



**From:** ARCUS S.A.  
**Issued on:** 23 May 2014

**Subject:** Additional materials to be presented at the Ordinary General Meeting of ARCUS S.A. Shareholders

**Current report no 11/2014**

**Legal basis:** Article 56(1) point 2 of the Act on Public Offering – Current and Periodic Information

**Report content:**

In addition to current reports No 8/2014, 9/2014 and 10/2014, the Management Board of ARCUS S.A. ('the Company') hereby discloses additional materials to be presented at the Ordinary General Meeting of Shareholders convened for 18 June 2014.



## **Annex No 1 to the current report No 11/2014**

### **Assessment of the situation of ARCUS S.A. GROUP in 2013 carried out by the Supervisory Board**

The Supervisory Board of ARCUS S.A. with its registered office in Warsaw ('the Company'), in accordance with the corporate governance rules set forth in Part 3, point 1 of the Document: 'Code of Best Practice for WSE Listed Companies', hereby discloses the report on the assessment of the situation of the Group in 2013 carried out by the Company's Supervisory Board. In the financial year 2013, the Supervisory Board of ARCUS S.A. monitored the implementation of the Group's strategy as regards:

- implementation of budget assumptions,
- the Group's development strategy,
- assessment of the internal control system and the system for the management of risk significant to the Group,
- use of the potential and effects of synergy within the Group,
- possible acquisitions of external entities,
- investing the funds held by the Group.

The analysis of the values and indicators presented in the annual financial statement as well as in the Management Board's report on Group's activities in 2013 allows to draw the following conclusions:

- the sales revenues of the Group amounted to PLN 299 152 000 and were higher by 62% comparing to previous year,
- the Group generated a profit on operating activities at the amount of PLN 2 200 000 and a net profit at the amount of PLN 1 700 000,
- net profit attributable to the shareholders of a dominant entity amounted to PLN 1 950 000,
- the balance sheet total as at the end of 2013 amounted to PLN 113 952 000.

After analyzing the Group's annual financial statement and the Management Board's report on Group's activities in 2013, the Supervisory Board observes an improvement in results in relation to the previous years.

The Supervisory Board takes a positive view of the actions undertaken by the Management Board in 2013 which had contributed to the achievement of a positive result and strengthening the efficiency as measured with EBITDA, the value of which for 2013 amounted to PLN 4 400 000.

In the reporting period, the Supervisory Board – within its competences – applied the corporate governance rules applicable to joint stock companies listed on the stock exchange and set forth in the Document: 'Code of Best Practice for WSE Listed Companies'. The Supervisory Board performed its activities in accordance with the Rules of the Supervisory Board available on ARCUS S.A. website.

The entire Supervisory Board executed a permanent supervision over the Group's internal control system as well as over the risk management system in accordance with the minimum, required by the law, composition of the Board and lack of the audit committee. Members of the Supervisory Board received from the Group's Management Board, the regular and comprehensive information on all important matters concerning the activities, risks associated with these activities and on methods of mentioned risks management.

In terms of financial statements preparation, the internal control in the Group was exercised through the activities carried out jointly by the Financial Director – Member of the Management Board (who supervised the financial and accounting policies of the Company) and the Chief Accountant. The internal control system applied by the Group is aimed at:

- ensuring the correctness of the accounting documents entered into the financial and accounting system,
- limiting an access to the system (which is associated with granted authorizations),
- adjusting the system to applied internal control procedures (with the consideration of their influence on the correctness of collected data).

Additionally, the Group applies a multi-level acceptance system for cost invoices, aimed at preventing the erroneous classification of invoices and the distortion of the financial result of the Group. The system for the control of current balances of dues applied by the

Company within the internal control processes, is aimed at preventing erroneous recognition of these items in the balance sheet. Both the half-yearly and annual financial statements, in accordance with the applicable law provisions, shall be audited and reviewed by the certified auditor. In opinion of the Supervisory Board, the above described internal control system of the Group, effectively prevents the risk of an erroneous assessment of the financial position of the Group.

The Supervisory Board verified the processes performed in the Group in terms of their compliance with the applicable laws and internal regulations. The Supervisory Board exercised the supervision, among other, over the services provided by the external auditors, particularly in terms of their independency.

### **Assessment of the risk management system**

In the risk management processes, the statutory bodies of the Group's entities shall exercise the most important functions:

- the Management Board,
- the Supervisory Board.

The Supervisory Board is kept informed on the most important decisions, gives it consent and opinions on the activities of the Management Board in this regard. Members of the Management Board shall be responsible for the individual fields of activities. Monitoring of particular types of risks shall be the responsibility of Directors of individual departments, who report directly to the Members of the Management Board. Finance Department shall coordinate the risk management processes. The Management Board analyses the threats and potential risk areas in a continuous manner as well as adopts appropriate remedial measures.

Due to the nature of operating activities carried out, the Group shall be exposed to the following types of risk:

- Currency risk. The currency risk arises from the nature of import activities with regard to the goods from EUR and USD zones which are afterwards sold on the domestic market in PLN. Management of currency risk shall particularly regard the process of optimization of the purchase of goods and services and payment deadlines.

- Interest rate risk. This risk applies mainly to minimizing the risk associated with the use of financial instruments (leasing, credit) for financing the long-term outsourcing agreements (e.g. lease of the equipment for clients). Available funds are invested in secure financial instruments with a maturity of up to one year.
- Credit risk. Credit risk primarily relates to such classes of assets as: receivables, loans granted, cash and bank deposits, short-term financial assets. Surplus cash is invested only in instruments and entities of high financial reliability.
- Liquidity risk. Managing the Company's liquidity covers the following areas: continuous monitoring of trade liabilities and receivables, cash flow forecasting.

The Supervisory Board positively assesses ARCUS S.A. Group's risk management system.

### **Assessment of the internal control system**

Current internal control in the Company is exercised in a continuous manner by the employees of all organizational units. Mentioned control concerns mainly the analysis of the compliance of decisions undertaken and operational activities performed, with the internal procedures. The internal control process is supervised by the Management Board, and exercised by the managers and directors of individual organizational units, particularly in the financial division. The activities ensuring the effectiveness of control mechanisms are being constantly undertaken by the Management Board. Areas which are likely to result in certain complications in future, are being identified in a continuous manner. In opinion of the Supervisory Board, the internal control system in ARCUS S.A. Group is functioning properly.

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| 1. Marek Czeredys – Chairman of the Supervisory Board  | ..... |
| 2. Jolanta Grus – Member of the Supervisory Board      | ..... |
| 3. Michał Słoniewski - Member of the Supervisory Board | ..... |
| 4. Sławomir Jakszuk - Member of the Supervisory Board  | ..... |
| 5. Tomasz Pelc - Member of the Supervisory Board       | ..... |

**Annex No 2 to the current report No 11/2014**

**Resolution  
of the Ordinary General Meeting of Shareholders of ARCUS S.A.  
with its registered office in Warsaw  
of 18 June 2014  
on the approval of the Supervisory Board's report on the assessment of the  
Management Board's proposal concerning the allocation of profit for the year  
ended 31 December 2013**

The Ordinary General Meeting of Shareholders of ARCUS S.A. hereby resolves to approve the Supervisory Board's report on the assessment of the Management Board's proposal concerning the allocation of profit for the year ended 31 December 2013.

**Justification:**

In accordance with the Management Board's proposal, the Supervisory Board recommends:

- allocation of PLN 0.05 per share for dividend payment for the year 2013 – with the exclusion of shares acquired by ARCUS S.A. with the purpose of their redemption,
- allocation of the remaining profit to cover losses from previous years,
- 15 July 2014 shall be the dividend record day and 1 August 2014 shall be the dividend payment day.