

**Report on activities of the Supervisory Board
and the assessment of work of the Supervisory Board
for the period from 01.10.2012 to 30.09.2013**

The Supervisory Board of Suwary S.A., pursuant to Section 20 paragraph 3 of the Articles of Association of the Company, Rule No. 3 paragraph 1 subparagraph 2 of the Code of Best Practice for WSE Listed Companies and Section 2 paragraph 8 of the Commission Recommendation as of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the Board (supervisory), has made an assessment of their work in the financial year 2012-2013 in order to present at the Annual General Meeting of Shareholders of the Company

I. Changes in the Supervisory Board; since the beginning of 2012, the Supervisory Board of the issuer was composed of:

Thaddeus Kuskowski – Chairman of the Supervisory Board
Paweł Powada – Vice-Chairman of the Supervisory Board
Marcin Raszka – Member of the Supervisory Board
Jeffrey Barclay - Member of the Supervisory Board
Bruce McNichol - Member of the Supervisory Board

On 28.03.2013, the following persons have been appointed for a new term of Supervisory Board:

Paweł Powada – Chairman of the Supervisory Board, an independent member of the Supervisory Board
Marcin Raszka – Vice-Chairman of the Supervisory Board, an independent member of the Supervisory Board
Thaddeus Kuskowski – Member of the Supervisory Board
Jeffrey Barclay - Member of the Supervisory Board
Richard Babington - Member of the Supervisory Board

II. The Supervisory Board exercised permanent supervision over activities of the Company and carried out its tasks. Members of the Supervisory Board, in particular members of staff seconded to the direct supervision of the Company, were in constant contact with the Management Board of the Company.

There were 2 meetings of the Supervisory Board held in 2012 /2013. The Supervisory Board adopted 9 resolutions.

The adopted resolutions related mainly to:

1. New investments
2. Current activity of the Company
3. Supervisory Board activities

On 14 May 2013 by Resolution no. 7/2013, the Supervisory Board of the issuer has appointed Grant Thornton Frąckowiak Sp. z o.o. Sp. k as the entity designated to audit the individual and consolidated financial statements for the financial year covering the period from 1 October 2012 to 30 September 2013 and a review of the individual and consolidated interim financial statements for the period from 1 October 2012 to 31 March 2013.

In addition, the Supervisory Board took an active part in the implementation of the restructuring process of the Company and in making decisions relevant to current activity of Suwary S.A. by adopting, among others, resolutions on:

1. Approval of the budget for the period from 01.10.2012 to 30.09.2013.
 2. Authorising the Management Board to enter into an investment loan and granting consent to the issuance by the Company a promissory note and burdening assets of the Company in the form of a registered pledge on real estate being goodwill of the Company.
 3. Authorising the Management Board to obtain additional overdraft facility and establish additional collateral over the assets of the Company in the form of establishing a mortgage and registered pledge.
- III. During the meetings, the Supervisory Board received from the Management Board information on the current activities of the Company, prepared in accordance with the data of the last completed month and on YTD basis:
- profit and loss account in the calculation and comparative option
 - balance sheet
 - Statement of Cash Flows
 - report on the implementation of the sales plan
 - report on the costs by type
 - current information on the Company and planned investments

Problems taken and analysed by the Board, aimed at improving management of the Company in order to maximise the performance of its financial results, increase its value and ensure the long-term development. The Supervisory Board prepared for Management Board guidance on how to achieve the mentioned goals.

IV. There were no personal changes in the organisation of the Audit Committee at the issuer's Supervisory Board in the financial year 2012/2013

V. Presented report contains the directions of the main activities of the Supervisory Board in the 2012/2013 year. Each Member of the Supervisory Board exercised due diligence and commitment to perform his duties in the Supervisory Board.

With this in mind, the Supervisory Board positively assesses own work in Suwary S.A. in the period from 01.10.2012 to 30.09.2013, and cooperation with the Management Board of the Company.

March 2014.