



From: ARCUS S.A.
Issued on: 19 May 2015

Subject: Content of the Supervisory Board's reports to be presented at the Ordinary General Meeting of ARCUS S.A. Shareholders

Current report no 6/2015

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

Report content:

In addition to current report No 5/2015 of 18 May 2015, the Management Board of ARCUS S.A. ('the Company') hereby discloses the content of ARCUS S.A. Supervisory Board's reports which will be discussed at the Ordinary General Meeting of Shareholders convened for 23 June 2015.



Assessment of the situation of ARCUS S.A. in 2014 carried out by the Supervisory Board

The Supervisory Board of ARCUS S.A. Company 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 Company in 2014 carried out by the Company's Supervisory Board. In the financial year 2014, the Supervisory Board of ARCUS S.A. monitored the implementation of the Company's strategy as regards:

- implementation of budget assumptions,
- the Company's development strategy,
- assessment of the internal control system and the system for the management of risk significant to the Company,
- potential acquisition of external entities, financed with the funds obtained from the IPO,
- investing the funds obtained by the Company from the public issue of shares until the accomplishment of the issue objectives.

The analysis of the numbers and indicators presented in the annual financial statement as well as in the Management Board's report on the Company's activities in 2014 allows to draw the following conclusions:

- the sales revenues of the Company amounted to PLN 126 300 000 and were lower by 56% comparing to previous year,
- the Company generated a negative result on operating activities at the amount of PLN 6 700 000 and a net loss at the amount of PLN 3 960 000,
- the balance sheet total as at the end of 2014 was equal to PLN 105 374 000.

After analyzing the Company's annual financial statement and the Management Board's report on Company's activities in 2014, the Company's Supervisory Board states that the assumptions for the reporting period were not fully executed. Company's situation has worsened slightly, which was caused by prudent policy on raising revenues and one-offs in the form of high write-downs on receivables and inventories.

Due to accumulated revenues generated in 2013, in the subsequent year, that is 2014, a decline in sales was noted, but the company managed to achieve an increase in sales profitability.

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 Company'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 Company'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 Company was exercised through the activities carried out jointly by the Financial Director – Member of the Management Board (who supervises the financial and accounting policies of the Company) and the Chief Accountant. The internal control system applied by the Company is aimed at:

- ensuring the correctness of the accounting documents entered into the financial and accounting system of the Company,
- 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 Company 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 Company. 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 Company, effectively prevents the risk of an erroneous assessment of the financial position of the Company.

The Supervisory Board verified the processes performed in the Company 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 Company shall exercise the most important functions:

- the Management Board,
- the Supervisory Board.

The Supervisory Board is kept informed on the most important decisions and 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 the Company's 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. Financial 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 Company 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 market shall particularly refer to 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. 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 shall be mainly associated with 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 department. 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. is functioning properly.

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



**Report of the Supervisory Board on the assessment
of the separate financial statement of ARCUS S.A. for the financial year ended 31 December 2014
and the Management Board's report on ARCUS S.A.
activities in 2014**

1. Assessment of the separate financial statement for the year 2014

Pursuant to Art. 382.3 of the Commercial Companies Code, the Supervisory Board of ARCUS S.A. has carried out the assessment of:

- the separate financial statement for the year 2014 prepared in accordance with the International Financial Reporting Standards, consisting of:

1. statement of financial position prepared as at 31 December 2014 with total assets and liabilities of PLN 105 374 000;
2. profit and loss account for the period of 1 January 2014 – 31 December 2014 with a net loss at the amount of PLN 3 958 000;
3. statement of comprehensive income for the period of 1 January 2014 – 31 December 2014, with total income of PLN -3 767 000;
4. statement of changes in equity for the period of 1 January 2014 – 31 December 2014, disclosing a decrease in equity by the amount of PLN 4 133 000;
5. cash-flow statement for the period of 1 January 2014 – 31 December 2014, disclosing an increase in cash by the amount of PLN 782 000;
6. additional information and explanations;

with regard to compliance with books of account, documents and facts,

- the Management Board's report on ARCUS S.A. activities in 2014.

2. Opinion and report of an entity authorized to audit the financial statements

Mazars Audyt Ltd. as an entity authorized to audit the financial statements, was selected by the Company's Management Board to audit ARCUS S.A. annual financial statement. The Supervisory Board has reviewed the opinions and reports of certified auditors regarding the financial statement. In accordance with the content of the opinion and the report of an entity auditing the financial statement for the year 2014, the Company's financial statement covering the numerical data and relevant explanations, presents truly and clearly all the information significant for the assessment of the financial position of ARCUS S.A. as at 31 December 2014 as well as its financial result for the financial year ended 31 December 2014.

In accordance with the content of the opinion of the independent certified auditor, the financial statement has been prepared, in all material respects, in accordance with accounting principles arising from the International Accounting Standards, International Financial Reporting Standards and associated interpretations announced in the form of the European Commission's regulations, and in the matters not regulated by mentioned Standards – in accordance with the Accounting Act and implementation regulations issued under this Act as well as on the basis of properly kept books of account.

In accordance with the opinion of the independent certified auditor, the financial statement complies with the law provisions affecting the content of the financial statement and with the provisions of the Company's Articles of Association.

In opinion of the independent certified auditor, the report on the activities of ARCUS S.A. is complete within the meaning of Art. 49.2 of the Accounting Act and the information included in this report shall comply with the audited consolidated financial statement and shall be in line with the provisions of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and on conditions for recognition as equivalent of the information required by laws of non-European Union member states (2009 Journal of Laws No. 33, item 259, as amended). The auditor pointed out that consideration should be given to the dispute between ARCUS S.A. and Energa Operator S.A. which was described in detail in the financial statement.

1. The Management and Supervisory Board

Management Board

As at 1 January 2014, 31 December 2014 and as at the day of the report hereof publication, the Company's Management Board was composed of:

- Mr. Michał Czeredys – President of the Management Board,
- Mr. Marek Multan – Vice-President of the Company's Management Board.

Supervisory Board

In accordance with ARCUS S.A. Articles of Association, the Company's Supervisory Board shall be composed of 5 to 10 members. As at 1 January 2014, 31 December 2014 and as at the day of the report hereof publication the composition of the Supervisory Board was as follows:

- Marek Czeredys – Chairman of the Supervisory Board,
- Michał Słoniewski - Member of the Supervisory Board,
- Sławomir Jakszuk - Member of the Supervisory Board,
- Jolanta Grus - Member of the Supervisory Board,
- Tomasz Pelc - Member of the Supervisory Board.

2. Conclusions arising from the assessment of the financial statement of ARCUS S.A. for the year 2014 and the Management Board's report on ARCUS S.A. activities in 2014

The Supervisory Board, after reviewing the Company's financial statement for the year 2014 and on the basis of the content of the opinion and the report of the certified auditor, states that the data contained in ARCUS S.A. annual financial statement present truly and clearly the financial position of ARCUS S.A. and reliably reflect all the information significant for the assessment of the economic result, profitability and cash flow in the audited period. Financial information included in the Management Board's report on the Company's activities in 2014 derives directly from the audited annual financial statement and complies with this statement.

The analysis of the values and indicators presented in the annual financial statement as well as in the Management Board's report on the Company's activities in 2014 allows to draw the following conclusions:

- the sales revenues of the Company amounted to PLN 126 300 000 and were lower by 56% comparing to previous year,
- the Company generated a negative result on operating activities at the amount of PLN 6 700 000 and a net loss at the amount of PLN 3 960 000,
- the balance sheet total as at the end of 2014 was equal to PLN 105 374 000.

After analyzing the Company's annual financial statement and the Management Board's report on Company's activities in 2014, the Company's Supervisory Board states that the assumptions for the reporting period were not fully executed. Company's situation has worsened slightly, which was caused by prudent policy on raising revenues and one-offs in the form of high write-downs on receivables and inventories.

The Supervisory Board gave its opinions implementation of the investment policy and strategy of the Company on the ongoing basis.

3. The Supervisory Board's position on ARCUS S.A. compliance with corporate governance rules

The Supervisory Board states, that ARCUS S.A. complies with all corporate governance rules published in the Document: "Code of Best Practice for WSE Listed Companies" and approved by the Warsaw Stock Exchange Supervisory Board. Mentioned Code constitutes an annex to the Resolution No 19/1307/2012 of the WSE Supervisory Board of 21 November 2012.

4. Covering a loss for the financial year 2014

The Supervisory Board reviewed the proposal of ARCUS S.A. Management Board as regards covering a loss for 2014.

5. The Supervisory Board requests:

The Company's Supervisory Board requests the Ordinary General Meeting of ARCUS S.A. Shareholders to:

- approve the Management Board's report on the Company's activities in 2014,
- approve the annual financial statement of ARCUS S.A. for the year 2014,
- approve the proposal of ARCUS S.A. Management Board as regards covering a loss for 2014.

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



**Report of the Supervisory Board on the results of the assessment
of the proposal of ARCUS S.A. Management Board as regards covering a loss for the financial year ended
31 December 2014**

On the basis of Art. 382.3 of the Commercial Companies Code, the Supervisory Board of ARCUS S.A. ('the Company') assessed the proposal (submitted on 5 May 2015) of the Company's Management Board as regards covering a loss for 2014 at the amount of PLN 3 957 729.25 where the Management Board proposes to cover mentioned loss with the reserve capital funds.

After reviewing the Company's financial statement for the year 2014 and the content of the opinion and the report of the certified auditor on the audit of this financial statement, as well as having regard to the analysis of the situation and development prospects of the Company, the Supervisory Board approves the opinion of the Management Board and decides to recommend it to the Shareholders.

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



**Report of the Supervisory Board on the assessment
of the financial statement of ARCUS S.A. Capital Group
for the financial year ended 31 December 2014
and the Management Board's report on ARCUS S.A. Capital Group's
activities in 2014**

1. Assessment of the consolidated financial statement for the year 2014

Structure of ARCUS Capital Group

ARCUS Capital Group is composed of:

- **ARCUS S.A.** – Dominant Entity with its registered office in Warsaw. The company is recorded by the District Court for the Capital City of Warsaw (XII Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000271167. The development of comprehensive integrated document and correspondence management systems shall be the core business activity of the Company.
- **T-matic Systems S.A.** with its registered office in Warsaw. The company is recorded by the District Court for the Capital City of Warsaw (XIII Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000444112. Provision of telematic services for the passenger and freight transportation, power sector, heat engineering, gas and waterworks industry shall be the core business activity of the Company. As at balance sheet day ARCUS S.A. holds 65.5% of shares of T-matic.
- **Docusoft Sp. z o.o.** with its registered office in Bielsko-Biała at 153 Warszawska Street. The company is recorded by the District Court for the City of Bielsko-Biała (VIII Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000204275. Manufacture of software and implementation of workflow management system shall be the core business activity of the Company. This subsidiary is subject to consolidation as from 24 May 2011. As at balance sheet day ARCUS S.A. holds 86.96% of shares of Docusoft.

- **Durau Sp. z o.o.** with its registered office in Wrocław at 8-11 Mikołaja Street. The company is recorded by the District Court for the Wrocław (VI Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000490845. The main activity of this Company is the construction of a nationwide purchasing group for small and medium-sized businesses in the media, energy, fuels and services sectors.
- **Arcus Systemy Informatyczne Sp. z o.o.** (ASI, previously Syntea Business Solutions Sp. z o.o.) with its registered office in Lublin at 9a Wojciechowska Street; recorded by the District Court for the City of Lublin-Wschód (VI Commercial Department of the National Court Register) in the register of entrepreneurs under the number KRS 0000031806. The company operates in the IT market since 1996. and provides consultancy, implementation and maintenance services for public entities and companies in the field of Enterprise Resource Planning (ERP).
- **Arcus Kazachstan Sp. z o.o. with its registered office in Astana, Kazakhstan.**

Pursuant to Art. 382.3 of the Commercial Companies Code, the Supervisory Board of ARCUS S.A. has carried out the assessment of:

- the consolidated financial statement for the year 2014 prepared in accordance with the International Financial Reporting Standards, consisting of:

1. consolidated statement of financial position prepared as at 31 December 2014 with total assets and liabilities of PLN 97 378 000;
2. consolidated profit and loss account for the period of 1 January 2014 – 31 December 2014 with a net loss attributable to the shareholders of a Dominant Entity at the amount of PLN 11 517 000;
3. consolidated statement of comprehensive income for the period of 1 January 2014 – 31 December 2014, with total income (attributable to the shareholders of a Dominant Entity) of PLN -12 528 000;
4. statement of changes in consolidated equity for the period of 1 January 2014 – 31 December 2014, disclosing a decrease in equity by the amount of PLN 10 101 000;
5. consolidated cash-flow statement for the period of 1 January 2014 – 31 December 2014, disclosing an increase in cash by the amount of PLN 1 275 000;
6. additional information and explanations with regard to compliance with books of account, documents and facts,

- the Management Board's report on ARCUS S.A. Capital Group's activities in 2014.

2. Opinion and report of an entity authorized to audit the financial statements

Mazars Audyt Ltd. as an entity authorized to audit the financial statements, was selected by the Company's Management Board to audit ARCUS S.A. Capital Group's annual financial statement.

The Supervisory Board has reviewed the opinions and reports of certified auditors regarding the financial statement.

In accordance with the content of the opinion and the report of an entity auditing the financial statement for the year 2014, the Capital Group's financial statement covering the numerical data and relevant explanations, presents truly and clearly all the information significant for the assessment of the financial position of ARCUS S.A. Capital Group as at 31 December 2014 as well as its financial result for the financial year ended 31 December 2014.

In accordance with the content of the opinion of the independent certified auditor, the financial statement has been prepared, in all material respects, in accordance with accounting principles arising from the International Accounting Standards, International Financial Reporting Standards and associated interpretations announced in the form of the European Commission's regulations, and in the matters not regulated by mentioned Standards – in accordance with the Accounting Act and implementation regulations issued under this Act.

In accordance with the opinion of the independent certified auditor, the financial statement complies with the law provisions affecting the content of the consolidated financial statement.

In opinion of the independent certified auditor, the report on activities of ARCUS S.A. Capital Group is complete within the meaning of Art. 49.2 of the Accounting Act and the information included in this report shall comply with the audited consolidated financial statement and shall be in line with the provisions of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and on conditions for recognition as equivalent of the information required by laws of non-European Union member states (2009 Journal of Laws No. 33, item 259, as amended).

The auditor pointed out that consideration should be given to the dispute between consortium ARCUS S.A./T-matic and Energa-Operator S.A. described in detail in the financial statement as well as to the inadequate capital requirements of subsidiaries – T-matic, Docusoft and Durau.

1. The Management and Supervisory Board of ARCUS S.A.

Management Board

As at 1 January 2014, 31 December 2014 and as at the day of the report hereof publication, the Company's Management Board was composed of:

- Michał Czeredys – President of the Management Board.
- Mr. Marek Multan – Vice-President of the Company's Management Board.

Supervisory Board

In accordance with ARCUS S.A. Articles of Association, the Company's Supervisory Board shall be composed of 5 to 10 members. As at 1 January 2014, 31 December 2014 and as at the day of the report hereof publication the composition of the Supervisory Board was as follows:

- Marek Czeredys – Chairman of the Supervisory Board,
- Michał Słoniewski - Member of the Supervisory Board,
- Sławomir Jakszuk - Member of the Supervisory Board,
- Jolanta Grus - Member of the Supervisory Board,
- Tomasz Pelc - Member of the Supervisory Board.

2. Conclusions arising from the assessment of the financial statement of ARCUS S.A. Capital Group for the year 2014 and the Management Board's report on ARCUS S.A. Capital Group's activities in 2014

The Supervisory Board, after reviewing the Capital Group's financial statement for the year 2014 and on the basis of the content of the opinion and the report of the certified auditor, states that the data included in ARCUS S.A. Capital Group's annual financial statement present truly and clearly the financial position of the Group and reliably reflect all the information significant for the assessment of the economic result, profitability and cash flow in the audited period. Financial information included in the Management Board's report on the Capital Group's activities in 2014 derives directly from the audited annual financial statement and complies with this statement.

The analysis of the numbers and indicators presented in the annual financial statement as well as in the Management Board's report on the Capital Group's activities in 2014 allows to draw the following conclusions:

- the sales revenues of the Capital Group amounted to PLN 170 010 000 and were lower by 43% comparing to previous year,
- the Capital Group generated a loss on operating activities at the amount of PLN 15 938 000,
- the Capital Group's net loss attributable to the Shareholders of a Dominant Entity amounted to PLN 11 517 000,
- the balance sheet total as at the end of 2014 was equal to PLN 97 378 000.

After analyzing the Group's annual financial statement and the Management Board's report on Group's activities in 2014, the Supervisory Board that the situation of the Group deteriorates. Remedial measures were taken, which were focused on reducing operating costs, improving the sales profitability, improving the efficiency of the commodity economy and changing the employees' incentive system. New business areas are being developed.

The Supervisory Board assesses the Group's financial position as moderately good, and supports the restructuring measures implemented by the Management Board at the end of 2014, which provide the basis for further development in the coming years.

3. The Supervisory Board requests:

The Company's Supervisory Board requests the Ordinary General Meeting of ARCUS S.A. Shareholders to:

- approve the Management Board's report on ARCUS S.A. Capital Group's activities in 2014,
- approve the annual financial statement of ARCUS S.A. Capital Group for the year 2014.

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

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Assessment of the situation of ARCUS Capital Group in 2014 carried out by the Supervisory Board

The Supervisory Board of ARCUS S.A. Company 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 Capital Group in 2014 carried out by the Company's Supervisory Board. In the financial year 2014, the Supervisory Board of ARCUS S.A. supervised the implementation of the Capital Group's strategy as regards:

- implementation of budget assumptions,
- the Capital Group's development strategy,
- assessment of the internal control system and the system for the management of risk significant to the Capital Group,
- use of the potential and effects of synergy within the Group,
- potential acquisition of external entities

The analysis of the numbers and indicators presented in the annual financial statement as well as in the Management Board's report on the Capital Group's activities in 2014 allows to draw the following conclusions:

- the sales revenues of the Capital Group amounted to PLN 170 010 000 and were lower by 43% comparing to previous year,
- the Capital Group generated a loss on operating activities at the amount of PLN 15 938 000
- the net loss attributable to the Shareholders of a Dominant Entity amounted to PLN 11 517 000
- the balance sheet total as at the end of 2014 was equal to PLN 97 378 000.

After analyzing the Capital Group's annual financial statement and the Management Board's report on Capital Group's activities in 2013, the Supervisory Board notes the deterioration of the financial result as compared to previous years.

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. The 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 policy of the Group) 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 the current balances of dues applied by the Group within the internal control processes, is aimed at preventing the 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 and 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 Capital 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 market 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. The 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. Capital Group’s risk management system.

Assessment of the internal control system

The current internal control in the Group 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 Group’s Management Board, and exercised by the managers and directors of individual organizational units, particularly in the financial department. The activities ensuring the effectiveness of control mechanisms are being constantly undertaken by the Group’s Management Board. The 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. Capital Group is functioning properly.

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

Report on the activities of ARCUS S.A. Supervisory Board in 2014

In accordance with Part 3, point 1.2 of the Document: 'Code of Best Practice for WSE Listed Companies' effective from 1 January 2008 (currently an appendix to the Resolution No 19/1307/2012 of the Warsaw Stock Exchange Supervisory Board of 21 November 2012) which reflect the corporate governance principles applicable to the WSE listed companies, ARCUS S.A. Supervisory Board hereby discloses to ARCUS S.A. Shareholders the report on its activities in the reporting period ended 31 December 2014.

Supervisory Board

In accordance with ARCUS S.A. Articles of Association, the Company's Supervisory Board shall be composed of 5 to 10 members. As at 1 January 2013, 31 December and as at the date of the report hereof preparation, the composition of the Supervisory Board was as follows:

- Marek Czeredys – Chairman of the Supervisory Board,
- Michał Słoniewski - Member of the Supervisory Board,
- Sławomir Jakszuk - Member of the Supervisory Board,
- Jolanta Grus - Member of the Supervisory Board,
- Tomasz Pelc - Member of the Supervisory Board.

Report on the activities of ARCUS S.A. Supervisory Board in 2014

In 2014, ARCUS S.A. Supervisory Board held several meetings and passed some resolutions by circulation and by means of distance communication. All meetings were attended by all Board members.

In the exercise of its powers set out in the Articles of Association and the Commercial Companies Code, ARCUS S.A. Supervisory Board discussed a number of issues important for the business activity of the Company. In particular, the following matters were the subject of discussion:

- implementation of budget assumptions,
- incurring liabilities exceeding the limits specified in the Company's Articles of Association,

- the Company's development strategy,
- assessment of the internal control system and the system for the management of risk significant to the Company.

Within above described activities, the Supervisory Board passed a total of 13 resolutions, including on the following matters:

- selection of the auditor for the audit of the separate financial statement of ARCUS S.A. and consolidated financial statement of ARCUS S.A. Capital Group prepared as at 31 December 2014 in accordance with the International Financial Reporting Standards together with an in-depth analysis of the financial statements of subsidiaries, and reviewing the half-yearly financial statement,
- giving an opinion on draft resolutions proposed by the Management Board, which were to be discussed at the Ordinary General Meeting of the Company's Shareholders,
- analysis and evaluation of financial statements and their evaluation by the auditor for the first half of 2014;
- approving the report on the results of the assessment of the Management Board's report on activities of ARCUS S.A. and ARCUS S.A. Capital Group in 2013 as well as the financial statement of the Company and the consolidated financial statement of ARCUS S.A. Capital Group for the financial year 2013
- approving the report of the Supervisory Board activities in 2013,
- approving the report containing a brief assessment of the Company's standing in 201,
- extending credits, import letter of credit and other debts exceeding the limits set forth in the Articles of Association;
- allocation of profit for the year 2013,
- disposal of an organized part of an enterprise and purchase and creation of stakes.

The Supervisory Board monitored the situation of the Company and gave opinions on current issues and planned actions. Throughout the reporting period, all members of the Supervisory Board remained in regular contact with ARCUS S.A. Management Board. The Supervisory Board was able to obtain from the Company's Management Board all necessary information concerning the financial situation of ARCUS S.A., projects exercised by the Company and cooperation with contractors. Consultations on matters related to particular aspects of the Company's business were carried out on a current basis. This applies particularly to the management of risks to which the Company is exposed. While performing its duties, the Supervisory Board had an access to all documents, information, presentations and explanations presented by the Company's Management Board. Cooperation with

the Management Board proceeded smoothly. Presented documentation was complete and properly prepared.

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 Company’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. The members of the Supervisory Board received from the Company’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 Company was exercised through the activities carried out jointly by the Financial Director – Member of the Management Board (who supervises the financial and accounting policies of the Company) and the Chief Accountant. The internal control system applied by the Company is aimed at:

- ensuring the correctness of the accounting documents entered into the financial and accounting system of the Company,
- 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 Company 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 Company. The system for the control of the current balances of dues applied by the Company within the internal control processes, is aimed at preventing the 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 Company, effectively prevents the risk of an erroneous assessment of the financial position of the Company.

The Supervisory Board verified the processes performed in the Company 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 Company 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 the Company's activities. The 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 Company 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. The management of currency market 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. The 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. company's risk management system.

Assessment of the internal control system

The 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. The 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. is functioning properly.

Company disclosed information that has not applied the principle of the Code of Best Practice for WSE Listed Companies specified in Chapter II, Par. 1 point 9a and in Chapter IV, Par. 10 point 1 and 2 regarding respectively: recording audio or video on the website of general meetings of shareholders and on ensuring shareholders the possibility to participate in the General Meeting by means of electronic communication in real time.

The Company's Articles of Association does not provide for participation in the General Meeting by means of electronic communication. The Company does not provide for the recording of the General Meeting in the audio or video format, and posting such recordings on its website. According to the Company, the documents and materials associated with General Meetings which are being published on a website in the form of current reports, ensure the transparency of the Company's operations and protect the shareholders' rights. With regard to rule 1.2 a) set forth in Chapter II of the Code of Best Practice for WSE Listed Companies, in the last two years – men accounted for 100% of the Management Board, while women accounted for 20% of the composition of the Supervisory Board.

The Supervisory Board hereby states that to the best of its knowledge, the Company fully complied with the rest of rules specified in the 'Code of Best Practice for WSE Listed Companies'.

Warsaw, May 2015.

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