Statement of compliance with corporate governance rules



Rzeszów, 20 March 2018

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In 2017, the Company adopted a set of corporate governance rules "Good Practices of WSE Listed Companies 2016".

Corporate Governance

Declaration on the application of corporate governance principles

In 2017, the Company applied the principles of "Good Practices of WSE Listed Companies" (DPSN). The document containing the set of rules is available on the website of the Warsaw Stock Exchange http://corp-gov.gpw.pl.

Makarony Polskie SA provided the following explanations regarding the manner of applying the detailed rules contained in the "Best Practices of Companies Listed on the Warsaw Stock Exchange 2016" package:

Information policy and communication with investors

- *I.Z.1.16. The company conducts a corporate website and publishes, in a legible form and in a separate place, in addition to information required by law, information on the planned broadcast of the general assembly - no later than 7 days before the date of the general assembly,*

  The Company's comment regarding the method of applying the above rules: The Company does not record the coures of the general assembly. If the Company decides to conduct the broadcast of the general assembly, relevant information will be posted on the Company's website no later than 7 days before the date of the general assembly.
- *I.Z.1.20. The company conducts a corporate website and publishes, in a legible form and in a separate place, in addition to information required by law, record of the course of the general assembly, in the audio or video forms.*

  The Company does not apply the above rule. The Company does not record the coures of the general assembly in the audio or video forms.
- *I.Z.2. A company whose shares are classified to the WIG20 or mWIG40 stock indices ensures that its website is also available in English, at least to the extent indicated in rule I.Z.1. This principle should also be applied by companies not listed above, if it is supported by the structure of their shareholders or the nature and scope of their business.*

  The Company's comment regarding the method of applying the above rules: In 2016, the rule did not apply. The Company's shares are not classified into WIG20 and mWIG40 stock exchange indices.

Considering the changes in shareholding that occurred in the fourth quarter, 2016 the Company gradually increases the scope of content available on the website in English.

Management Board and Supervisory Board

- *II.Z.8. The chairman of the audit committee meets the independence criteria indicated in rule II.Z.4.*

  The Company's comment of 2016 regarding the method of applying the above rules: At present, there is no separate Audit Committee in the Company's Supervisory Board, the Supervisory Board performs those duties collectively. If the Audit Committee is separated in the Supervisory Board, the Company shall endeavor to ensure that the chairman of the Audit Committee meets the independence criteria specified in rule II.Z.4.

  After the appointment of the Audit Committee in the Supervisory Board of the Company on 18 October 2017, the chairman of this Committee meets the independence criteria.

Internal systems and functions

- *III.Z.3. In relation to the person managing the function of internal audit and other persons responsible for the implementation of its tasks, the rules of independence set out in universally recognized international standards for the professional practice of internal audit apply.*

  The Company does not apply the above rule. The person managing the internal audit directly reports to the management board, however the criterion of organizational independence defined in universally recognized international standards of internal audit professional practice is not met, stating that the internal audit manager functionally reports to the management board (the board in particular does not approve the decision on appointing and dismissing the manager of the internal audit and does not approve the remuneration of the person managing the internal audit)

General assembly and relations with shareholders

- *IV.Z.2. If it is justified due to the company's shareholder structure, the company provides a universally available broadcast of the general assembly in real time.*

  The rule does not apply: The Management Board of Makarony Polskie SA assessed that, at the moment, the incurrence of such costs is not justified in the shareholding structure of the Company. Moreover, the Articles of Association of Makarony Polskie SA do not provide for the possibility of participation in the general assembly by means of electronic communication in accordance with Article 406^5 of the Commercial Companies Code.

- *IV.Z.3. Representatives of the media are allowed to attend general assemblies.*
  The Company does not apply the above rule. The Management Board of Makarony Polskie SA assessed that, at the moment, the presence of media representatives at general assemblies is not justified by the shareholding structure of the Company.

Conflict of interests and transactions with associates

- *V.Z.6. The company defines in its internal regulations the criteria and circumstances in which a conflict of interests may arise in the company, as well as the rules of conduct in the event of a conflict of interest or the possibility of its occurrence. The company's internal regulations include, inter alia, ways of preventing, identifying and resolving conflicts of interest, as well as the rules of excluding a member of the management board or supervisory board from participation in considering a matter covered or threatened by a conflict of interest.*
  The Company does not apply the above rule. At the moment, the Company does not have internal regulations that would meet all the requirements of this principle. The Company will make every effort to ensure that appropriate internal regulations, which meet the requirements of the rule, are implemented.

Internal control and risk management system in the process of preparing the financial statements

Makarony Polskie SA as the parent company prepares separate and consolidated financial statements based on generally applicable laws and internal regulations. The account books are kept based on the rules adopted and approved for application by the Company's Management Board, i.e... Accounting policy and Chart of Accounts in accordance with IFRS, which are updated as necessary. Subsidiaries are obliged to implement and use internal documents consistent with the documents of the parent company. The accounting books of the Group companies are kept in the ERP class system, and access to IT resources is limited by the authorizations for a specific group of employees.

The company constantly monitors significant legal, tax, economic, operational, etc. risks that determine the general directions of the Makarony Polskie Group's operations.

The Company's Management Board is responsible for the internal control system and its effectiveness in the process of preparing financial statements and periodic reports prepared and published in accordance with the principles of the Regulation of February 19th, 2009 on current and periodic information submitted by issuers of securities.

The main assumption of an developed system of internal control of the Company over financial reporting is to ensure the adequacy and accuracy of the financial information included in financial statements and periodic reports.

The Accounting Office is responsible for the preparation of financial statements and periodical financial reporting, the Financial Office is responsible for the current management reporting of the Company and the Group. When presenting financial data in financial statements, periodic financial statements and other reports presented to investors, the Company applies consistent accounting principles.

The financial data underlying the financial statements and interim reports comes from the Company's monthly financial and operational reporting. After the accounting closure of each calendar month, the Financial Office together with the Management Board analyzes the Company's financial results compared to the assumptions and taking into account business segments. Identified errors are corrected on an ongoing basis in the Company's books in accordance with the adopted accounting policy.

The preparation of financial statements and interim reports begins after the Management Board verifies and accepts the results of the ended month/period. Periodic reports of the Company are prepared by financial and accounting services under the supervision of the Chief Accountant (based on financial data contained in periodic financial reporting) and are subject to verification by the Director of the Financial Office and the Management Board of the Company.

The annual separate and consolidated financial statements of the Group companies are subject to audit by an independent certified auditor. The semi-annual separate and consolidated financial statements of the Group companies are subject to review by an independent certified auditor.

Since 18 October 2017, the Audit Committee has operated in the Company, it was appointed from among the members of the Supervisory Board. The Audit Committee monitors the financial reporting processes in the Company, the effectiveness of internal control systems and risk and internal audit management systems (including financial reporting) and the performance of auditing activities, in particular the audit firm's audit of the Company's financial statements, including all applications and arrangements of the Audit Oversight Commission resulting from the audit conducted in a given audit firm.

Members of the Audit Committee are in direct contact with the auditor auditing the financial statements of Makarony Polskie SA, inform the Supervisory Board about the results of auditing the Company's financial statements and provide explanations on how this audit contributed to the reliability of financial reporting in the Company, and what was the role of the Audit Committee in the audit process.

In the final stage, after obtaining the opinion of the certified auditor, the final assessment of the financial statements is also performed by the Supervisory Board of Makarony Polskie SA.

Information on the rules for changing the entity authorized to audit financial statements

In accordance with §19 item c) the Articles of Association of Makarony Polskie SA, the appointment of an auditor to audit the Company's financial statements is within the competence of the Supervisory Board. The rules regarding the change of the entity authorized to audit the financial statements have been specified in §4 of the Regulations of the Supervisory Board of the Company.

The entity that is to perform the function of an auditor in the Company is selected in such a way as to ensure independence in the implementation of the tasks entrusted thereto. The change of the statutory auditor is conducted at least every five years.

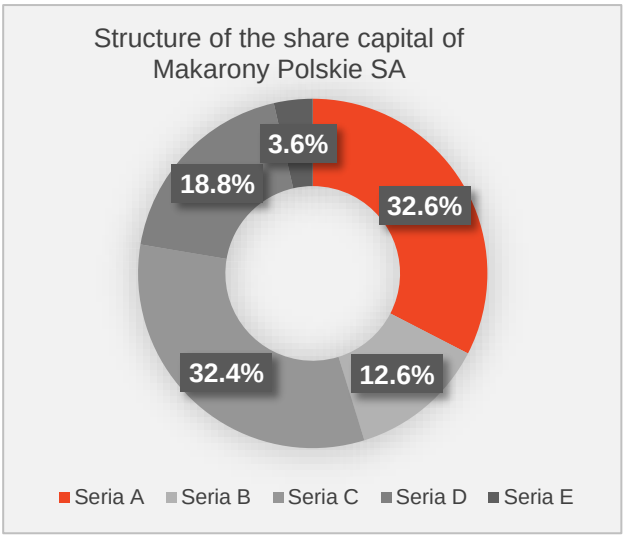
Share capital

Share capital of Makarony Polskie SA:

- amount of share capital PLN 27 750 213,
- total number of shares 9 250 071 shares,
- total number of votes at the General Assembly 9 250 071 votes.

Structure of the Company's share capital:

- 3 013 250 ordinary A series bearer shares,
- 1 169 750 ordinary B series bearer shares,
- 3 000 000 ordinary C series bearer shares,
- 1 169 750 ordinary D series bearer shares,
- 331 250 ordinary E series bearer shares,



The Company's shares are ordinary bearer shares listed on the regulated market operated by Giełda Papierów Wartościowych w Warszawie SA. The company has not issued any securities that grant special controlling rights to any of its shareholders,

There are no restrictions on the exercise of voting rights in the Company. There are also no restrictions on the transfer of ownership of securities issued by the Company.

Shares held by main shareholders (over 5% of share capital)

Shareholders possessing directly or trough subsidiaries at least 5% of the general number of votes at the General Assembly of Shareholders, as at the day of preparing the Statement (according to the information available):

Shareholder	Shares in share capital		Votes at the General Assembly	
	number	share %	number	share %
Praska Giełda Spożywcza SA Group, including:	2 311 594	24.99%	2 311 594	24.99%
Praska Giełda Spożywcza SA (former: Agro-Technika SA)	*2 050 000*	*22.16%*	*2 050 000*	*22.16%*
Zenon Daniłowski	*140 000*	*1.51%*	*140 000*	*1.51%*
Polskie Smaki Sp. z o.o.	*121 594*	*1.31%*	*121 594*	*1.31%*
Raya Holding for Technology & Communications S.A.E. including:	1 793 406	19.39%	1 793 406	19.39%
Madova Sp. z o.o.	*1 793 406*	*19.39%*	*1 793 406*	*19.39%*
Elżbieta and Grzegorz Słomkowski including:	1 183 040	12.79%	1 183 040	12.79%
Z.P.H. "ELPAST" Elżbieta i Grzegorz Słomkowscy s.c.	*1 169 750*	*12.65%*	*1 169 750*	*12.65%*
Grzegorz Słomkowski	*13 290*	*0.14%*	*13 290*	*0.14%*

Other shareholders	3 962 031	42.83%	3 962 031	42.83%
TOTAL	9 250 071	100.00%	9 250 071	100.00%

Changes in shareholding during 2017

During 2017, the Company received the following notifications regarding changes in share ownership by shareholders holding, directly or indirectly through subsidiaries, at least 5% of votes in the total number of votes at the General Assembly of the Company (hereinafter: AGM):

- Praska Giełda Spożywcza SA with its registered office in Ząbki (hereinafter: PGS):
  - on 20 February 2017, it informed about the transaction of the sale of shares concluded through the brokerage office on 17 February 2017, outside the regulated market, as a result of which it sold 350,000 shares of the Company entitling to the same number of votes at the AGM,
  - on 24 March 2017, it informed that pursuant to two transactions of sale of shares on the regulated market on 22 March 2017 and on 23 March 2017, it sold a shareholding of 400,000 shares in the Company entitling to the same number of votes at the AGM,
  - on 30 March 2017, it informed that pursuant to three transactions of purchase of shares on the regulated market on 28 March 2017 it purchased a shareholding of 800,000 shares in the Company entitling to the same number of votes at the AGM.

  Before the above PGS held directly and indirectly with its subsidiaries 2,121,594 shares of the Company, constituting 22.93% of share in the share capital, entitling to 2 121 594 votes at the General Assembly (22.93% share in the total number of votes), of which PGS held: directly 2,000,000 shares constituting 21.62% of the Company's share capital, entitling to 2,000,000 votes at the General Assembly (21.62% share in the total number of votes); indirectly 121 594 shares representing 1.31% share in the Company's share capital, entitling to 121,594 votes at the General Assembly (1.31% share in the total number of votes).

  After conducting the above transaction PGS holds directly and indirectly 2,171,594 shares of the Company, representing a 23.47% interest in the share capital, entitling to 2 171 594 votes at the General Assembly (23.47% share in the total number of votes), of which PGS holds: 2,050,000 shares representing 22.16% of the Company's share capital, entitling to 2,050,000 votes at the General Meeting of Shareholders (22.16% of the total number of votes); indirectly 121 594 shares representing 1.31%

share in the Company's share capital, entitling to 121,594 votes at the General Meeting of Shareholders (1.31% share in the total number of votes).

The company Polskie Smaki Sp. z o.o. is a subsidiary of PGS holding shares of Makarony Polskie SA. At the same time, PGS informed that there are no persons referred to in Article 87 paragraph 1 point 3 let. c of the Act on the offer and it does not hold the financial instruments referred to in Article 69b paragraph 1 of the Act on the offer.

- Mr. Krzysztof Moska, on 29 March 2017, announced that as a result of the sale transaction on 28 March 2017, 800,000 shares in the Company constituting 8.65% of the share capital and 8.65% of the total number of votes at the AGM, within the three session block sales transactions on the WSE main market, there was a change in the previous holding of the share by Mr. Krzysztof Moska, in the total number of votes at the General Meeting of the Company in such a way that there was a reduction below 5% of the total number of votes at the AGM.

  Prior to the change in ownership, Mr. Krzysztof Moska owned 1 101 047 shares in the Company, constituting 11.90% of the share capital and 11.90% of the total number of votes at the General Assembly, i.e., entitling to 1 101 047 votes.

  After the change in ownership, Mr. Krzysztof Moska holds a total of 301,047 shares in the Company, representing 3.25% of the share capital and 3.25% of the total number of votes at the AGM, entitling to exercise of 301,047 votes.

  At the same time Mr. Krzysztof Moska announced that he did not have any subsidiaries holding shares of the Company and that there were no persons referred to in Article 87 paragraph 1 point 3 item c of the Act on the offer. Mr. Krzysztof Moska also declared that he does not hold the financial instruments referred to in Article 69b paragraph 1 of the Act on the offer.

- Mr. Leszek Sobik, on 5 April 2017, announced that on 3 April 2017, he sold 150,000 shares of the Company in the D + 1 estate package transaction, as a result of which he reduced the shareholding threshold below 5% to 3.89%. Prior to the transaction, Mr. Leszek Sobik held 509,541 shares in the Company, constituting a total of 5.51% in the share capital, entitling to exercise 509,541 votes at the General Assembly, which constituted 5.51% of votes at the General Meeting of Shareholders. After completing the above transaction, Mr. Leszek Sobik owns 359 541 shares of Makarony Polskie SA, representing 3.89% of the Company's share capital, entitling to 359 541

votes at the General Assembly, which constitutes 3.89% of votes. At the same time, Mr. Leszek Sobik announced that the subsidiaries held no shares.

On 18 April 2017, the Company received from Praska Giełda Spożywcza SA (hereinafter: PGS) – of a close relative of Mr. Zenon Daniłowski, President of the Management Board of Makarony Polskie SA, notification of transactions on shares in the Company referred to in Article 19 paragraph 1 of MAR Regulation. PGS announced that on 13 April 2017, it established a pledge on 800,000 shares of the Company.

The company has no other information that would indicate changes in the number of shares held by material shareholders (holding over 5% shares) during 2017 and until the date of publication of this report.

The company has no knowledge of other contracts (including those concluded after the balance sheet date) as a result of which changes may occur in the future in the proportions of shares held by the existing shareholders.

Shares held by Members of the Management Board

The number and nominal value of the Company's shares held by the Members of the Management Board as at the date of the statements:

Member of the Management Board	year 2017		year 2016	
	number of shares	par value	number of shares	par value
Zenon Daniłowski*	140 000	420 000	140 000	420 000

* President of the Management Board Zenon Daniłowski is associated with companies: Praska Giełda Spożywcza SA (former: Agro-Technika SA) and Polskie Smaki Sp. z o.o., who also own shares of the Company; the total balance of ownership as at the date of publication of the statements is 2,311,594 shares worth PLN 6,934,772.

In accordance with the information possessed by the Company, during 2017 and until the date of publication of this report, there were no changes in the ownership of shares by the President of the Management Board.

Shares held by Members of the Supervisory Board

The number and nominal value of the Company's shares held by the Members of the Supervisory Board as at the date of the statements:

Member of the Supervisory Board	year 2017		year 2016	
	number of shares	par value	number of shares	par value
Marek Rocki	0	0	0	0
Michał Słomkowski	0	0	0	0
Roman Sobiecki	0	0	0	0
Samer Elwaziri	0	0	0	0
Wiesław Wasilewski	5 000	15 000	5 000	15 000

* Mr. Michał Słomkowski and Mr. Samer Elwaziri were appointed to the Supervisory Board of the Company during the financial year 2016.

In accordance with the information possessed by the Company, during 2017 and until the date of publication of this report, there were no changes in the ownership of shares by the Members of the Supervisory Board.

Shares in subsidiaries

The managing and supervising persons of Makarony Polskie SA do not hold shares in subsidiaries of the Makarony Polskie Group.

The right to decide on the issue or buyout of shares

Pursuant to §9 of the Company's Articles of Association, the share capital may be increased and decreased under the terms and in the manner specified in the Commercial Companies Code, as well as through a public offer under the terms of the Act of 29 July 2005 on public offering and conditions for introducing financial instruments to an organized system trading and public companies.

Rules for amendment of the Articles of Association of Makarony Polskie SA

The Articles of Association of Makarony Polskie SA in the wording currently in force do not include provisions regarding the change of the Articles of Association different from the provisions of the Commercial Companies Code.

According to Article 430 of the Commercial Companies Code, the amendment to the Articles of Association requires a resolution of the General Meeting and an entry into the register. The resolution of the General Assembly regarding amendments to the Articles of Association requires a majority of ¾ of votes cast - Article 415 of the Commercial Companies Code.

Pursuant to §9a paragraph 6 of the Articles of Association, the resolution of the Management Board regarding the increase in share capital as part of the authorized capital replaces the resolution of the General Assembly and requires the form of a notarial deed.

The Articles of Association of Makarony Polskie SA are available on the Company's websitewww.makarony.pl.

General Assembly

The main powers of the General Assembly

The competences of the General Assembly include making decisions on matters related to the organization and operation of the Company, subject to the cases specified in the Commercial Companies Code and the Company's Articles of Association.

The manner of operation of the General Assembly

The General Assembly operates in accordance with the Commercial Companies Code, the Company's Articles of Association and the Regulations of the General Assembly of Makarony Polskie SA adopted by the Resolution No. 24 of the Ordinary General Assembly of Makarony Polskie SA of 28 June 2016.

The Ordinary General Meeting is convened annually by the Management Board and is held within 6 months after the end of each financial year. The Extraordinary General Assembly is convened by the Management Board on its own initiative, by the Supervisory Board if it

considers convening the General Assembly as appropriate or by shareholders representing at least half of the share capital or at least half of the total votes in the Company.

the Assemblies shall be held in the registered office of the company or any other place at the territory of the Republic of Poland. The place and date of the General Assembly are selected in such a way as to enable participation of the widest possible circle of shareholders.

The General Assemblies are convened in the manner specified for the publication of current information by public companies together with the announcement on the Company's website www.makarony.pl.

The General Assembly is capable of adopting resolutions irrespective of the number of shares represented on it, unless the provisions of the Commercial Companies Code state otherwise. Subject to the provisions of Article 404 of the Commercial Companies Code, the General Assembly may adopt resolutions only in cases provided for in the Commercial Companies Code and in the Articles of Association and on the agenda of a given Assembly.

Resolutions of the General Assembly are adopted by an absolute majority of votes cast, unless the mandatory provisions of law or the provisions of the Articles of Association provide otherwise.

The voting is open. The Chairman of the General Assembly orders the secret ballot in personal matters and at the request of a shareholder. The right to request secret voting is not exercised when adopting resolutions on procedural matters. The Assembly may repeal the secrecy of voting on matters concerning the selection of committees appointed thereby.

Shareholder rights

The rights of shareholders and the manner of exercising them at the General Assembly are specified in the Commercial Companies Code, the Articles of Association and the Regulations of the General Assembly.

Shareholders representing at least half of the Company's share capital or at least half of the votes in the Company have the right to convene an Extraordinary General Assembly.

Only persons who are shareholders of the Company 16 days prior to the date of the General Meeting have the right to participate in the General Assembly. Shareholders have the right to participate in the General Meeting in person or through a proxy. Each shareholder has the right to comment on matters included in the agenda.

The description of the procedures for participation in the General Assembly and the exercise of voting rights is always included in the announcement of the General Assembly.

General Assembly in 2017

In the financial year 2017, the Ordinary General Assembly of Makarony Polskie SA was held on June 29. The subject matter of the meeting included the following issues:

- consideration and approval of the Company's financial statements for 2016 and the Management Board's report on the Company's operations in 2016,
- consideration and approval of the Group's consolidated financial statements for 2016 and the Management Board's report on the Group's operations in 2016,
- distribution of net profit for the financial year 2016,
- consideration of the report of the Supervisory Board of Makarony Polskie SA for the financial year 2016,
- acknowledgement of the fulfillment of duties in the financial year 2016, by the members of the Company's Management Board.
- acknowledgement of the fulfillment of duties in the financial year 2016, by the members of the Company's Supervisory Board.

The content of the resolutions of the Ordinary General Assembly was published in the current report No. 28/2017 of 30 June 2017 and is available on the company's website www.makarony.pl.

The Management Board did not convene Extraordinary General Assemblies. The Company's shareholders and Members of the Supervisory Board did not submit any other motions to convene the General Assembly.

Members of the Management Board and of the Supervisory Board participated in the meetings of the General Assembly in a composition allowing for a substantive answer to the shareholders' questions asked during the Assemblies

Supervisory Board

The Supervisory Board of Makarony Polskie SA operates under the Commercial Companies Code, the Articles of Association and the Regulations of the Supervisory Board adopted by the Resolution No. 25 of the Ordinary General Assembly of Makarony Polskie SA of 28 June 2016.

Rules for appointing and dismissing Members of the Supervisory Board

The Supervisory Board of the Company consists of 5 to 7 members, appointed and dismissed by the General Assembly.

The term of office of the Supervisory Board members is two years. The term of office of the members of the Supervisory Board shall expire on the day of the Ordinary General Assembly approving the financial statements of the Company for the last full financial year of performing duties of members of the Supervisory Board. If during the term of office of the Company's Supervisory Board election supplementing or extending the mandate was made, the mandate of the newly appointed member of the Supervisory Board shall expire simultaneously with the mandates of the remaining members of the Supervisory Board.

Nominations for the members of the Supervisory Board are justified in order to enable the General Meeting to make an informed choice. Members of the Supervisory Board are selected in such a way that they have appropriate education and life experience enabling them to properly assess the functioning of the Company and proper performance of functions in the Supervisory Board, and in such a way that at least two members of the Supervisory Board are persons free from connections with the Company and shareholders or employees of the Company.

The Board members are entitled to remuneration in accordance with the rules set by the General Assembly.

The Supervisory Board elects a Chairman from among its members who manages the works of the Board. The Supervisory Board may also appoint a Vice-Chairmen and a Secretary.

Competencies of the Supervisory Board

The Supervisory Board exercises permanent supervision over the Company's operations in all areas of its enterprise. The competences of the Supervisory Board include, among others:

- assessment of the financial statements and the report of the Management Board, as regards their compliance with the books and documents as well as the actual state and the Management Board's proposals regarding the distribution of profits and coverage of losses, as well as submitting to the General Assembly an annual written report on the results of that assessment,
- approving annual financial plans for the Company and controlling their performance,
- election of a certified auditor to audit the financial statement.
- granting permission to acquire or sell real estate, perpetual usufruct or shares in real estate of more than 10% of the Company's equity calculated according to the last balance sheet

of the Company approved by the General Assembly, unless provided for in the annual financial plan of the Company approved by the Supervisory Board,

- granting permission to the sale of the Company's assets, the value of which exceeds 10% (in words: ten percent) of the total equity of the Company calculated according to the last balance sheet of the Company approved by the General Assembly, unless provided for in the Company's annual financial plan approved by the Supervisory Board,
- granting permission to to incur liabilities or making disposal which, based on one or more related legal acts, exceeds 10% of the Company's equity calculated according to the last balance sheet of the Company approved by the General Assembly, unless provided for in the Company's annual financial plan, approved by the Council Supervisory Board
- granting permission to paying the Shareholders advance payments towards the anticipated dividend,
- appointing and dismissing the Management Board of the Company or its individual members,
- determining the terms and conditions of remuneration of the Company's Management Board, as well as the amount of remuneration of its individual members,
- representing the Company in contracts between it and a Member of the Management Board, as well as in a company dispute with such a person.

The Supervisory Board has the right to examine all activities of the Company, demand reports, explanations and information from the Management Board and employees, check books and documents (including financial ones), request access to all Company rooms (§10 of the Regulations of the Supervisory Board), and Members of the Supervisory Board in their activities are required to be guided by the good and the interest of the Company (§6 section 1 of the Regulations of the Supervisory Board).

The Board's forms of work include meetings, control activities and participation in works of the Company's governing bodies.

Composition of the Supervisory Board

From 1 January 2017 to the date of publication of this report, the Supervisory Board was composed of:

- Roman Sobiecki – Chairman of the Supervisory Board,
- Samer Abdelfatah Mohamed Elwaziri – Member of the Supervisory Board,
- Marek Rocki – Member of the Supervisory Board,
- Michał Słomkowski – Member of the Supervisory Board,
- Wiesław Wasilewski – Member of the Supervisory Board.

Committees of the Supervisory Board

Until 18 October 2017, there were no committees operating in the Supervisory Board of Makarony Polskie SA. During this period, the Supervisory Board of Makarony Polskie SA assumed the tasks of the audit committee in accordance with the provisions of law then in force.

In connection with the change of legal regulations, the Audit Committee was appointed in the Company on 18 October 2017.

At the moment, it is not planned to appoint other Supervisory Board committees than those required by law. This is supported by the Company's Articles of Association, shareholding structure as well as organizational and economic considerations, including the need to provide additional administrative and legal support for such committees.

AUDIT COMMITTEE

The Audit Committee of Makarony Polskie SA operates on the basis of applicable provisions of law and the Regulations of the Audit Committee adopted by Resolution No. 5 of the Supervisory Board of Makarony Polskie SA on 18 October 2017.

The number of members of the Audit Committee is determined by the Supervisory Board, which also appoints the members of the Audit Committee and appoints its Chairman. The minimum number of members of the Audit Committee is 3 people.
Members of the Audit Committee are appointed from among the Members of the Supervisory Board in such a way that:

- the majority of the Audit Committee members, including its Chairman, were independent members,
- the Audit Committee was composed of at least one member with knowledge and skills in accounting and at least one member with knowledge and skills in the industry in which the Company operates.

The mandate of a Member of the Audit Committee expires on the day of expiry of the mandate in the Supervisory Board. Each Member of the Audit Committee may also be dismissed by the Supervisory Board at any time.

If the mandate of a Supervisory Board Member elected to the Audit Committee expires before the end of the entire Supervisory Board's term of office or resignation from the Audit Committee's function, the Supervisory Board completes the Committee by selecting a new member of the Audit Committee for the term of the Supervisory Board's term.

The tasks of the Audit Committee are specified in the Act on Certified Auditors and Regulation of the European Parliament and of the Council (EU) No 537/2014 of 16 April 2014 on detailed requirements regarding statutory audits of financial statements of public-interest entities. The tasks of the Audit Committee include in particular:

- monitoring of:
  - the financial reporting processes in the Company, the effectiveness of internal control systems and risk and internal audit management systems, including financial reporting, and the performance of auditing activities, in particular the audit firm's audit of the Company's financial statements, including all applications and arrangements of the Audit Oversight Commission resulting from the audit conducted in a given audit firm;
  -
  -
- controlling and monitoring the independence of the statutory auditor and the audit firm auditing the Company's financial statements (in particular in the case when other auditing services are also provided by the audit firm);
- informing the Supervisory Board about the results of auditing the Company's financial statements and explaining how this audit contributed to the reliability of financial reporting in the Company, and what was the role of the Committee in the audit process;
- assessing the independence of the statutory auditor and the audit firm auditing the Company's financial statements, and expressing consent to their provision of permitted non-audit services to the Company's financial statements;
- developing the policy for selecting an audit firm that audits the Company's financial statements;
- developing a policy of providing the Company with an audit service, by an audit firm that audits the Company's financial statements, by associates of that firm and a member of the audit firm network (within the meaning of generally applicable provisions) permitted services that are not auditing the Company's financial statements;
- determining the procedure for selecting an audit firm that audits the Company's financial statements;
- presenting recommendations to the Supervisory Board regarding the selection of a statutory auditor or an audit firm auditing the Company's financial statements. The recommendation should meet the requirements set out in the Regulation No. 537/2014 and the Act on Certified Auditors;
- submitting to the Supervisory Board and Management Board recommendations aimed at ensuring the reliability of the financial reporting process in the Company.

In order to perform the activities specified in §5, the Audit Committee may:

- without the intervention of the Supervisory Board, request information, explanations and transfer of documents necessary to perform the tasks referred to in §5,
- require the key auditor to discuss with the Audit Committee or the Management Board key issues arising from the audit, which were listed in the additional statements referred to in Article 11 of the Regulation No. 537/2014.

From the day of its appointment, i.e., from 18 October 2017 to the date of publication of this report, the Audit Committee was composed of:

- Roman Sobiecki – Chairman of the Audit Committee (independent member),
- Michał Słomkowski – Member of the Audit Committee (independent member),
- Wiesław Wasilewski – Member of the Audit Committee (independent member).

In accordance with the legal requirements, members of the Audit Committee have knowledge and skills in accounting and with knowledge and skills in the industry in which the Company operates.

Policy of Remunerations for Members of the Supervisory Board

In accordance with the Company's Articles of Association, the Supervisory Board Members receive remuneration, the amount of which is determined by the General Assembly.

Until 28 June 2016, the remuneration system of the Supervisory Board of Makarony Polskie SA, adopted by the resolution No. 22 of the Ordinary General Assembly of 12 June 2014, was in force. Since 28 June 2016, the Company has had a new remuneration system for the Supervisory Board adopted by the resolution No. 22 of the Ordinary General Assembly of 28 June 2016. Members of the Supervisory Board receive remuneration for each meeting of the Supervisory Board in which they participate.

Information regarding remuneration paid to Members of the Company's Supervisory Board is presented in the table below and included in the consolidated financial statements in note 38 and in the separate financial statements, in note 37.

Name and Surname	Title	For the period from 01/01/2017 to 31/12/2017	For the period from 01/01/2016 to 31/12/2016
Roman Sobiecki	Chairman of the Supervisory Board	18	17
Wiesław Wasilewski	Member of the Supervisory Board	14	11
Marek Rocki	Member of the Supervisory Board	14	6

Michał Słomkowski (from 28.06.2016)	Member of the Supervisory Board	14	4
Samer Abdelfatah Mohamed Elwaziri (from 03.11.2016)	Member of the Supervisory Board	9	0
Grzegorz Słomkowski (until 28.06.2016)	Vice Chairman of the Supervisory Board	0	9
Tomasz Jankowski (until 26.10.2016)	Member of the Supervisory Board	0	11
Total		**69**	**58**

Supervisory Boards of subsidiaries

The Supervisory Boards do not operate in the Group's subsidiaries. The Bodies in subsidiaries of Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. are the Meeting of Shareholders and the Management Board.

Management Board

Rules for appointing and dismissing the Management Board Members

The Management Board of the Company consists of one to three members, including the President and Vice-President, appointed and dismissed by the Supervisory Board.

The term of office of the Management Board members is two years. Members of the Management Board may be appointed for the next two-year terms. The mandates of the Management Board members expire in accordance with Article 369 §4 of the Commercial Companies Code. If during the term of office of the Company’s Management Board election supplementing or extending the mandate was made, the mandate of the newly appointed member of the Management Board shall expire simultaneously with the mandates of the remaining members of the Management Board.

Competences of the Management Board

The Management Board represents the Company externally and takes decisions in all matters which, in accordance with the Company's Articles of Association and the mandatory legal regulations, have not been reserved to the competences of other Company's bodies.

Declarations of will on behalf of the Management Board are made by:

- in the case of a one-man Management Board - one person,

- in the case of a multi-person Management Board - two members of the Management Board jointly or a Member of the Management Board together with a Proxy.

As at the date of publication of those statements, the proxies in the Company include:

- Grazyna Kozielec – from 31 May 2012
- Beata Majewska-Karp – from 31 May 2012
- Witold Żarek – from 4 March 2013
- Dariusz Cylka – from 30 August 2016
- Tomasz Blat – from 7 August 2017.

The granted power of attorney is joint - the proxy may represent the Company only by cooperating with another proxy or a member of the Management Board

Composition of the Management Board

In the period from January 1, 2017 to the date of publication of those financial statements, the Management Board of the Company operates in a one-person composition. Zenon Daniłowski is the President of the Management Board.

On 24 May 2017, in connection with the end of the 7th term of the Company's Management Board, the Supervisory Board of Makarony Polskie SA decided that the 8th term Management Board would be one-man Management, and again entrusted the function of the President of the Management Board to Mr. Zenon Daniłowski.

Division of duties between Members of the Management Board

The Management Board of the Company is a one-man management board.

Policy of Remunerations for Members of the Management Board

In accordance with the Company's Articles of Association, the Management Board Members receive remuneration, the amount of which is determined by the Supervisory Board. The remuneration system of the President of the Management Board is based on a fixed part (basic remuneration under the employment contract) and motivational variable part (remuneration for performing functions calculated on the basis of EBITDA/operating profit + depreciation/ result generated by the Company in the quarter for which remuneration is paid and disclosed in published periodic statements covering a given quarter).

In the period covered by those financial statements, the Group companies did not conclude any agreements with managers to provide for compensation in the event of their resignation

or dismissal without a valid reason or if their dismissal or dismissal would occur due to the merger of the company through the acquisition.

In the financial year 2017, as well as in the period up to the publication date of this report, Makarony Polskie SA did not conduct employee share programs.

Information regarding remuneration paid to Members of the Company's Management Board is presented in the table below and included in the consolidated financial statements in note 38 and in the separate financial statements, in note 37.

Name and Surname	Title	For the period from 01/01/2017 to 31/12/2017		For the period from 01/01/2016 to 31/12/2016	
		constant	variable	constant	variable
Zenon Daniłowski	President of the Management Board	579*	81	600	62
	Total	**660***		**662**	

* including PLN 32 thousand as remuneration for performing the function of the President of the Management Board in a subsidiary MP Trade Sp. z o.o.

Management boards of subsidiaries

As at 31 December 2017 and the date of publication of those financial statements, the management boards of subsidiaries operated in the following compositions:

- Stoczek Natura Sp. z o.o.: Rafał Dziobko - President of the Management Board, Adam Ławnik - Vice President of the Management Board
- MP Trade Sp. z o.o.: Zenon Daniłowski - President of the Management Board

The function of the Proxy in Stoczek Natura Sp. z o.o. is fully held by Mrs. Alicja Hinz - Chief Accountant (the procuration is joint - the proxy may represent the company only by co-operating with another proxy or a member of the Management Board).

The function of the Proxy in MP Trade Sp. z o.o. is fully held by Mr. Dariusz Cylka (the procuration is joint - the proxy may represent the company only by co-operating with another proxy or a member of the Management Board).

Other information

Information on cooperation with the statutory auditor

The Supervisory Board of Makarony Polskie SA has choses the company ReVision - Rzeszów Józef Król Sp. z o.o. with its registered office in Rzeszów as a certified auditor to review the financial statements for the first half of 2017 and to audit the financial statements of the Makarony Polskie Group companies for the 2017 financial year.

ReVision - Rzeszów Józef Król Sp. z o.o. company is entered on the list of auditing companies kept by the National Council of Statutory Auditors registration number 3510 and entered into the Register of Entrepreneurs of the National Court Register kept by the District Court in Rzeszów, 12th Commercial Division of the National Court Register, registration number 0000336012.

Makarony Polskie SA used the services of ReVision - Rzeszów Józef Król Sp. z o.o. in the scope of review and audit of financial statements for the financial year 2010 and in the financial years 2012-2016.

Agreement with the above auditor was concluded for the period of review of the financial statements for the first half of 2017 and audits of the financial statements of the Makarony Polskie Group companies for the financial year 2017.

Remuneration due to ReVision - Rzeszów Józef Król Sp. z o.o. by Makarony Polskie SA amounts to PLN 52.5 thousand (PLN 18 thousand for the review of the separate and consolidated half-year statements, PLN 34.5 thousand for the audit of the financial statements of Makarony Polskie SA and the Makarony Polskie Group for 2017).

The amount of remuneration due to ReVision - Rzeszów Józef Król Sp. z o.o. by Stoczek Natura Sp. o.o. is a total of PLN 16 thousand (PLN 5 thousand for the review of the semi-annual statements, PLN 11 thousand for the audit of the financial statements for 2017).

The amount of remuneration due to ReVision - Rzeszów Józef Król Sp. z o.o. by MP Trade Sp. o.o. is a total of PLN 5.5 thousand (PLN 1.5 thousand for the review of the semi-annual statements, PLN 4 thousand for the audit of the financial statements for 2017).

Remuneration paid to ReVision - Rzeszów Józef Król Sp. z o.o. for services related to the review and auditing of financial statements of the Group companies in the financial year 2016 amounted to:

- PLN 52.5 thousand in Makarony Polskie SA company (PLN 18 thousand for the review of the separate and consolidated semi-annual statements, PLN 34.5 thousand for the audit of the financial statements of Makarony Polskie SA and Makarony Polskie Group for 2016),
- PLN 16 thousand in Stoczek Natura Sp. o.o. company (PLN 5 thousand for the review of the semi-annual statements, PLN 11 thousand for audit of the financial statements for 2016).
- PLN 5.5 thousand in MP Trade Sp. z o.o. company (PLN 1.5 thousand for the review of the semi-annual statements, PLN 4,000 for audit of the financial statements for 2016).

The Group strives to conduct business in a sustainable and responsible manner.

Corporate social responsibility

Each enterprise realizing the main business goal to which it has been established, i.e., the profit, must be aware of the fact that its impact on the environment in which it operates (environment, people, other enterprises) is significant.

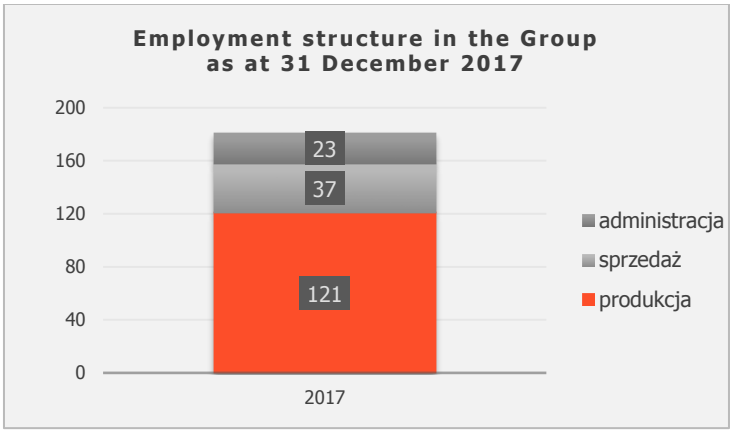


The Makarony Polskie Group strives to operate in accordance with the principles of Corporate Social Responsibility CSR, i.e. in a manner that takes into account the needs and requirements of broadly understood social and environmental interests in the company's environment.

Employees

In 2017, the Group continued to consistently implement the employment optimization program implemented in 2013, assuming stabilization of employment at permanent minimum levels at the level of necessary minimum and more flexible employment in production plants by making its level dependent on changes in production volume. The core of the program is constant care for proper organization of work (including the implementation of Lean Manufacturing) and the effectiveness of resource use.

In accordance with the adopted policy, the Makarony Polskie Group maintains the total employment at the necessary minimum level. The employment in the Makarony Polskie Group as at 31 December 2017 amounted to 181 people (vs. 196 at the end of 2016 vs. 213 posts at the end of 2015).



Diversity policy

The personnel policy of the Makarony Polskie Group is focused on maintaining high-class specialists and managers who, thanks to their knowledge, experience and commitment, ensure the highest level of implementation of the Group's business objectives, thus guaranteeing constant improvement of the organization and improving the quality of products and services provided. Makarony Polskie SA has not developed a formalized diversity policy with respect to the Company's governing bodies and its key managers. The current status of the Company does not imply an obligation to report this item.

Human resource planning and employee recruitment

In order to ensure the optimal level of tasks and objectives, in view of the ever stronger "employee market", the Makarony Polskie Group is taking steps towards effective human resources planning, even before the actual demand in this respect. The Group has implemented and conducts, in close cooperation with the heads of individual organizational units, systematic identification of future staffing needs.

When recruiting and selecting candidates, the Group makes every effort to ensure that the process is transparent and employee-friendly and effective for the company. When making decisions about establishing cooperation with the candidates, the Group's companies are guided by professional experience, seniority in the profession, and education in accordance with the scope of tasks entrusted. The Group employs both women and men in various age groups, taking into account the evaluation of the candidates' compliance with the substantive criteria and strives to prevent any form of discrimination.

according to the age and sex criterion	Structure of employment of the Group's employees as at 31 December 2017		
	woman	men	total
18-29	10	14	24
30-49	52	62	114
50+	20	23	43

The Makarony Polskie Group is looking for people who are passionate about new challenges, ready to constantly develop their talents and share knowledge. In specialist and managerial positions, persons representing a high level of professionalism, entrepreneurial, committed, professional development oriented, who derive satisfaction from their work and who are able to cooperate with other people are preferred.

In the interests of personnel development, the Group first tries to conduct internal recruitment, due to the fact that internal promotions (horizontal and vertical) allow to keep in

the organization the people with extensive experience and desirable qualifications. In the absence of suitable internal candidates, the Group conducts recruitment processes addressed to external candidates, using recruitment sources adequate to the profile of the vacant position, among others through headhunting companies, career offices, internships and student internships, internet portals.

The recruitment processes are conducted in accordance with the confidentiality and internal procedures applicable in the Group.

Internships

The Makarony Polskie Group appreciates the value and competence of young people, as well as their enthusiasm and creativity, which is why it is willing to take part in various internship programs addressed to students and graduates. The group also enables apprentices to high school students and university students.

In 2017, the Group cooperated in the organization of student internships and apprenticeships, among others with the Rzeszów University of Technology and the Vocational Development Center in Rzeszów.

Training

The Makarony Polskie Group pays great attention to the effective use of human resources. An important element of this process is ensuring professional development of employees and continuous improvement of their professional qualifications through specialist trainings and competence improvement programs. In carrying out activities in this area, the Group focuses mainly on external specialist trainings and specially prepared, closed competence development programs, which in the Group's opinion are the best investment in employees. In 2017, mainly trainings in the field of communication skills and competence development of employees were conducted.

It is important to implement the acquired skills at the workplace, as well as sharing knowledge in individual work teams and between them. Considering the above, the Group, while designing various training forms, also uses the approach according to which, at periodically organized internal conferences, employees of the Group become trainers or commonly conduct the training - thus developing their own competences and sharing their knowledge with others.

Wages and salaries system

The motivational remuneration system adopted in the Group assumes that employees receive a remuneration consisting of a fixed part (basic remuneration) and a variable part (including bonuses and awards) granted depending on the contribution of work, commitment and the level of achievement of goals/tasks for employees set by their superiors.

The basic remuneration is a resultant of the rank of the position held, the contribution of work, the scope of responsibility, qualifications and experience. The Group measures individual positions, ensuring a competitive level of remuneration, allowing recruitment of people with the desired qualifications and experience, based on the best market practices.

Variable remuneration depends on the level of achievement of individual goals/tasks set by superiors, commitment of individual employees, their diligence and care in performing work, increasing productivity and quality of work, and special achievements in the implementation of tasks set by superiors. Its purpose is to motivate employees to achieve high results of work, consistent with the business interests of the Group.

The remuneration system implemented in the Group ensures effective support for business operations and the implementation of development strategies. The variable part of the remuneration system ensures its flexibility, the ability to adapt to the needs of the organization and translating the Group's goals into the management staff, and then cascading goals further to the employees.

In 2017, there were no significant changes in the remuneration system adopted in the Group.

OSH

The Makarony Polskie Group, as a responsible employer, also ensures safe working conditions for employees. The Individual Group companies have implemented their own Health and Safety Policy. In accordance with regulations applicable in this area, in order to protect the health and life of employees, the Group companies conduct health and safety trainings, provide initial and periodic medical examinations, employ staff with the required qualifications and equip those people with appropriate personal protection equipment.

In 2017, two light accidents at work were reported in the Group.

Natural environment

The Group consistently strives to minimize the negative impact on the natural environment in every area of its activity, looking for pro-ecological solutions. The Group's activities are focused, among others on the rational use of water and energy, reducing carbon dioxide

emissions, minimizing the amount of sewage generated and waste through continuous improvement of production processes, the use of modern, energy-efficient and efficient technological lines, care for the proper condition of machinery and equipment. The Group conducts educational and information activities aimed at increasing the environmental awareness of the staff.

In 2017, Makarony Polskie SA implemented investments aimed at increasing the efficiency of pasta production processes, e.g. modernization of production lines at plants in Rzeszów and in Częstochowa, modernization of the heat center at the plant in Rzeszów. At the turn of 2016 and 2017, Stoczek Natura Sp. z o.o. company conducted a professional energy audit. In November 2017, the Company signed a subsidy contract for the implementation of the project entitled "Poprawa efektywności energetycznej przedsiębiorstwa Stoczek Natura Sp. z o.o." [Improving the energy efficiency of Stoczek Natura Sp. z o.o.], worth PLN 2.96 million (including PLN 1.49 million co-financing), which will be implemented in the period January 2018 - November 2020. The main objective of the project is to improve the energy efficiency of Stoczek Natura Sp. z o. o. through a deep thermo-modernization of the company's building, a. Based on the conducted energy audit, the enterprise will implement as part of the project, the improvements in the reduction of heat and electricity demand.

The pro-environmental activities conducted by the Group also include the systematic utilization of electro-waste and segregation and subjecting to the process of recycling the waste generated during production.

Market

Consumer confidence obliges, therefore the Makarony Polskie Group is constantly modernizing its plants, has modern production lines and an extensive production process control system, and constantly invests in acquiring and implementing modern technologies.

Each production process taking place at the Makarony Polskie Group facilities is strictly supervised by factory Quality Control Teams that ensure product compliance with the requirements of food standards and high company quality standards. Both raw materials as well as finished products are thoroughly tested in factory laboratories and periodically also tested in independent accredited external laboratories



Makarony Polskie SA and Stoczek Natura Sp. z o.o. companies have implemented and certified a quality system that meets the international IFS (International Food Standard) and BRC (British Retail Consortium) standards in order to meet legal requirements for the safety of foodstuffs. The Group's production facilities also meet the requirements of PN-EN ISO 9001: 2009 quality standard, which ensures the repeatability of ongoing processes and their continuous improvement.

Co-operation with scientific institutions, research laboratories, suppliers of raw materials, machines and packaging is systematically developed.

The Group's achievements in this respect are reflected by awards and prizes received by the Group and its products in 2017.



In February, products offered by Stoczek Natura Sp. z o.o. i.e.. "Kurczak po chińsku" [Chinese Chicken] and "Mexican TEX MEX" became the Winner of the 6th edition of the Consumer Research "Najlepszy Produkt 2017 – Wybór Konsumentów" [Best Product 2017 - Consumers' Choice].



In the first half of the year, the products of Stoczek Natura Sp. z o.o. were awarded with the Pearl of the FMCG market 2017. The Makarony Polskie product flavor ribbons received a bronze medal in their category, and the soup Męska Rzecz Pełna Micha received a silver medal.



In November 2017, wholemeal pasta under the Makarony Polskie brand received the award of Nasze Dobre Podkarpackie 2017 in the Food Products category.

Local community

The Makarony Polskie Group tries to be present in the life of local communities in which it is present on a daily basis due to the location of its production plants and sales offices. Actively supports activities and initiatives in the field of charity, as well as activities and initiatives for the development of culture, education and sport. It is also involved in social actions.

Cooperation with schools and universities

The Group's companies maintain long-term relationships with the academic environment, for example, the cooperation of Makarony Polskie SA with the University of Rzeszów in the field of R&D and the University of Life Sciences in Poznań, as well as the cooperation of Stoczek Natura Sp. z o.o. with the University of Life Sciences in Lublin.

Makarony Polskie SA participated in the organization of the 1st National Scientific Conference of Students and doctoral students in Natural Sciences of the "Human-Food-Environment" series organized on 27-28 April 2017 at Międzynarodowe Centrum Edukacji Ekologicznej w Iwoniczu [International Center for Ecological Education in Iwonicz].


Podziękowanie

Dla

Firmy MAKARONY POLSKIE

Za współpracę oraz wsparcie materialne podczas

I Ogólnopolskiej Konferencji Naukowej Studentów i Doktorantów
Nauk Przyrodniczych
„Człowiek – Żywność – Środowisko"

Organizowanej przez
Studenckie Koło Naukowe Technologów Żywności „FERMENT"

Iwonicz, 27-28 kwietnia 2017 r.

The thematic scope of the conference included issues related to broadly understood biotechnology, food technology and the impact of the environment and various factors on health and the proper functioning of the human body.

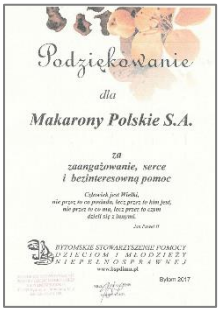
Charity work

For many years, the Group has been involved in various types of charity activities at local and national level, providing support both directly to children in need (Christmas and St. Nicholas activities, support for holidays), and hospice (Rzeszowskie Hospicjum dla Dzieci), social welfare centers (e.g. Caritas of Rzeszów Diocese), foundations (e.g. the Anna Dymna Foundation "Mimo Wszystko", the Kresowy Heritage Foundation in Lviv) and schools.


PODZIĘKOWANIE
z okazji Dnia Dziecka

For several years, the Group's companies have been actively involved in various initiatives of the Rzeszów Hospice for Children, e.g., Santa Clause actions, parcels for the children's day for the hospice patients and their siblings.

In 2017, the Group cooperated with Caritas of the Rzeszów Diocese, the Kresy Heritage Foundation in Lviv and the Bytom Association for the Assistance of Disabled Children and Young People. The Group's companies supported children's holiday organized by "Równać Szanse" [Equal Chance] Association.



In December 2017, Makarony Polskie SA, in cooperation with the Student Self-government of the Rzeszów University of Technology, joined the organization of Santa Claus parcels for the most needy families residing in the Podkarpackie Region as part of the "Szlachetna paczka" campaign. The Group also took part in the charity campaign "Paczka Świąteczna dla Żołnierzy AK" organized by the Scientific Circle of Diplomacy and Law at the Faculty of Law and Administration of the University of Warsaw, addressed to the most needy veterans of the Home Army.

Patronage and sponsorship of culture and sport

The Makarony Polskie Group is a patron of cultural and sports events, both nationwide and local ones.

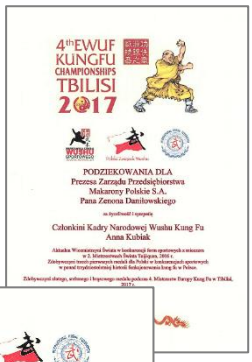
In 2017, the Group joined, among others rhw initiatives such as

Sponsorship of the Mother and Child Day on the Rzeszów market organized by Caritas of the Diocese of Rzeszów.

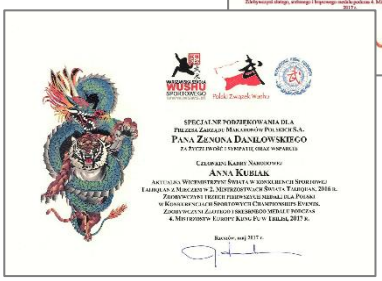




Sponsorship of XXIV Rzeszow Juwenalia, which is the largest student project in the Podkarpacie region awarded with the prestigious ProJuventus 2014 statuette in the "Best Juwenalia in Poland" category. The Juwenalia were organized by three Rzeszów universities, i.e.. Rzeszow University of Technology, University of Information Technology and Management in Rzeszów and University of Law and Public Administration.



Permanent cooperation of Makarony Polskie SA in the scope of supporting the sports activity of the World Vice-Champion in taiji - Anna Kubiak. In 2017, sponsoring concerned the player's trips at the XIV Grand International Wushu Festival, International Polish Championships and Kung Fu World Championships, as well as help in organizing a trip to Xi'an training, which was led by Tianjin coach Mr. Wu Yanan.



Statement of the Management Board

Declaration on the reliability of the preparation of the consolidated financial statements

The Management Board of Makarony Polskie SA with its registered office in Rzeszów declares that, to the best of its knowledge, the annual consolidated financial statements of the Makarony Polskie Group for the financial year ended 31 December 2017 and comparative data have been prepared in accordance with the applicable accounting principles and that they reflect in a true and fair and clear manner the asset and financial situation of the Makarony Polskie Group and its financial result.

The Management Board's report on the operations of Makarony Polskie Group in the financial year 2017 provides a true picture of the Group's development, achievements and standing, including a description of the main threats and risks.

Declaration on the reliability of the preparation of the separate financial statements

The Management Board of Makarony Polskie SA with its registered office in Rzeszów declares that, to the best of its knowledge, the annual separate financial statements of Makarony Polskie SA for the financial year ended 31 December 2017 and comparative data have been prepared in accordance with the applicable accounting principles and that they reflect in a true and fair and clear manner the asset and financial situation of Makarony Polskie SA and its financial result.

The Management Board's report on the operations of Makarony Polskie SA Company in the financial year 2017 provides a true picture of the Company's development, achievements and standing, including a description of the main threats and risks.

Declaration on the selection of the entity authorized to audit financial statements

The Management Board of Makarony Polskie SA with its registered office in Rzeszów declares that the entity authorized to audit financial statements, auditing the annual consolidated financial statements of Makarony Polskie SA Group and the annual financial statements of Makarony Polskie SA for the financial year ended 31 December 2017 was selected in accordance with legal provisions.

That entity and statutory auditors performing the audit met the conditions for issuing an impartial and independent opinion on the audited financial statements, in accordance with the applicable regulations and professional standards.

Approval of the financial statements

This Management Board Report on the operations of Makarony Polskie SA and Makarony Polskie Group in the financial year 2017 has been approved to be made available by the Management Board of the parent company on 20 March 2017.

Zenon Daniłowski
President of the Management Board

Unless otherwise indicated, the source of data in this report is the Makarony Polskie Group