



**REPORT ON ACTIVITY OF
THE SUPERVISORY BOARD OF HELIO S.A.
IN THE BUSINESS YEAR 2014/2015**

By virtue of § 3 sec. 3 of the Regulations of the Supervisory Board of HELIO S.A. and art. 382 § 3 of the Commercial Companies Code, as well as being guided by a principle included in Chapter III item 1 of Good Practices of the Companies Quoted on Warsaw Stock Exchange, the Supervisory Board of HELIO S.A. with its registered premises in Wyględy, presents hereinafter the report in writing prepared by the Board concerning the business year 2014/2015 from 1 July 2014 up to 30 June 2015, composed of:

1. the report on activity of the Supervisory Board taking into consideration operation of the Board committees,
2. the brief assessment of the Company position, considering assessment system of internal audit and the system managing significant risk to the Company,
3. the opinion on the financial statement of HELIO S.A., the report on activity of the Management Board of HELIO S.A. for the business year 2014/2015, as well as the decision by the Company Management Board on way of division of the net profit of HELIO S.A. for the business year 2014/2015.

1. Report on activity of the Supervisory Board taking into consideration operation of the Board committees, including assessment of such committees operation

The financial year 2014/2015 saw the second term of office of the Supervisory Board. The members of the Supervisory Board in the second five-year term were appointed by Resolution of the Annual General Meeting on 16/12/2011. On 10 March 2012, at the first meeting of the second term of the Supervisory Board, its members met selected from among themselves Mr Jacek Kosiński as Chairman of the Supervisory Board and Mr Adam Wąsowicz as Vice-Chairman of the Supervisory Board.

Therefore, the composition of the Supervisory Board in the financial year 2014/2015 was as follows:

Name	Position
Jacek Kosiński	Chairman of the Supervisory Board
Adam Wąsowicz	Vice-Chairman of the Supervisory Board
Irena Gałań-Stelmaszczuk	Member of the Supervisory Board
Grzegorz Kowalik	Member of the Supervisory Board
Radosław Turski	Member of the Supervisory Board

The Supervisory Board of HELIO S.A. acts pursuant to generally applicable legal regulations, the Articles of Association and the Supervisory Board Regulations. Because of a relatively small size of the enterprise and having regard to the fact that the Supervisory Board consists of the minimum number of members required by law, no committees have been selected from among its members. The tasks of the auditing committee have been entrusted with the Supervisory Board, which was reflected in a corresponding resolution of the General Meeting of HELIO S.A. of 16/12/2011. Therefore, in the financial year 2014/2015, the tasks of the committee were performed by all members of the Supervisory Board according to the needs.

In the reporting year 2014/2015, the Supervisory Board held three meetings. All of its members participated, also via direct means of distance communication. During the meetings, the Supervisory Board conducted periodical analyses of financial results obtained by the Company and the financial forecasts prepared by the Management Board for the Company's internal purposes. In the past year, the Supervisory Board also dealt with monitoring the Company's current condition, the market condition and their expected development. The Supervisory Board successfully cooperated with the Company's Management Board on an ongoing basis. Owing to their professional experience, in their relations with the Management Board

members of the Supervisory Board strived to continuously provide the Management Board with professional advice, which positively influenced the ongoing monitoring of the Company's operations by the Supervisory Board.

During the meetings held in the business year 2014/2015, the Supervisory Board reviewed internal control and risk management systems and concluded that the Company properly identified, managed and disclosed the key risks and, therefore, there was no need to introduce a separate internal audit function into the HELIO S.A.'s structure. Furthermore, the Supervisory Board positively evaluated the efficiency of the external control process, including the independence and objectivity of the external certified auditor cooperating with the Company. At its most recent session, the Supervisory Board also established the rules for collecting proposals regarding the audit and review of the Company's financial statements. According to the established schedule of the Supervisory Board's activities, an entity authorised to audit financial statements in the future periods is to be chosen as early as at the first session of the Supervisory Board in the next financial year. Within its obligations, the Supervisory Board also performed the annual verification of remuneration for Management Board Members, and gave a positive opinion on the financial statements and the Management Report for the financial year 2013/2014 as well as a positive recommendation to the General Meeting regarding the Management Board's motion on the distribution of profits.

2. Brief assessment of the Company position, considering assessment system of internal audit and the system managing significant risk to the Company

The Supervisory Board has positively evaluated the Company's condition with respect to its stable market position, and its development policy. Despite worse financial results than in the year before, in particular in respect of sales income, margins and profit, the Supervisory Board approaches the results achieved with understanding. After all, they were achieved in extremely adverse market conditions, i.e. with continuously rising prices of raw materials and considerable depreciation of PLN with regard to the currency crucial for the purchase of raw materials, i.e. USD, which exacerbated current price pressures in the industry. At the same time, the Company kept building long-term competitive advantages, developing manufacturing advantages, expanding the product range and implementing numerous promotional activities. Investments in infrastructure definitely consolidated the market position of HELIO S.A. and ensured better prospects. Careful cost policy made it possible to limit the costs of general management activities, financial costs and sale costs, which reduced the inconveniences of the current period. Incidental growth of the remaining operational costs was properly accounted for by the Management Board and excused.

Selected financial data	Financial year 2013/2014 (in thousand PLN)	Financial year 2014/2015 (in thousand PLN)	Growth rate
Net revenue from sales	104 239	98 822	-5%
EBITDA	7 062	4 391	-37%
Operating profit	5 152	2 504	-51%
Gross profit	4 911	1 960	-60%
Net profit	3 949	1 563	-60%
Selected financial ratios	(%)	(%)	
Return on sales (net profit/ revenue from sales x 100%)	3,8	1,6	-57%
Return on assets (net profits/total assets x 100%)	5,8	2,2	-62%
Overall debt ratio (total liabilities / total assets x 100%)	28,4	30,5	+8%

In the opinion of the Supervisory Board, the measures taken by the Management Board were carried out with full commitment and good regular assessment of situation on the market.

Considering the above, it is the Supervisory Board's opinion that in the business year 2014/2015 the Company consistently and justly implemented the adopted development strategy. Thus, HELIO S.A. is currently one of the largest producers of dried nuts and fruit and mass for cakes in Poland. The Company has signed business agreements with all the largest chains and distributors in Poland, and with well-developed trade structures in the traditional channel proper diversification of sales income has been ensured. To sum up the Issuer's achievements in the past year, the Supervisory Board has positively evaluated the implemented and planned elements of the Company's development strategy presented by the Management Board in their HELIO S.A. Management Report in the financial year 2014/2015. In the opinion of the Supervisory Board, being aware of the existing risks and implementing the assumptions adopted by the Management Board should ensure the Company's further dynamic growth.

Assessment of the internal audit system

The Supervisory Board carries out periodical reviews of the internal audit system. Though a unit liable for internal audit is not arranged, in the opinion of the Board the internal audit system as praiseworthy. At the same time, the Supervisory Board accords with the Management Board's opinion, that considering relatively small size and a simple organizational structure of the

Company, establishing additional audit section is not justifiable. As, it would involve occurrence of additional, significant costs.

Taking the above into consideration, function of internal audit is included into scope of responsibilities of heads of particular organizational units. The Management Board monitors correctness of fulfilment of audit functions. Within the system there operate also other supplementary procedures, established among the others, in order to examine incurred costs/expenses, to ensure correctness of manufacturing processes, or suitable communication/information circulation in the Company. Elimination of redundant costs is ensured for example through the system of acknowledgements required on various decisive levels before placing orders, or making payments. Correctness of manufacturing process operation, beside Production Chiefs is inspected by the Quality Control Department established under implemented standards of the BRC and HACCP system, as well as yearly external audit. Procedure to prepare financial statements and other reports is based on suitable job organization, including the scope of reporting defined in details, circulation of confidential data and transparent division of responsibilities provided for all participants in the process. The Company holds accounting books in computer system, access to computer resources is restricted with qualifications assigned to authorized employees.

Assessment of managing system of risk significant to the Company

The Supervisory Board executes periodical reviews of the system managing risk significant to the Company and on such base the Board provided the affirmative assessment. Considering the volume of conducted activity, in the Company there is lack of separated unit responsible for managing the risk, the tasks of such unit are fulfilled directly by the Management Board, defining particular areas of risk and coming involved in monitoring of the risks. In the opinion of the Supervisory Board, within the scope of conducted policy of managing the risk, the areas of risk have been identified correctly and in exhaustive way. At the same time, the Board provides positive opinion on the Company's actions purposing to minimize the risks in concern.

3. Opinion on the financial statement of HELIO S.A., the report on activity of the Management Board of HELIO S.A. for the business year 2014/2015, as well as the decision by the Company Management Board on way of division of the net profit of HELIO S.A. for the business year 2014/2015

After getting acquainted with the contents of the Company financial statement for the financial year 2014/2015 as well as the report of the Management Board on the Company's activity for the business year 2014/2015, and the

opinion and the report of the expert auditor performing examination/audit of the financial statements, the Supervisory Board states that the referred statements have been prepared in compliance with the books and documents, the regulations in force, and in a way reflecting firmly the real position of the Company.

The Supervisory Board, taking into consideration the further development of the Company, including the increasing demand for the working capital and investments plan, considers as the justifiable the proposal of the Company's Management Board on assigning the entire amount of the net profit gained by the Company in the business year 2014/2015 amounting to PLN 1 562 756.38 against the supplementary capital of the Company.

Taking the above into consideration the Supervisory Board recommends the Annual General Meeting of the Shareholders:

- a. to approve the Company financial statement for the business year 2014/2015,
- b. to approve the report of the Management Board on the Company's activity for the business year 2014/2015,
- c. to accept the proposal of Management Board relating to purpose the net profit gained by the Company in the 2014/2015 business year amounting to PLN 1 562 756.38 against the supplementary capital of the Company,
- d. to give the vote of acceptance to the members of the Company Management Board for accomplishing their duties in the business year 2014/2015.

Wyględy, 6 November 2015

.....
Jacek Kosiński
Chairperson of the Supervisory Board

.....
Adam Wąsowicz
Deputy Chairperson of the Supervisory Board

.....
Irena Gałan-Stelmaszczuk
Member of the Supervisory Board

.....
Grzegorz Kowalik
Member of the Supervisory Board

.....
Radosław Turski
Member of the Supervisory Board