

**HALF-YEARLY REPORT OF THE MANAGEMENT BOARD  
ON THE ACTIVITIES OF HELIO S.A.  
FOR THE PERIOD  
FROM 1 JULY 2009 TO 31 DECEMBER 2009**



Pursuant to the § 89 section 1 point 3 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities, the Management Board of HELIO S.A., with its registered office in Wyględy, in its full personal composition:

1. Leszek Wąsowicz – President of the Management Board
2. Justyna Wąsowicz – Vice President of the Management Board

hereby presents half-yearly report of the management board on the activities of HELIO S.A.

Pursuant to the statutes of the Company the business year of HELIO S.A. shall start on 1 July and end on 30 June.

**1. Description of the organization of the capital group of the Issuer with pointing to the entities subject to consolidation.**

HELIO S.A. does not form a capital group and is not a parent company.

**2. Information about changes in the structure of HELIO S.A., including mergers with other entities, takeovers or sale of the entities from the Issuer's capital group, long-term investments, division, restructuring and discontinuation of activity**

No such events took place.

**3. The position of the Management Board in relation to the possibility of accomplishing the previously published forecasts of financial results for the given year in the light of the results presented in the report in relation to the forecasted results.**

The Issuer did not publish financial result forecast for the current business year.

**4. Shareholders who own directly or indirectly by means of dependent entities at least 5% of the total number of votes at the Issuer's General Meeting of Shareholders for the date of passing the quarterly report and changes in the ownership structure of significant blocks of the Issuer's share in the period from passing the previous quarterly report.**

To the Management Board of HELIO S.A. knowledge, as of a day of submitting the present semi-annual report, structure of the shareholders owning at least 5 % of votes at the Issuer's Ordinary Meeting of Shareholders was as follows:

Name of the shareholder	Number of shares	Share in the share capital (%)	Number of votes at the General Meeting of Shareholders	Share in the total number of votes at the General Meeting of Shareholders (%)
<b>Leszek Wąsowicz</b>	<b>3 857 000</b>	<b>77.1</b>	<b>3 857 000</b>	<b>77.1</b>
<b>Bankowy Otwarty Fundusz Emerytalny</b>	<b>250 312</b>	<b>5,01</b>	<b>250 312</b>	<b>5,01</b>

In a period from submitting the prior quarterly report, there took place the following change in the structure of ownership of considerable packages of the Issuer's shares:

1. On 8<sup>th</sup> December 2009, as a result of settlement of a transaction of acquirement of the HELIO S.A. shares, the share of Bankowy Otwarty Fundusz Emerytalny (Bankowy OFE) obtained more than 5 % in total number of votes at the Ordinary Meeting of Shareholders of HELIO S.A. Directly before the change of the share, Bankowy OFE owned 249 921 shares of the HELIO S.A. company (5.00 % share in the share capital) granting the right to 249 921 votes (5.00 % share in total number of votes). The Company notified

on the above event in the current report No. 10/2009 on 10<sup>th</sup> December 2009.

To the Management Board of HELIO S.A. knowledge, as of a day of submitting the prior quarterly report, structure of the shareholders owning at least 5 % of votes at the Issuer's Ordinary Meeting of Shareholders was as follows:

Name of the shareholder	Number of shares	Share in the share capital (%)	Number of votes at the General Meeting of Shareholders	Share in the total number of votes at the General Meeting of Shareholders (%)
<b>Leszek Wąsowicz</b>	<b>3 857 000</b>	<b>77.1</b>	<b>3 857 000</b>	<b>77.1</b>

**5. List of the assets of shares of HELIO S.A. or rights to them for managing and supervising persons as of the date of passing the report with the changes in the ownership in the period from passing the previous quarterly report.**

The managing and supervising persons owned the following shares of the Company, as of the date of passing this quarterly report:

Shareholder	Number of shares	Percentage (%) share in the share capital	Number of votes at the General Meeting of Shareholders	Percentage (%) share in the total number of votes at the General Meeting of Shareholders
<b>Members of the Management Board</b>				
Leszek Wąsowicz	3.857.000	77.1	3.857.000	77.1
<b>Members of the Supervisory Board</b>				
Jacek Kosiński	17.800	0.4	17.800	0.4

In accordance with the knowledge of the Management Board, no changes in the ownership of shares of HELIO S.A. of the managing and supervising persons took place in the period from passing the previous quarterly report.

**6. Information on ongoing judicial proceedings, proceedings in authorities competent for arbitral proceedings or in public administration authorities**

In the period for which this report is presented, the Company did not participate in any legal proceedings which a single or total value was at least 10% of the Issuer's equity capital .

**7. Information about one or many transactions with affiliated entities concluded by the**

HELIO S.A. did not carry out any significant transaction with an affiliated entity on other terms than market.

**8. Information about granting by the Company credit securities or loans or guarantees – in total to one entity or a person dependent on this entity, if the total value of the existing securities and guarantees is equal to at least 10% of the equity capitals of the Company.**

The Company did not grant credit securities, loans or guarantee in the period for which this report of HELIO S.A. is presented.

**9. Other information that is essential in the Issuer's opinion for the assessment of its personnel, material and financial situation and its changes that may be essentials for the assessment of the possibility of accomplishing the Issuer's liabilities.**

In the assessment of the Company all essentials information was included in this report.

**10. List of factors that in the Issuer's assessment will influence the obtained results in the perspective of at least successive quarter of the year.**

In prospect of the succeeding quarter the Issuer's results will be influenced with intensive height of sale of nuts and dried fruits in the time before Easter. Considering the seasonal nature of the Issuer's brand, as well as the time of this year Easter (the beginning of April), the greater part of pre-Easter sale will be executed just within the third quarter (January – March 2010). A short interval between the past Christmas sale peak and the coming Easter season means that the Company will be able to expect essential effects owing both to marketing and organizational activities earlier carried out. It is proper to feature among them, first of all, actions executed lately to fasten the Company's image as well as its position on the domestic market, and actions effecting expansion of cooperation with hitherto clients, or purchases of raw materials connected with sale in the Easter time.

Within the nearest half-year the Company is planning to continue the hitherto assumed strategy of development.

**11. Description of the significant risk and threat factors with specification to what extent the Issuer is exposed to them**

Risk related with the competition

The Company is exposed to competition of other entities functioning on the market of retail sale of nuts and dried fruits. The market of nuts and dried fruits

in Poland is characteristic of a significantly scattered structure. On the Polish market there are present several companies with nationwide range as well as smaller local entities. The competition may lead to the decrease in the margins obtained in sale or in extreme case to the partial loss of clients. In order to eliminate this risk, the Company pursues the activities designed to strengthen the strong market position through delivering the high quality products, building the brand familiarity, adjusting the trade offer to the needs of the clients as well as through the constant expanding of the range of products.

#### The risk of fluctuations of the prices of the raw materials

HELIO S.A. is a commercial company of crude foodstuffs and is exposed to the risk of price fluctuations. Periodically such fluctuations may affect the margins of sale obtained by the Company. The level of the prices of the crude foodstuffs is affected by the factors beyond the control of the Company, such as: the size of crops in a given year, climatic conditions affecting the quality and accessibility of the raw materials of required quality. In order to retain the high current profitability of sale, owing to the experienced personnel, the Company will try to relatively earlier response to the prevailing market situation, above all including: to increase the stock of raw materials whose price is going to increase and to adequately early renegotiate the prices of products with the clients.

#### The risk of foreign currency exchange rates

Due to the fact that the Company imports directly from the countries of origin a significant part of the raw materials necessary to prepare the products, the rate of the foreign currencies may influence onto the Company's financial results. In order to avoid the negative influence of the foreign currency exchange rates on the financial results, the Company currently monitors the currency market by adopting proper measures. Managing the risk of foreign currency, the Issuer takes use of internal instruments, including, first of all, the Issuer adjusts pricing conditions offered customers to the costs of purchase of the raw material. Neither at present the Company takes use of external instruments (for example: an option, futures, forward, CIRS), nor in the period of the first half of business year 2008/2009 the Company was a party in the referred type of agreements.

#### The risk of seasonality of sale and inventories

In the Company's activity there occurs the tendency of a significant seasonality of sale. The highest sale of nuts and dried fruits falls in the period before Christmas and Easter. The sale of nuts and dried fruits is the lowest in the summer time due to the level of accessibility of fresh fruits which in this period constitute competitive goods. At the same time, preparing to the period of increased sale, the Company purchases nuts and dried fruits in the period when the sale is the lowest.

#### The risk related with the globalization on the market of the major clients

The phenomenon of merging the major global super- and hypermarkets chains causes the changes on the market of the Company's clients. This phenomenon causes the lack of possibility of the risk diversification by the clients. In general the merged chains aim at the centralization of the purchase and more frequently

the suppliers cooperating with the chain which was the overtaking chain are chosen. In order to protect against the risk of losing the greatest clients, the Company possesses agreements concluded with the majority of market chains functioning in Poland and tries to reach more and more smaller shops. It is worthwhile to note that this risk is also an opportunity to increase the Company's turnover. The retaining of the current key clients is related with their increased demand for the products resulting from the growing scale of their activity.

#### The risk of losing the key employees

The key employees constitute the significant value of the Issuer. Their loss could negatively influence the relations with major clients and suppliers. The employing of the new specialists would be connected with a long-lasting recruitment process as well as the implementation of the newly-employed persons, which in turn would delay the date of achieving the expected efficiency. Therefore, the Company decided to undertake a series of activities from the scope of the managing of the human resources, such as providing seniority bonus schedule, incentive bonus schedule, signing contracts for employment with hitherto contractors.

#### The risk of major shareholders impact onto the decisions of the Company's bodies/authorities

After the issuing of the Series B Shares, the share of the dominant shareholder, Mr. Leszek Wąsowicz, in the total number of votes at the General Meeting of Shareholders amounts to over 77%. A significant share in the total number of votes provides him with the factual control over decisions made in the Company and limits the impact of the new shareholders. Furthermore, Mr. Leszek Wąsowicz, President of the Management Board, is the entity dominating against the Issuer under the Act of the Offer. Mr. Leszek Wąsowicz, President of the Management Board, owes directly 3,857,000 of the Issuer's Series A shares which currently entitle to 3,857,000 votes at the Issuer's General Meeting of Shareholders, what constitutes 77.1% of the share in the share capital and votes at the Issuer's General Meeting of Shareholders.

#### Delay risk for construction of the new plant in Brochów

Considering adverse weather conditions, there is a risk of inconsiderable extension in performance of the investment in Brochów. In order to ensure efficiency and continuity of the works, the Issuer, undertaking appropriate activities, currently monitors construction of the new plant.