders of RADPOL SA 16 days before the date of the general meeting (record date) and who provide the Company with a certificate of right to participate in the general meeting,

- Exercising voting rights at the General Meeting - one share gives right to one vote at general meetings. Shareholder, may exercise the right to vote in person or by proxy and the shareholder who is not a natural person can vote by a person authorized to make declarations on its behalf or by proxy,

- Equal treatment for all shareholders - RADPOL SA publishes information on convening the meeting in the Court and the Economic and make public a report of the current date, place and agenda and draft resolutions of the General Meeting on the dates specified by law. Furthermore, information about the Company's general meeting can be found at:

www.radpol.com.pl,

- The right to request specific matters in the agenda of the next general meeting - this right is granted to a shareholder or shareholders who represent at least 1 / 20 of share capital, ie has at least 1,197,581 shares of RADPOL SA

- The right to submit draft resolutions relating to matters on the agenda or matters which are to be placed on the agenda - this right to a shareholder or shareholders who represent at least 1 / 20 of share capital, ie they have at least 1,197,581 shares of RADPOL SA

In addition, each shareholder at the general meeting may submit draft resolutions on matters on the agenda,

- The right to ask questions - each shareholder has the right to ask questions concerning matters contained in the agenda. Board members and at least two board members participate in the deliberations of the general meeting to answer questions asked by shareholders. If at this meeting financial affairs of the Issuer are discussed, there always is an auditor present.

9. Composition and changes that have occurred there over the last year, and a description of the governing bodies, supervising or administering the issuer and their committees.

a) Board of RADPOL SA

Board of RADPOL SA may consist of 1 to 3 persons appointed for the joint three-year term by the General Meeting. In 2009, the Board was composed of a double act:

- Chairman of the Board - Andrzej Sielski, as of 01-01-2009 - still,
- Vice Chairman of the Board - Grzegorz Malczyk, from 01-01-2009 - still.

Board conducts the Company and operates under the Commercial Companies Code, the Statute of RADPOL SA, resolutions of the Supervisory Board and the General Meeting, the Rules of the Board and generally applicable laws.

Board held 15 meetings in 2009 and took resolutions without formal meetings by voting.

During the year, in addition to conducting the Company's activities, the Board also dealt with:

- Creating RADPOL Capital Group SA,
- Making investments.

b) The Supervisory Board of RADPOL SA

The Supervisory Board of RADPOL SA may consist of from 3 to 7 persons appointed for the joint three-year term by the General Meeting. In 2009 the Supervisory Board has acted in the following composition:

- Chairman of the Board - Grzegorz J. Bielowicki, from 01-01-2009 - still,
- Vice Chairman of the Supervisory Board - Zbigniew Janas, from 01-01-2009 - until present,
- Secretary of the Supervisory Board - Tomasz Firczyk, from 01-01-2009 - until present,
- Supervisory Board - Tomasz Kapliński, from 01-01-2009 - until present,
- Supervisory Board - Marcin Kowalczyk, from 01-01-2009 until 02-12-2009
- Supervisory Board - Krzysztof Kurowski, from 01-01-2009 - until present.

The Supervisory Board exercises permanent supervision over the activities of companies in all areas of business. Rights and obligations of the Council shall define the relevant provisions of law, particularly the Commercial Companies Code and the Statute of RADPOL SA. Manner of convening and holding of meetings and adopting resolutions of the Supervisory Board is set out in rules of RADPOL SA. The Supervisory Board shall meet at meetings at least once per quarter in the fiscal year. Supervisory Board meetings shall be convened by the President on their own initiative or at the request of any member of the Board or at the request of the issuer, expressed in writing. Council meeting may take place without a formal convocation, if all members of the Supervisory Board participate in it. Resolutions of the Supervisory Board are passed by simple majority. The Supervisory Board may delegate its members to comply with each individual supervisory activities. At each meeting of the Supervisory Board in 2009, the Board was invited, which presents, inter alia, financial situation and the course of the Company's investment works.

The Supervisory Board has cooperated with the Board of the Company on:

- The timing and agenda of general meeting
- Preparation of draft resolutions and the opinion of the meeting,
- Works related to the acquisition process,
- The choice of an auditor to review financial statements and audit financial statements of the Company.

c) Committees

On 9 December 2009 the Supervisory Board adopted a resolution by which the full duties of the Audit Committee are transferred to the whole Board.

10. Description for the appointment and dismissal of managers and their powers, in particular the right to decide whether to issue or buy back shares.

Board of RADPOL SA appoints and dismisses the general meetings of the issuer.

In accordance with Resolution No. 20 of Shareholders Meeting of 27 April 2009 on the amendment of Resolution No. 16 of the General Meeting of Shareholders of RADPOL SA based in Człuchów of 21 April 2008 on the authority of the Board to acquire own shares for redemption, the Board of RADPOL SA is required and authorized to take all factual and legal actions necessary to acquire own shares of the Company in accordance with the contents of this resolution. In accordance with this resolution the General Meeting of 28 September 2009, the Board adopted a resolution on an amendment to the share buyback program, according to which the share acquisition will be completed no later than on 31 December 2011.

The Company may acquire no more than 2 371 209 own shares, but in any case, acquired own shares will give the right to exercise no more than 9.9% of the total number of votes at the general meeting. The total amount of funds allocated for the purchase of own shares is not more than 14 227 254.00 PLN and a purchase price per share will not be higher than 6.00 PLN and can not be less than 1 grosz per share.

Number of own shares purchased on 31 December 2009 amounts to a total of 500,884 units, representing 2.09% of share capital of RADPOL SA

11. Description of the main features of the issuer's internal control and risk management in relation to the process of preparing financial statements and consolidated financial statements.

The system of internal control and risk management in relation to the financial reporting process is implemented in the Company by the procedures in force concerning drawing up and approving financial statements. The financial statements are compiled by financial and accounting services under the supervision of the Chief Accountant of the Company, and the final content is approved by the Board. The financial statements approved by the Board shall be verified by an independent auditor - the auditor elected by the Supervisory Board. Then, the Supervisory Board assesses the Company's audited financial statements for compliance with the books and documents as well as to the facts and the result of this assessment is transferred to shareholders in report handed in to the General Meeting.

Statutes of RADPOL SA and Regulations of the Board are available on the website of the Issuer: www.radpol.com.pl

Vice-Chairman

Chairman

Grzegorz Malczyk

Andrzej Sielski