

[the zone of great potential]



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Success is the maximal use of available possibilities.

Zig Ziglar*

For over 15 years Katowice Special Economic Zone has shown how to share opportunities, proving at the same time that cooperation is a faster and easier way to mutual benefits.

Excellent location of KSEZ, well-developed infrastructure and transportation network, availability of qualified staff is the guarantee of rapid progress and profits. KSEZ supports its investors and offers excellent conditions for development.

We invite you to familiarise yourself with our offer and proposed forms of support. You shall appreciate how one of the biggest business-industrial centres in central-eastern Europe is being established. Find out and join the best!

Our potential is sufficient for everyone.

* an excellent American motivational speaker

• Potential of the area

• LOCATION

The majority of investment sites within KSEZ is concentrated in the south of Poland in the Silesian Voivodeship, however the zone covers also sites in Opole and Lesser Poland voivodeships. In terms of location, communication, education, human resources and speed of development these are the places of exceptionally high investment potential.

[Silesian Voivodeship]

Area	12,294 km ²
Number of inhabitants	4.7 mn
Density of population	377 persons/km ²
Number of urban centres	69





Within 600 kilometres of Katowice are located the capital cities of six countries: Berlin, Vienna, Prague, Bratislava, Budapest and Warsaw. Katowice is excellently located in terms of logistics and transport.

The Silesian Voivodeship is the crucial region in Poland. It holds second place in the country in terms of GDP (Gross Domestic Product 2007-2010). Here is the biggest urbanised area in Central-Eastern Europe - **Silesian Conurbation** (3.5 mn inhabitants). The average density of population in this area is 1900 persons/km².

The conurbation has a very well developed transport infrastructure. The urban centres within the conurbation are connected with state roads and the **A4 motorway**, which facilitates transport inside and outside the conurbation.

The voivodeship is famous for its dynamically developing **international airport in Pyrzowice**, which every year operates more flight connections and serves more passengers. Within the last 10 years the total passenger traffic has grown 12 times! Currently it's the 3rd biggest airport in Poland in terms of the number of passengers served. What is more, a smaller airport is located not far from the city centre of Katowice, currently adapted to operating smaller air-traffic, mainly business flights..

There is an **inland port** located in Gliwice, one of the elements of the **Silesian Logistic Centre**. It is regarded as the most modern and the most comprehensive inland port in the country.

The **International Logistic Centre in Sławków** should be mentioned, this wide gauge terminal links Sławków via Hrubieszów and Lviv with Ukraine and Russia and further with the Far East.



In the conurbation centre lies the capital of the voivodeship- Katowice. It is the main city of the Upper Silesian Industrial Basin as well as of the Metropolitan Association of Upper Silesia. A positive influence on the development perspectives of the city is its location in the heart of the large, urbanised region consisting of 16 urban centres with nearly 3 million inhabitants. The location, well-developed technical infrastructure and availability of qualified staff, make Katowice an ideal place for companies from BPO, IT and R&D sectors. An undisputed advantage of the city is the possibility of company location in office buildings covered by KSEZ status, which additionally increases viability of potential investment.

• Labour force

Human resources of the voivodeship are appreciated both by Polish and foreign employers. Employees are typified by highly developed work culture, knowledge and significant experience.

The future cadre is recruited from several dozen universities, higher schools, institutes of technology and academies, as well as trade schools. Number of higher schools in Silesia constitutes 9.97% of all higher schools in the country (2nd place in region ranking). More than 200 thousand people are educated in these schools.

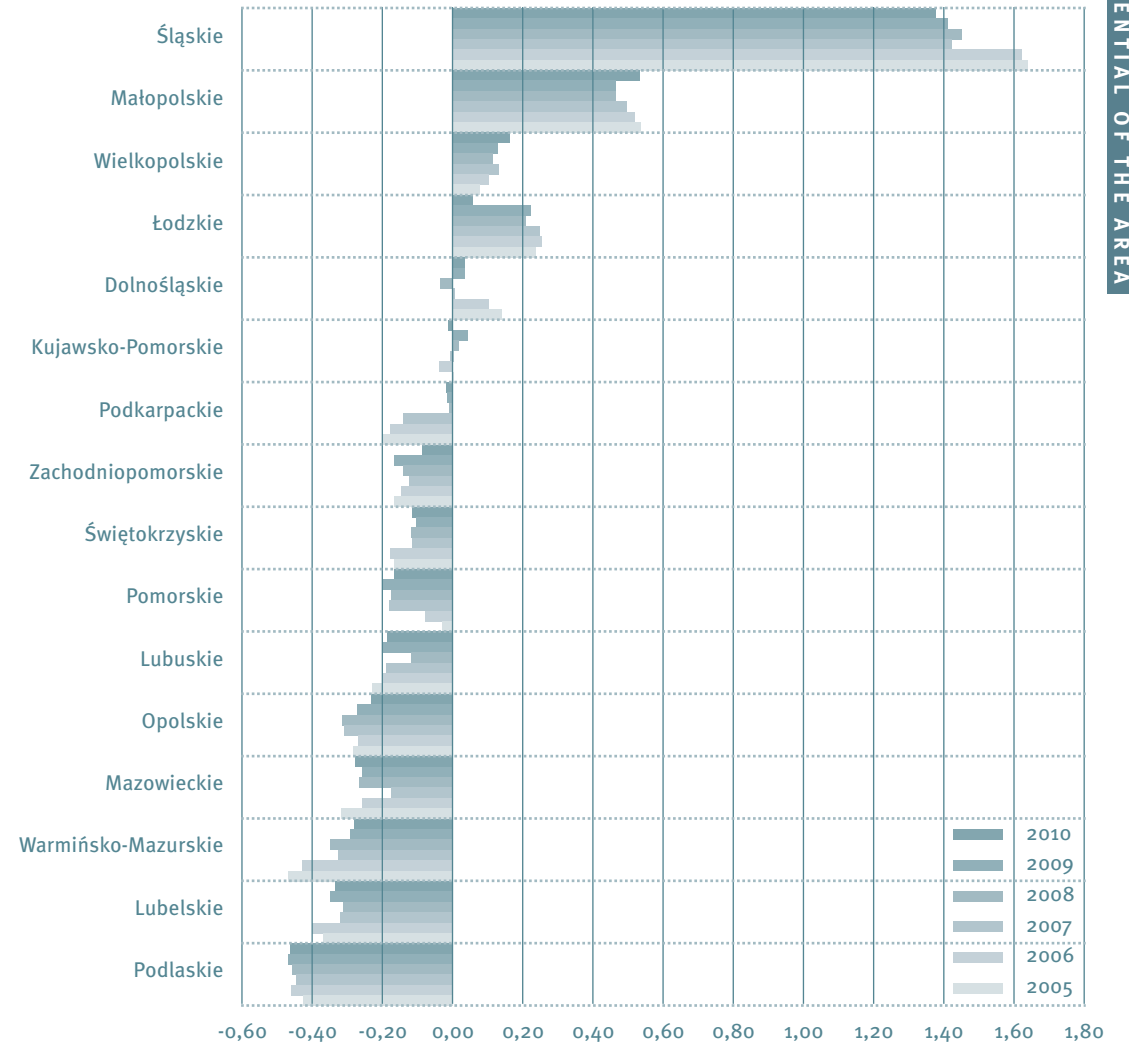
Education in the vivodeship

- 279 comprehensive schools (GB secondary schools/ US high schools)
- 138 profiled schools (GB secondary schools/ US high schools)
- More than 900 technical and vocational colleges
- 44 higher education schools (including 1 university, 3 institutes of technology, 15 schools of economics, 1 medical academy [since 2007 Medical University of Silesia], 16 higher vocational schools and others).



One of the largest universities in Poland is the Silesian University of Technology, which currently educates 32,000 students. It consists of 12 departments i.e. Architecture, Robotics, IT& Electronics, Building Industry. Students may also study in the university branches located in Katowice, Zabrze and Rybnik.

Evaluation of voivodeships in terms of labour costs and resources (according to IBnGR)



According to ranking created by Gdańsk Institute for Market Economics for years 2005-2010, the Silesian voivodeship excels in the amount of human resources (employment, number of qualified employees, graduates) as well as in labour costs (guaranteeing profitability of investment).

• Industrial centre of Poland

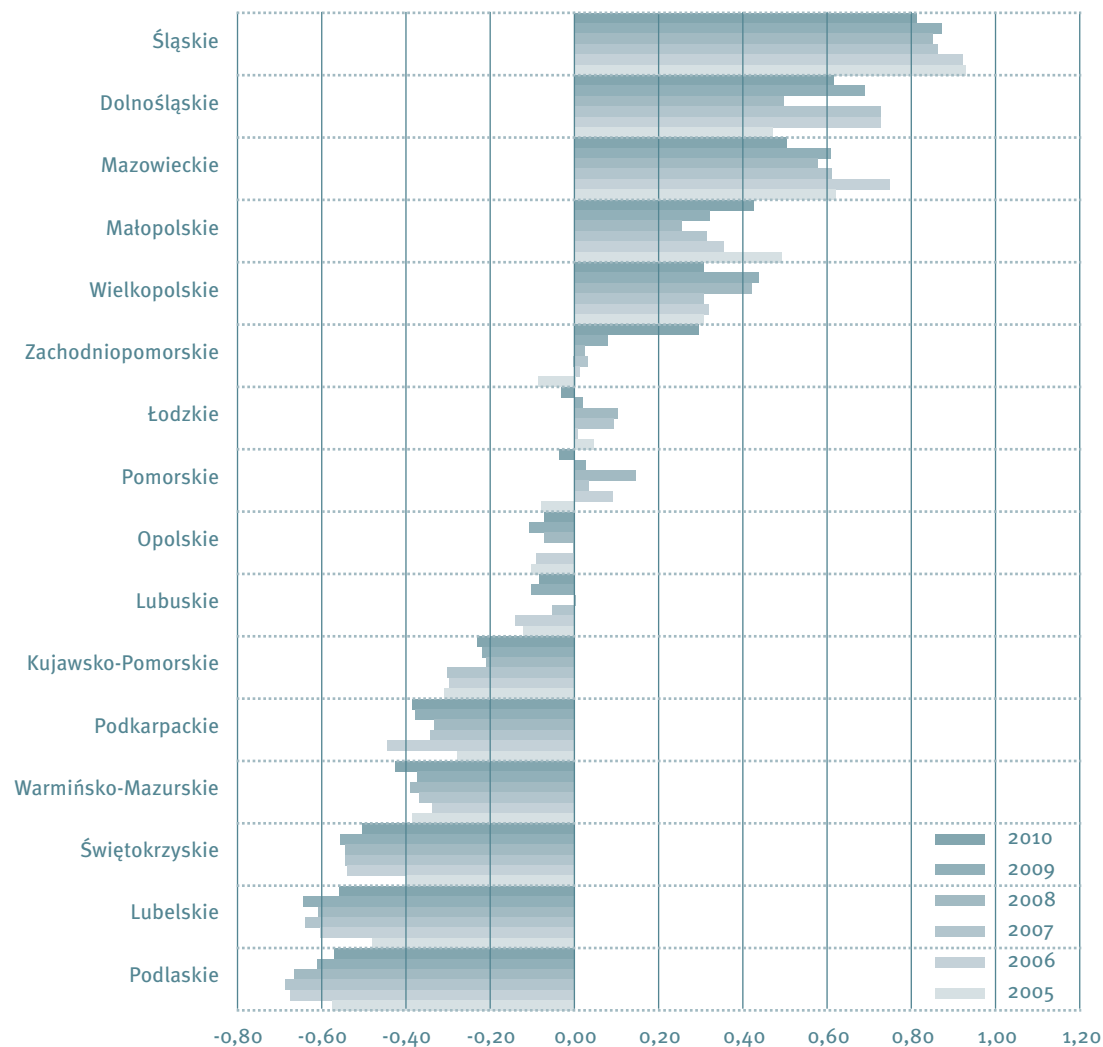
Due to strong representation of investors and industrial investments, the Silesian voivodeship has been regarded as the industrial centre of Poland.

On the basis of the heavy industry tradition, in the region have developed auxiliary services connected with its support, primarily the machine and electro-machine industry. The position of power, IT and food industries is growing, and the automotive industry has already become a leading sector in the region. Currently Silesia is the biggest producer of cars in Poland.

Foreign investors operating in the Polish market regard this market as stable, developing and attractive. In this context it is the Silesian voivodeship that is at the top of the analysis presented in the report of The Ministry of Regional Development “Investment Attractiveness of Voivodeships and Regions in Poland 2010”.



Evaluation of voivodeships in terms of investment attractiveness (according to IBnGR)



The Silesian voivodeship turned out to be the best voivodeship in terms of resources and work costs, sales market as well as economic and social infrastructure.

[Opole Voivodeship]

Area	9,412 km ²
Number of inhabitants	1.3 mn
Density of population	110 persons/km ²



• Transport network

Logistic and transportation structure of the voivodeship is very well organised and each communication option- land, air, water- is easily accessible.

Opole Voivodeship is located in the south of Poland, between the Lower Silesian and Silesian Voivodeships. It is adjacent to the Czech Republic as well as the Łódzkie Voivodeship and Greater Poland Voivodeship.

The **A4 motorway** runs through the voivodeship connected with a well-developed road network. In the region there is also a well-developed railway network, planned to be included in the **Trans-European Railway Network**. The **River Oder** is a natural transport route in the region-it runs from the harbour in Koźle in the south of the voivodeship to the village of Lipki on the border with Lower Silesia Voivodeship.

There are **four international airports** in the vicinity of the region.



• Education and industry

Opole Voivodeship offers a variety of educational opportunities and specialities.

The main academic centre is Opole, home to the Opole University, the Technical University of Opole, the State Medical Vocational School and the School of Management and Administration, which altogether educate over 31,000 students. Two other higher education institutions in the Region are the State Technical Vocational School in Nysa and the School of Humanities and Pedagogy in Brzeg. Besides, many satellite branches of the country's universities have been established in other towns of the Region.

In the region are located the following scientific institutes:

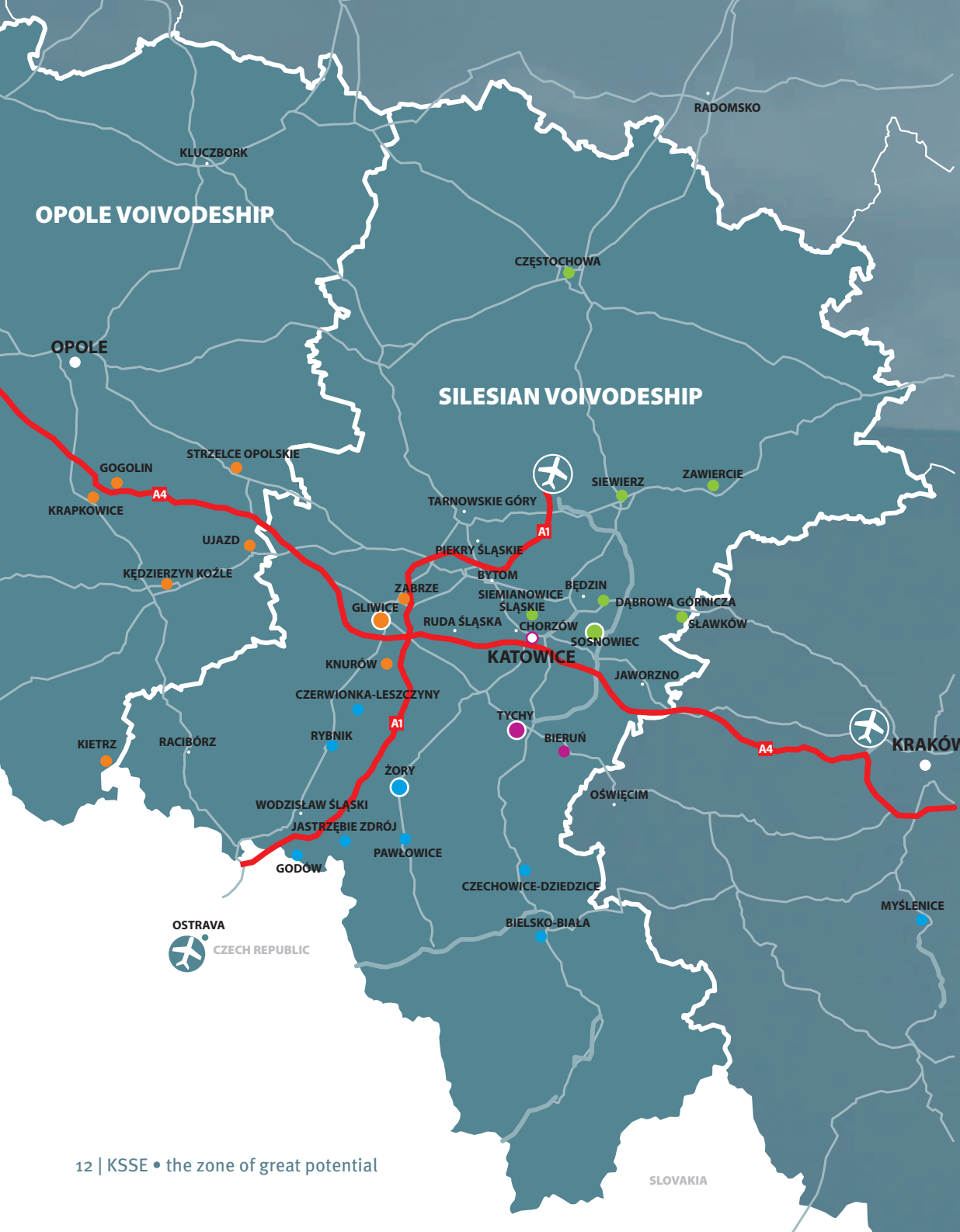
- Institute of Mineral Building Materials
- Institute of Heavy Organic Synthesis "Blachownia"
- Public Scientific Institute - Silesian Institute



Specialised operating staff and scientific teams have proved to be very effective in the main investment sectors. The most important industrial sectors in the region are:

- food product sector
- oil sector
- chemical sector
- cement-limestone sector
- electro-mechanical sector
- steel sector
- furniture sector





→ The zone potential

[KSEZ CO.
– leader's profile]

The Katowice Special Economic Zone Co. (KSEZ Co.) was established by the Ordinance of the Council of Ministers of the 18th of June 1996 (Journal of Laws No. 88 item 397 with later amendments) in order to support and accelerate the restructuring processes and create employment within the region.

The Katowice Special Economic Zone is a dispersed zone. Most of the sites are situated in the vicinity of international routes: east-west (Lviv-Wrocław-Berlin) and north-south (Gdansk-Cieszyn-Ostrava-Vienna), and junction of A1 and A4 motorways.

The Zone comprises of four subzones:

- the Gliwice Subzone
- the Jastrzębie-Zdrój and Żory Subzone
- the Sosnowiec and Dąbrowa Górnicza Subzone
- the Tychy Subzone

Initially, it covered 800ha. The expansion and development of investment areas were possible due to active operations of KSEZ and engagement of municipal authorities.



Currently, the total area of the Zone is over 2000 ha located in over 45 different sites. Such an arrangement enables investors to find the most suitable location.



• Operations and results

Achieved results have placed us on leader's position among polish special economic zones for many years. The strong point of our work is a network of closely connected operations, which in total always produce excellent results.

Our main tasks:

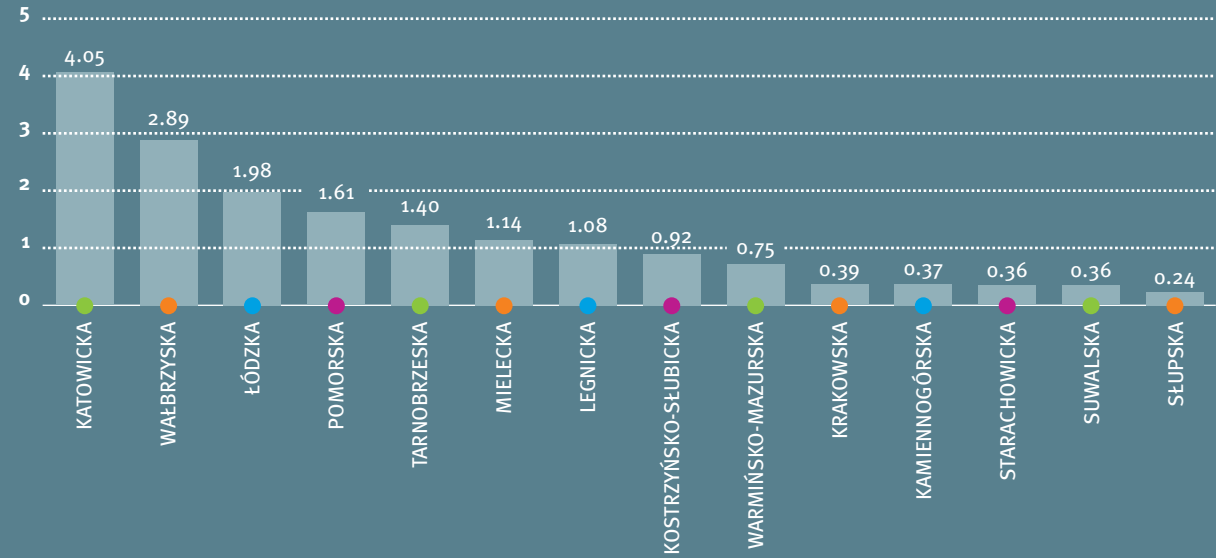
- promotion of the region and searching for new investors;
- sales of properties included in the Zone;
- granting the permits to run business activity within the Zone that give the right to income tax relief;
- help investors run their business activity – legal and tax advisory service.

Supporting tasks:

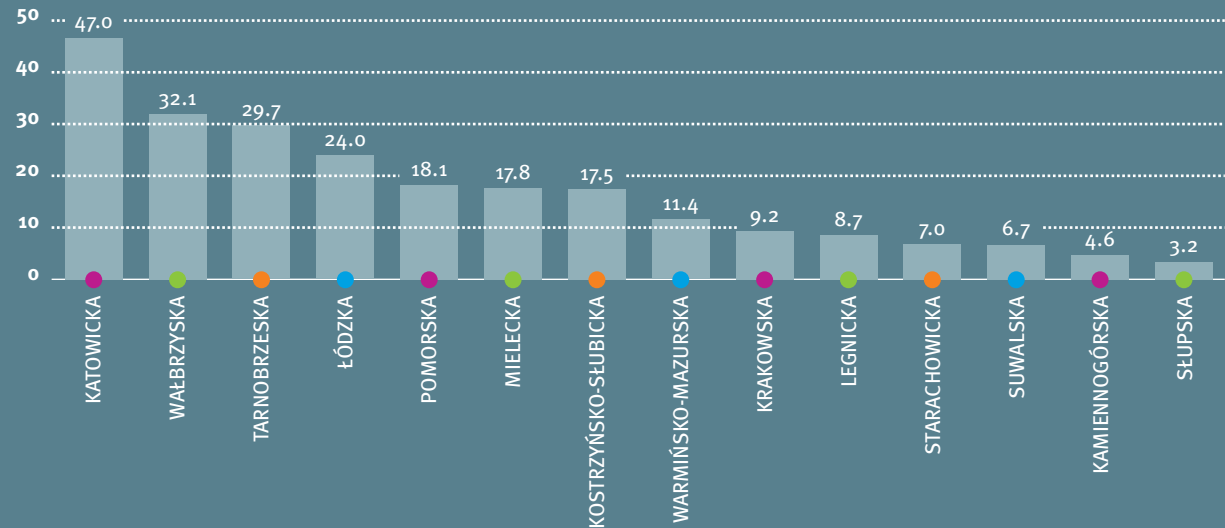
- active mediation in property market dealings in the Zone surroundings;
- consulting services and training related to special economic zone operation;
- maintaining the database of potential contractors, as a support for the investments to be carried out within KSEZ;
- “one-stop-shop” (comprehensive investor support);
- office and storage space rental;
- support in the scope of regional cooperation;
- human resource consulting and human resource training provided by the Personnel Development Centre in the Tychy sub-zone;
- services in scope of occupational medicine.

Our strategy aimed at long-term and multidimensional cooperation with investors is characterized by exceptional effectiveness. It's confirmed by the presence of over 200 companies in the zone that decided to establish their production plants, BPO/IT and R&D units investing around EUR 4 billion and creating over 47 000 new jobs.

Value of investment in SEZ (EUR billion)



Number of created work places in SEZ (thousands)



Source: Ministry of Economy



[Investors' profiles]

KSEZ already achieved its first serious success in the first year of operation (1996).

We managed to acquire a great investment – GM Opel car plant in Gliwice sub-zone. Currently, the factory employs almost 3000 persons. It is recognised as the best Opel plant in terms of quality and productivity. The investment has great importance for Gliwice and the region.

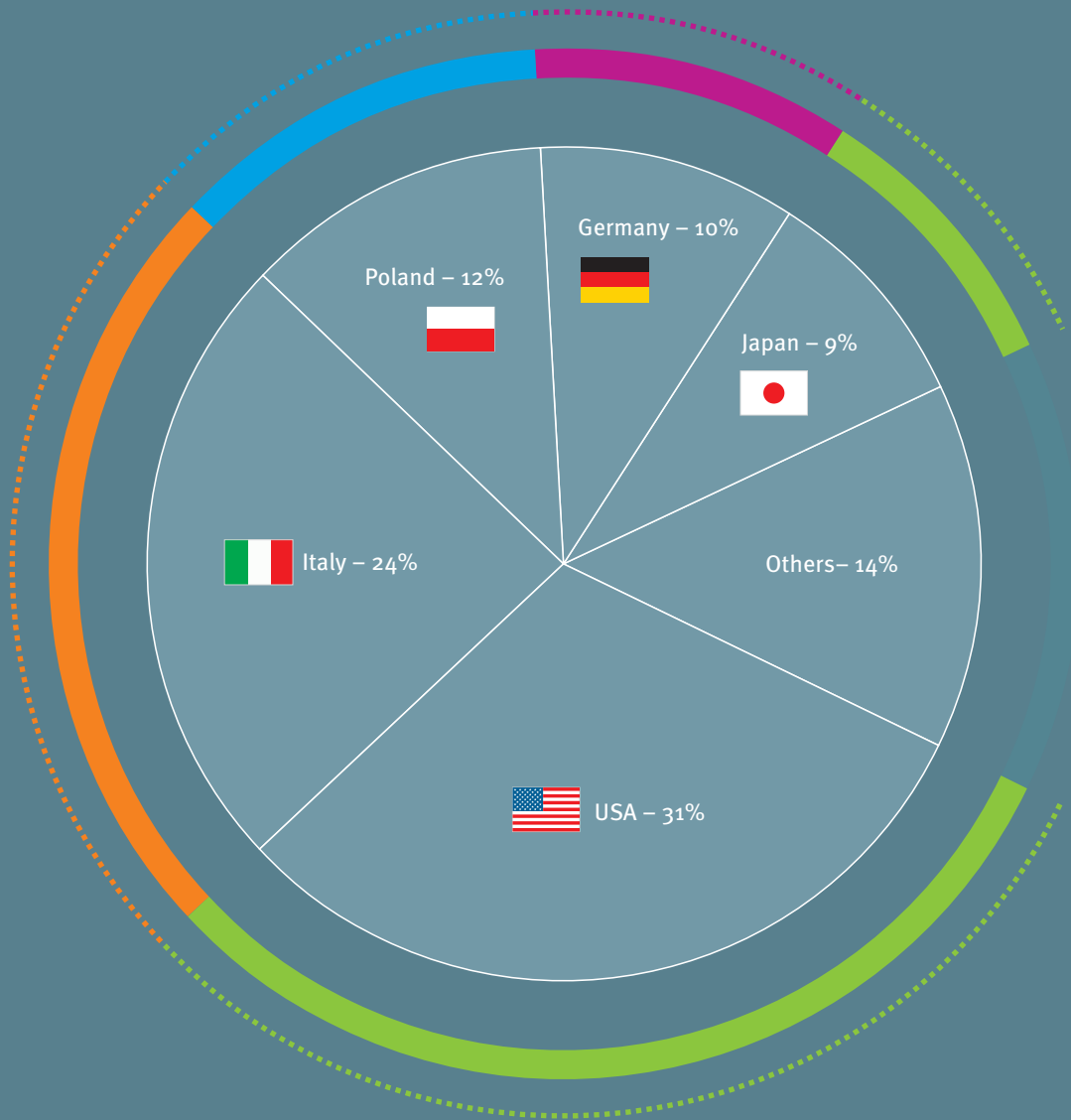
Opel has opened the way to further investments from automotive sector. At the same time new companies and new methods of production have appeared:

- **Fiat GM Powertrain** and **Isuzu Motors** – modern diesel engines plants;
- **TRW Poland** (seat belt and airbags factory, R&D and financial services centres);
- **Roca** – Spanish producer of sanitary ceramics;
- **Guardian** – glassworks “float” type – American investment of over EUR 140 mn;
- **NGK Ceramics** – production of filters used in automotive industry - Japanese investment of over EUR 210 mn.













Percentage share of industrial sectors in the total investments within KSEZ.



Investments sources in KSEZ



Others:

-  France – 3%
-  Spain – 3%
-  Austria – 3%
-  Sweden – 0.9%
-  Denmark – 0.8%
-  UK – 0.7%
-  Canada – 0.6%
-  Portugal – 0.6%
-  Belgium – 0.6%
-  Switzerland – 0.6%
-  Korea – 0.1%
-  Netherlands – 0.1%

[Zone's successes - investors successes]

According to our clients' opinion KSEZ is the exceptionally friendly place for investors. This opinion is confirmed by KPMG "Special Economic Zones" reports.

In the latest edition of the report from 2010 96% of the companies evaluate KSEZ as good and very good. 100% of questioned entrepreneurs would recommend the zone to their contractors or business partners as the appropriate place for locating their investment. 2/3 of investors operating within Polish SEZs plan new investment within the zones in the next 2-3 years.



TRW Poland obtained a permit to run business activity within the Katowice Zone in 2006.

Krzysztof Szwedkowicz, member of the board at TRW Poland, while being awarded the prize for “The one who transforms Polish industry” by the Polish Society for Supporting Enterprise, remarked: “The fact that we are in the zone means we can channel most of our funds to developing new technologies. Otherwise we probably wouldn’t have landed many of our new projects. I am very pleased with my employees, especially the engineering staff. Our success in Poland is also confirmed by the fact that investments made are as twice as big as planned. What is more, the level of employment is higher by a few hundreds. KSEZ also has a share in our success, we value its professional and reliable staff highly.”



In 2011 **General Motors Manufacturing Poland** plant in Gliwice was recognised as the most effective plant of the concern in Europe. This results from an audit conducted in 7 European plants of the concern.

The attractiveness of KSEZ is confirmed by our business partners' opinions.

Partner of Deloitte Central Europe, Tomasz Konik: "...in my opinion the main factor of KSEZ's success are the people employed there and their attitude towards investor. Within the existing law KSEZ always search for the most profitable solutions for investor. What's more investor is being looked after also after being granted permit to run business activity within the zone. It results in the fact, that rising percentage of investment projects within KSEZ consist in reinvesting profits by existing zone's enterprises. And there's no better publicity than satisfied investor, who invest more. The zone, thanks to its innovative approach to investors has surely become a part of positive investment climate in Poland."

The director of tax department in Ernst& Young in Warsaw, Agnieszka Tatasiewicz "...our cooperation with KSEZ proceeds in an atmosphere of partnership. What needs to be emphasized is the contribution of KSEZ in the development of entrepreneurship as well as inflow of new investments in the region by creating advantageous conditions for investors. At the same time KSEZ is engaged into creating good practices on the ground of ambiguous zone regulations. KSEZ manage to combine the function of zone's manager with advisory and investor support.



Support potential [Rules of grantic public aid in KSEZ]

- Tax exemptions

Katowice Special Economic Zone is one of the tools for using public aid in Poland, which in this case is realized by periodic exemption of CIT tax.

The tax reliefs granted within the Katowice SEZ are compliant with the regulations being in force in the similar institutions operating in the European Union countries.

The income tax relief for companies investing within the Katowice SEZ:

Public aid based upon the **INVESTMENT COST:**

The total amount of public aid for big size enterprises is up to 25%* of investment costs

- MEDIUM SIZE ENTERPRISES are granted additional **10%**
- SMALL SIZE ENTERPRISES are granted additional **20%**

In case of companies different than small or medium, fixed assets which cost of purchasing is included into qualified cost should be new.

OR

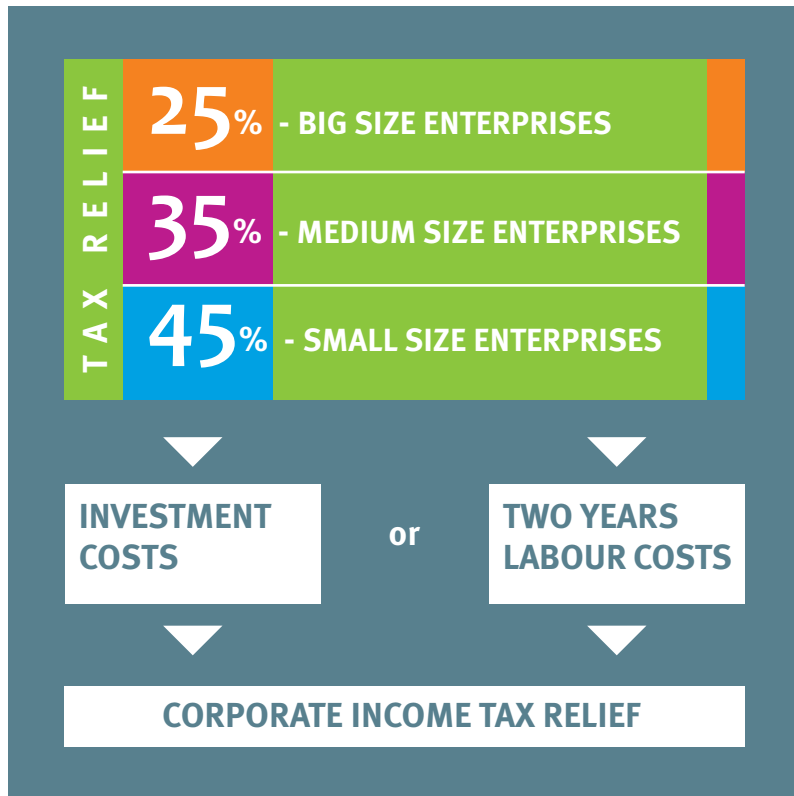
Public aid based upon the **CREATION OF NEW JOBS:**

The total amount of public aid is up to 25%* of two-year labour costs for new jobs created

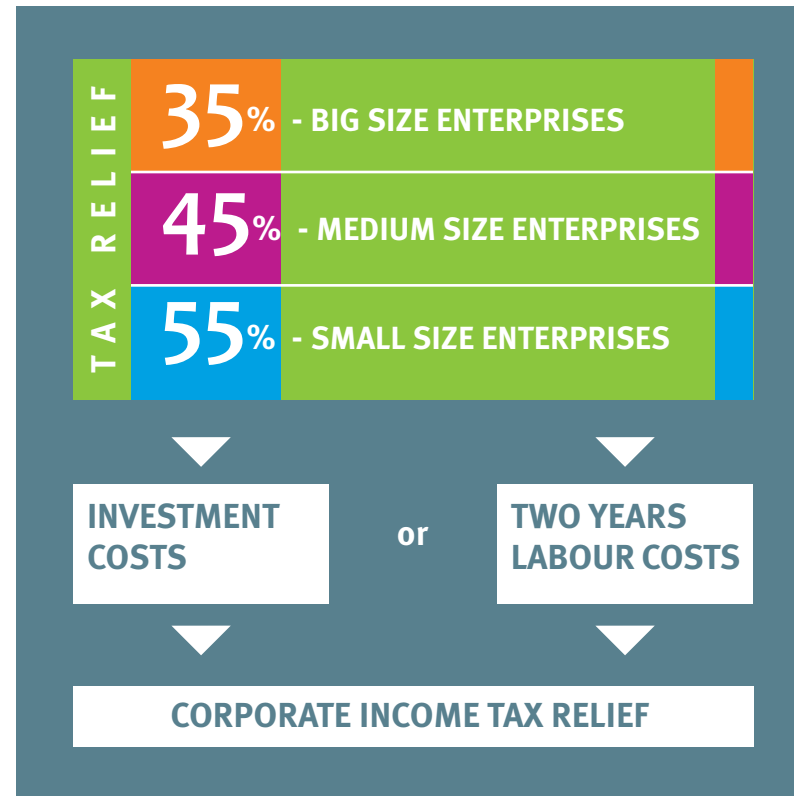
- MEDIUM SIZE ENTERPRISES are granted additional **10%**
- SMALL SIZE ENTERPRISES are granted additional **20%**

* In Opole Voivodeship public aid is increased by 10%

[Silesian Voivodeship]



[Opole Voivodeship]



DEFINITION OF COMPANIES ACCORDING TO THEIR SIZE	EMPLOYEES (1 st condition)*	AND	ANNUAL TURNOVER (2 nd condition)*	OR	ANNUAL BALANCE (3 rd condition)*
BIG SIZE ENTERPRISES	250		€ 50 mn		€ 43 mn
MEDIUM SIZE ENTERPRISES	50		€ 10 mn		€ 10 mn
SMALL SIZE ENTERPRISES	10		€ 2 mn		€ 2 mn

* condition 1 must appear together with condition 2 or 3

• Qualified investment costs

The costs qualifying for the aid shall mean costs of an investment decreased by tax on goods and services and excise tax charged, if the possibility of their deduction results from separate regulations, incurred within a special economic zone during the duration of the permit, constituting:

1. purchase price of the ownership title or perpetual usufruct right to the site;
2. purchase price or costs of manufacturing, within one's capacity, of fixed assets, provided that they are classified, under separate regulations, as elements of taxpayer's property;
3. costs of extension or modernisation of the existing fixed assets;
4. purchase price of intangible assets connected with the transfer of technology through the acquisition of patent rights, licences, know-how or unpatented technical knowledge, subject to sub-clause 2 and 3;
5. costs connected with lease of sites, buildings and structures, provided that the lease period shall be at least 5 years, and in the case of small and medium-sized enterprises – at least 3 years counting from the expected date of new investment termination;
6. purchase price of the assets other than sites, buildings and structures covered by the lease, if the lease has the form of financial leasing and covers the obligation to purchase assets upon the expiry of lease period.



[Rules of operating within the zone]



Entrepreneurs avail of public aid running business activity on the basis of valid permit. The permit consists of 2 conditions:

1. Creation of specific number of work places within KSEZ within the specified period.
2. Bearing the specified amount of investment costs within the zone within the specified period.

The date for above conditions' fulfilment is provided by investor (in accordance with KSEZ).

Newly employed employees shall mean the number of employees employed after obtaining a permit in connection with the performance of a new investment, however not later than within the period of 3 years following the completion of an investment.

The following conditions shall be met in order to obtain the right to income tax exemption:

1. preservation of ownership title to the property elements connected with investment expenditure – for the period of 5 years following their entry into fixed and intangible assets register within the meaning of income tax regulations, and in the case of small and medium-sized enterprises – for the period of 3 years, however the replacement of outdated installations or equipment due to fast pace of technological development shall not be excluded;
2. preservation of the investment in the region in which the aid has been granted for the period not shorter than 5 years following the termination of the whole investment, and in the case of small and medium-sized enterprises – for the period not shorter than 3 years.
3. maintaining declared level of employment
 - for a period of at least 5 years after completion of investment in case of big enterprises
 - for a period of at least 3 years in case of medium and small enterprises
4. submitting to KSEZ Co., simple in form and content, monthly statements including information on current level of employment as well as amount of investment costs.

KSEZ Co. conducts periodic, annual inspections in investors' companies to verify actual levels of investment costs and employment.

[Example of operating within KSEZ]

In order to present benefits for investor, who decides to run business activity within the zone, we encourage you to look at the example below.

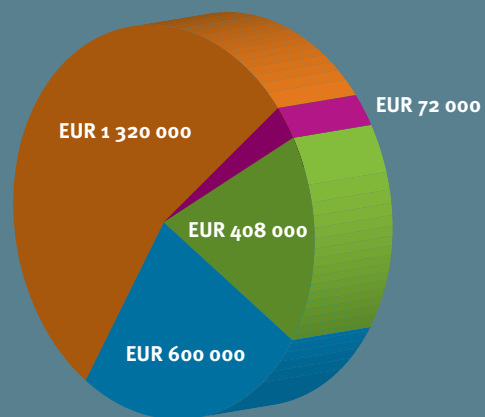
We assume that beneficiary invested EUR 2,4 mn.

Investment costs have been incurred for:

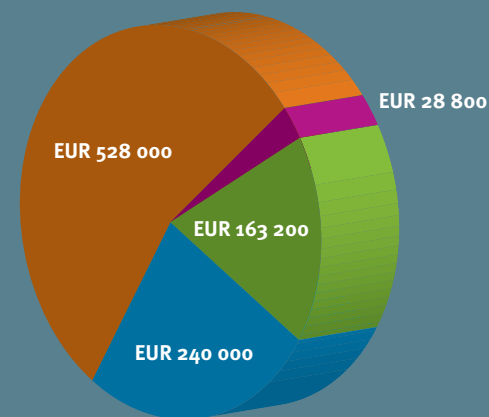
- sites
- buildings
- machinery
- intangible assets

Exemplary structure of investment in amount of EUR 2 400 000 in area of 3 ha.

- SITES
- BUILDINGS
- MACHINERY
- INTANGIBLE ASSETS



Public aid for above investment (for big company):
 $EUR\ 2\ 400\ 000 \times 40\% = EUR\ 960\ 000$





Below is presented an example of using public aid in time. According to this example the company did not pay CIT tax till the moment when amount of "unpaid tax" reached 25% of incurred investment costs, in this case EUR 2 400 000.

Assuming hypothetical profitability of assets at the level of 26.3% the company was exempt from paying CIT tax for a period of 5 years. Till the 9th year of activity it used the whole amount of public aid and in the following years was paying full CIT tax.

Use of public aid for EUR 2 400 000 investment, with the 25% public aid intensity

Year of operation	Profit (EUR)	Rate of CIT tax	CIT tax (EUR)	Tax relief (EUR)	CIT Tax to pay (EUR)	Total public aid used (EUR)
1	630 000	19%	120 000	120 000	0	120 000
2	630 000	19%	120 000	120 000	0	240 000
3	630 000	19%	120 000	120 000	0	360 000
4	630 000	19%	120 000	120 000	0	480 000
5	630 000	19%	120 000	120 000	0	600 000

It is clarified by the example above that the investor has received "compensation" of incurred investment cost to the sum of EUR 600 000.



..... contact details

For more detailed information on KSEZ please contact following numbers:

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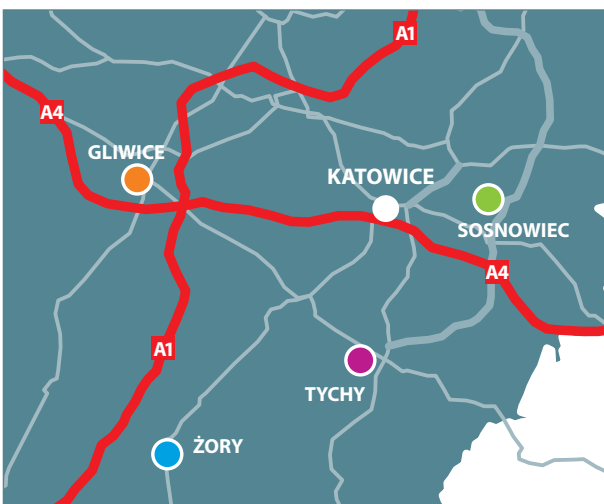
We invite you to visit our website where you may familiarise yourself with all the essential information regarding our zone as well as the investment offer.

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