

**REPORT
ON APPLICATION OF
CORPORATE GOVERNANCE RULES
FOR THE FISCAL YEAR ENDED DECEMBER 31ST, 2008**

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PART I.

Indication of the corporate governance rules that were not applied by the Issuer, with indication of circumstances and reasons of this for certain rule, and how the company wants to remove potential effects of not applying of certain rule or what steps it intends to make, to decrease the risk of not applying of certain rule in the future.

As entity registered in Cyprus, the Company is obligated to follow Cyprus law regulations, and to corporate governance rules prepared according to the Cyprus law and contained in its Articles of association. However, due to the fact that the Company is not listed in Cyprus, it is not obligated to apply Cyprus' Stock Exchange corporate governance rules.

The Company wishes to follow Good practices in companies listed at the Warsaw Stock Exchange from year 2007 ("Good practices 2007") to the maximum possible extent and according to its Corporate Governance Statement published in 2008. In this document, published on August 30, 2008 the Company indicated practices that are not applicable or are not introduced in the Company and reasons of such situation. There were no changes in the corporate governance area since the date of publication of this document.

Additionally, application of some of the rules was dependant from the Company corporate structure. In example, the Company does not posses separate governing bodies (Supervisory Board and Board), which is required in case of Polish public companies. However, the Company's Board of Directors consists of both executive and non-executive directors, and their role reflects roles of the board and supervisory board members in polish public company. In effect, Good practices 2007' rules regarding relations between the supervisory board and the board, are not directly applicable to the Company, while it makes all efforts to comply with the meaning of these regulations. Additionally, application of some of the rules might be limited due to Cyprus law regulations, many differences between Polish and Cypriot law system, and due to rules, procedures and practice of operations within the Company.

PART I OF THE GOOD PRACTICES 2007

RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES

Rule 4. *Where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded.*

Answer: This rule is non-aplicable. The Company is listed only at Warsaw Stock Exchange.

PART II OF THE GOOD PRACTICES 2007

BEST PRACTICE FOR MANAGEMENT BOARD OF LISTED COMPANIES

Rule 3. *Before a company executes a significant agreement with a related entity, its Management Board shall request the approval of the transaction/agreement by the Supervisory Board. This condition does not apply to typical transactions made on market terms within the operating business by the company with a subsidiary where the company holds a majority stake. For the purpose of this document, the linked entity shall be understood within the meaning of the Regulation of the Minister of Finance dated 19 October 2005 concerning current and periodic reports submitted by issuers of securities.*

Answer: This rule is non-aplicable as the company has only one Board of Directors.

PART III OF THE GOOD PRACTICES 2007

BEST PRACTICE FOR SUPERVISORY BOARD MEMBERS

Rule 1. *In addition to its responsibilities laid down in legal provisions the Supervisory Board should:*

- 1) once a year prepare and present to the Ordinary General Meeting a brief assessment of the company's standing including an evaluation of the internal control system and the significant risk management system;*
- 2) once a year prepare and present to the Ordinary General Meeting an evaluation of its work;*
- 3) review and present opinions on issues subject to resolutions of the General Meeting.*

Answer: This rule is non-applicable. There is no supervisory board. The Directors and Auditors report together with the accounts are available to shareholders before the holding of the Annual General Meeting. A copy of every set of financial statements which is to be laid before the Company in an Annual general meeting, together with a copy of the Directors' and Auditors' report, shall be sent to every shareholder of the Company not less than twenty-one days before the date of the meeting.

***Rule 8.** Attachment I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors... should apply to the tasks and the operation of the committees of the Supervisory Board.*

Answer: This rule is non-applicable. Companies formed under Cyprus laws do not have a supervisory board or management board Instead of that Board of Directors exists.

***Rule 9.** Execution by the company of an agreement/transaction with a related entity which meets the conditions of section II.3 requires the approval of the Supervisory Board.*

Answer: This rule is not introduced. Execution by the company of an agreement/transaction with a related entity which meets the conditions of section II.3 of the Code requires the approval of the Supervisory Board.

PART IV OF THE GOOD PRACTICES 2007

BEST PRACTICES FOR SHAREHOLDERS

***Rule 4.** A resolution of the General Meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting it or obligate the competent body to set it before the date of subscription rights within a timeframe enabling an investment decision.*

Answer: This rule is non-applicable. The Board of Directors makes the decision regarding issue of shares.

PART II.

Description of the General Shareholders Meeting's way of action and its main powers, shareholders' rights and rules of its execution.

Actions of Asbis Enterprises Plc's Shareholders' Meeting

Meeting of Shareholders acts on the basis of Asbisc Enterprises Plc Statute passed on the resolution of General Meeting of Shareholders from April 27th, 2007.

Shareholders who supplied to the Company deposit certificates at least two days before the date of the General Meeting of Shareholders, and who will not take these certificates back before the end of the Meeting, and members of the Board of Directors, are entitled to take part in the Meeting (such Directors are not entitled to vote, unless they are shareholders). Additionally, the Board of Directors may invite guests and experts to take part in the General Meeting of Shareholders as observers (§ 2).

After presentation of all session's points, Chairman of the General Meeting of Shareholders will open discussion and will give voice to speakers in the order they submitted their will to speak. After acquiring approval of the General Meeting of Shareholders, some of the session points may be given under common discussion (§ 11.1).

Members may speak only on session's issues that are discussed at the particular moment (§ 12.1).

Each shareholder has right to ask questions on each point of the session agenda (§ 13).

Coming under limitations of situations mentioned in the Company's Statute, or in the Cyprus Company's Law, resolutions of the General Meeting of Shareholders are accepted by the ordinary majority of given votes (§ 18).

Voting will be conducted by raising hand, and in case of participation by phone or other telecommunication connection, by oral declaration, under the condition that voting is not required (before or during the declaration of the result of hand voting, or by oral declaration):

(a) by Chairman; or

(b) by at least three Members present in person or by proxy; or

(c) by Member or Members present in person or by phone, or other telecommunication connection, or by proxy, representing not less than 10% of total votes of Members with right to vote at the Meeting; or

(d) by Member or Members present in person or by phone or other telecommunication connection, who possess shares in the Company entitling right to vote on the Meeting,

that are shares for which paid amount of capital equal to amount not less than 10% of total amount paid for shares giving such right, was paid.

Main rights of the General Meeting of Shareholders

The General Meeting of Shareholders is the Company's body exercising the highest power in the Company. Each company, according to the Cyprus law, must conduct at least one General Meeting of Shareholders, called Annual General Meeting of Shareholders. All other General Meetings, apart the Annual General Meeting of Shareholders, are called Extraordinary General Meeting of Shareholders. Main issues that the General Meeting of Shareholders decides are:

1. review and approval of financial report and board report from the capital group operations in last fiscal year
2. division of earnings
3. granting exoneration the the Company's Board members for execution of their duties and approval of the Board annual report
4. change of the subject of the Company operations
5. change of the Statute, including increasing or decreasing the share capital
6. calling and removing of members of the Board of Directors
7. generally, each issue introduced to the agenda by the Board of Directors or shareholders who possess 10% of shares in the Company

Shareholder's rights and way of its execution

According to the Cypriot Act on Companies and to the Company's Statute, between other shareholders have right to:

1. Shareholders who represent at least 10% of issued Company's shares can ask the Board of Directors to call the Extraordinary General Meeting of Shareholders.
2. To vote on General Meetings of Shareholders.
3. To participate in dividend announced by the General Meeting of Shareholders after recommendation of the Board of Directors.
4. To call members of the Company's Board of Directors.
5. To review and to possess copies of the Company's annual financial statements.
6. To express their opinion on each issue included in the agenda of General Meeting of Shareholders.

PART III.

Membership and rules of action of the Company's governing and supervising bodies and its committees in the year ended December 31st, 2008.

ASBISc Enterprises PLC's Board of Directors actions

The range of competences of the Board includes managing of all aspects of the Company business, except issues described by the Cyprus Company's Law and the Company's Statute, which are competences of the General Meeting of Shareholders. The scope of responsibility and duties of the Board, with principles of operations, are described in the Statute. Defined executive members of the Board of Directors manage the range of the Company operations prescribed to them. The non-executive member of the Board are independent and are not employed by the Company.

Directors may delegate their rights to committees consisting of such member or members of the body, which they recognize as appropriate; all committees formed in this way, during execution of the power delegated to them will act according all rules that may be imposed to them by directors,.

The Board of Directors' members in the year ended December 31st, 2008:

Name	Year of birth	Function	Appointed to the Board	Nationality
John Hirst	1952	Non-executive Chairman	4 September 2006	British
Siarhei Kostevitch	1965	Chief Executive Officer	30 August 1999	Belarussian
Marios Christou	1968	Chief Financial Officer	28 December 2001	Cypriot
Constantinos Tziamalis	1975	Director of Credit & Investor Relations	23 April 2007	Cypriot
Laurent Journoud	1970	Director, Executive Vice-President Sales and Marketing	26 June 2003	French
Paul Swigart	1969	Non-executive Director	4 September 2006	American
Henri Richard	1958	Non-executive Director	31 January 2008	French

During the year ended December 31st, 2008, the Board of Directors had conducted a total number of six formal meetings. Main purpose and issues discussed during those meetings were:

- Discussion and approval of interim reports and financial statements (including 2007 annual report, 2008 six months report, 2008 Q1, Q2 and Q3 reports)
- Discussion on latest developments of the Company
- Discussion over share performance on WSE
- Decision of payment of dividend for 2007
- Decision of delisting from AIM
- Approval of budget for the year
- Application of corporate governance rules
- Reappointment of auditors
- Change of the Company secretary
- Action marketing plan
- Investor Relations Plan going forward
- Review of the Board role and effectiveness

Additionally to formal meetings, Directors were in constant contact regarding the Company business.

During the year ended December 31st, 2008, the Audit Committee - comprising John Hirst, Paul Swigart (both non-executive Directors) and Siarhei Kostevitch, chaired by John Hirst - had conducted a total number of two meetings. Issues discussed on the Audit Committee meetings were then presented to the Board of Directors.

There were no specific reason to call formal meeting of remuneration committee - comprising John Hirst and Paul Swigart (both non-executive Directors), chaired by Paul Swigart – therefore any issues were discussed directly during the Board of Directors meetings.

During the year ended December 31st, 2008, the Nomination Committee - comprising of John Hirst, Paul Swigart (both non-executive Directors) and Siarhei Kostevitch, chaired by John Hirst - had conducted one meeting, discussing reelection of members of the Board of Directors in 2008. Issues discussed on the Nomination Committee meeting were then presented to the Board of Directors.

PART IV.

Description of main characteristic of internal control and risk managing systems applied in the company regarding to the process of preparation of financial statements.

The evaluation of effectiveness of internal control and risk management system introduced in the Group by the Board of Directors, is responsibility of the committee for risk management. This system enables managing risks connected with not achieving of business targets, but it does not fully eliminate it. However, it secures the Company to an important extent from material errors in financial reporting and material losses.

Following procedures belong to the key elements of this system:

- a) Internal audit reports functionally to the Board of Directors. Internal audit plan is annually evaluated by the Audit Committee. This committee analyzes also reports of internal auditors.
- b) The Company regularly evaluated the quality of the control and risk management system. This process includes actualization of risk map, that allows to define and classify financial and non-financial risk factors in the Group operations. This map was created internally.
- c) Procedures for constant monitoring of important risk (legal, regulation, operating, connected with environment protection, etc.) factors were introduced, and they show main directions of operations for Internal Audit Department for risk control.

In 2008, the Company again complexively evaluated internal control process in the Group regarding financial reporting. Main weakness in the internal control process, both in projecting and effectiveness, were identified and removed, or proper reconstruction actions were introduced. Following to this evaluation the Board of Directors stated that as of December 31st, 2008 there were no weaknesses, that may materially affect on the effectiveness of internal control regarding financial reporting.

Internal auditors present to the Audit Committee information about imperfection of control mechanisms found during the audit of financial statements. All recommendations arising from review of risk managing procedures and internal control mechanisms are analyzed and gradually introduced.