

Report of the Audit Committee – a body of the Supervisory Board of Fabryka Farb i Lakierów Śnieżka SA for 2012

There is an Audit Committee operating at the Company on the basis of the Rules and Regulations adopted by a resolution of the Supervisory Board No. VII/58/2010 of 16 September 2010.

The most important tasks of the Audit Committee include: supervision over the functioning of the internal audit system in the Company, monitoring the Company's accounting on a regular basis, intermediating between an external auditor and the Supervisory Board as well as preparation of a draft report of the Supervisory Board.

Composition of the Audit Committee of the Supervisory Board appointed on 26 August 2011:

- Zbigniew Łapiński – Chairman
- Anna Pater – Member
- Jerzy Pater – Member
- Stanisław Cymbor – Member
- Stanisław Mikrut – Member
- Dariusz Orłowski – Member

No changes in the composition of the Audit Committee of the issuer occurred throughout 2012.

Zbigniew Łapiński is a Member of the Audit Committee meeting the conditions of independence, duly qualified in the area of accounting and financial review as stipulated in the Act on Auditors, their Self-Government, Entities Authorised to Audit Financial Statements and on Public Supervision of 7 May 2009 (Journal of Laws No. 77, item 649).

In 2012, like in previous years, Members of the Supervisory Board delegated to perform supervisory activities independently exercised ongoing supervision over particular departments of the Company. Annex I to the European Commission Recommendation of 15 February 2005 on the role of non-executive directors is applied to tasks and operations of the Audit Committee being a body of the Supervisory Board of FFiL Śnieżka SA.

The Audit Committee recommended the Supervisory Board to choose Ernst&Young Audit Sp. z o.o. as an entity authorised to review and audit the financial statements of FFiL Śnieżka SA for 2012.

There is still a function of the Company Auditor in the Company, whose task includes carrying out audits upon request of the Management Board or in reply to enquiries of the Supervisory Board. These audits result in reports being drafted; in 2012 no significant irregularities and non-compliance with the documentation were observed. These reports also contain conclusions relating to organisational and technical procedures and suggested changes. The supervision over companies being parts of the Śnieżka Capital Group was exercised in 2012 by the Corporate Governance Office.

Signatures:

- 1. Łapiński Zbigniew Chairman of the Audit Committee**
- 2. Pater Anna Member of the Audit Committee**
- 3. Cymbor Stanisław Member of the Audit Committee**
- 4. Mikrut Stanisław Member of the Audit Committee**
- 5. Pater Jerzy Member of the Audit Committee**
- 6. Orłowski Dariusz Member of the Audit Committee**