

**ADDITIONAL INFORMATION  
TO THE FINANCIAL STATEMENT  
FOR THE 4<sup>TH</sup> QUARTER OF THE BUSINESS YEAR 2011/2012  
FROM 1 JULY 2011 TO 30 JUNE 2012**



Pursuant to the § 87 section 4 and 7 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 additional information to the interim report for **the 4<sup>th</sup> quarter of the current business year 2011/2012**. This quarterly report includes the period from **1 April 2012 to 30 June 2012**.

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

The Company shall not prepare a consolidated financial statement.

## **1. Accounting principles adopted while preparing the report**

The presented financial data of the Company for the 4<sup>th</sup> quarter of the business year 2011/2012 was prepared pursuant to the Accounting Act of 29 September 1994. In the current business year the Company did not change the accounting principles (policy) in relation to the principles adopted in the financial statement for the previous year.

PLN (the Polish zloty) is the currency of this report.

In order to assure the comparability of the financial data for the 4<sup>th</sup> quarter of the current business year, the analogical period from the previous business year, i.e. from 1 April 2011 to 30 June 2011 was accepted as a comparable period. In case of data presented in an increasing order for three quarters of the current business year, the analogical period from 1 July 2010 to 30 June 2011 was accepted as the comparable period.

All the data presented in the statement was shown in thousand zlotys, unless otherwise specified. Operations in foreign currencies and asset and liability items were converted into the Polish zloty in accordance with the following rules:

- revenues and expenses in foreign currencies were converted in accordance with the average exchange rate determined by the Polish National Bank [*NBP*] for the day of the transaction,
- financial operations in foreign currencies were converted in accordance with the purchase exchange rate of currencies applied by the bank whose services the Company used,
- asset and liability items for the balance-sheet date were priced at the exchange rate determined by the Polish National Bank [*NBP*] of 30 June 2012.

The presented selected financial data from the balance-sheet, from the profit and loss account and cash flow account were converted from the Polish zloty into the Euro in accordance with the following rules:

- particular asset and liability items of the balance-sheet as of 30 June 2012 converted at the average exchange rate for the balance-sheet date determined by the Polish National Bank for the Euro, Table No. 125/A/NBP/2012 of 29 June 2012, 1 EUR = PLN 4.2613,
- particular profit and loss account items and of the cash flow account for the period from 1 July 2011 to 30 June 2012 were converted at the exchange rate that is the arithmetic average of the exchange rate of the Polish National Bank for the Euro for the last day of each month in the given period in the following way:

<b>Table No.</b>	<b>Date</b>	<b>Exchange rate (PLN)</b>
146/A/NBP/2011	29.07.2011	4,0125
168/A/NBP/2011	31.08.2011	4,1445
190/A/NBP/2011	30.09.2011	4,4112
211/A/NBP/2011	31.10.2011	4,3433
231/A/NBP/2011	30.11.2011	4,5494
252/A/NBP/2011	30.12.2011	4,4168
21/A/NBP/2012	31.01.2012	4,2270
42/A/NBP/2012	29.02.2012	4,1365
64/A/NBP/2012	30.03.2012	4,1616
84/A/NBP/2012	30.04.2012	4,1721
105/A/NBP/2012	31.05.2012	4,3889
125/A/NBP/2012	29.06.2012	4,2613
<b>Average exchange rate for 12 months</b>	<b>1 EUR =</b>	<b>4,2688</b>

## **2. Information on material changes of estimated amounts**

Adjustments for provisions, provisions for deferred income tax and deferred income tax assets are observed in the period analysed.

The provisions were taken up for:

- financial leasing (PLN 3 thousand).

Deferred tax assets refer to:

- promoting and marketing activities (PLN 71 thousand),
- unpaid salaries and National Insurance contributions (PLN 10 thousand),
- retirement and pension pays (PLN 6 thousand),
- warehouses under construction, partially in use (PLN 13 thousand),
- leaves not taken up (PLN 50 thousand),
- allowances for stock valuation (PLN 11 thousand),
- negative differences of exchange rates as of the balance sheet date (PLN 2 thousand),
- audit of annual financial statements (PLN 4 thousand),
- allowances for uncollectible accounts (PLN 37 thousand),
- unpaid interest of banks credits (PLN 16 thousand).

Provisions for deferred income tax refer to:

- financial leasing (PLN 16 thousand),
- interest on receivables (PLN 25 thousand).

Taken up write-offs revaluating assets refer to:

- uncollectible accounts (PLN 88 thousand).

### **3. Description of essential achievements or failures in the period concerned**

Due to an early date of this year's Easter (the beginning of April), in the last quarter of the present financial year (April – June), contrary to the previous year, the Company did not record increased sales in the pre-Easter period, as a result of which it entered the period of summer sales stagnation earlier than usual. For these reasons an analysis of the results achieved by the Issuer seems to be more justified in the context of cumulative financial data for Q3 and Q4 of the financial year (January – June 2011 vs. January – June 2012) than only with respect to the last quarter of the financial year (April – June 2011 vs. April – June 2012).

Revenues from sales recorded by the Company in Q4 of the financial year 2011/2012 amounted to PLN 11,848 thousand, which in comparison with the corresponding period of the previous financial year seems to be a worse result (for the period between April and June 2011 revenues from sales amounted to PLN 14,007 thousand). However, it should be emphasised that in H2 of the financial year 2011/2012 the Company posted record-high revenues from sales in the period of January – June 2012, which amounted to PLN 37,887 thousand. In comparison with the data for the corresponding period of the previous financial year, it actually means that the Issuer increased its sales during this period by 25% (for the period of January – June 2011 revenues from sales amounted to PLN 30,270 thousand).

As revenues from sales rose, the Company's EBITDA (profit from operating activities + depreciation) improved. In H2 of the financial year 2011/2012 the Company recorded the EBITDA profit of PLN 5 thousand in comparison with the loss of PLN 272 thousand recorded in the year-earlier period. With respect to data only for the last quarter of the financial year, it amounted to PLN –780 thousand for the period of April – June 2011 and PLN –1,292 thousand for the period of April – June 2012.

Although the fourth quarter of the present financial year was closed with a net loss of PLN –1,656 thousand, it results from the seasonal character of the industry in which the Issuer operates. It is essential to remember that against the backdrop of the Company's history the period of April – June has been characterised with loss, which results from the seasonal nature of profits generated by the Company.

Having regard to the fact that the present quarter closed the financial year 2011/2012, it is worth stating that it was the best financial year in the history of revenues from sales recorded by the Company. In comparison with the previous year, the Company increased its revenues from sales by 17% (from PLN 84,809 thousand in 2010/2011 to PLN 98,853 thousand in 2011/2012). Although the previous financial year was not a record-breaking one in terms of the net result, it is worth stating that the EBITDA profit rose by 16% on the previous year (from PLN 4,038 thousand in 2010/2011 to PLN 4,665 thousand in 2011/2012).

#### **4. Factors and events, especially of untypical nature that influence the obtained financial results.**

Due to an early date of this year's Easter (the beginning of April), in the last quarter of the present financial year (April – June), the Company did not recorded increased sales in the pre-Easter period, as a result of which it entered the period of summer sales stagnation earlier than usual.

Despite the market trends that popularise delicacies in a broader context than just an irreplaceable component of festive dishes, the Issuer's industry is still characterised by high seasonality closely associated with the periods of Christmas and Easter, which is also reflected in the seasonal nature of profits and losses generated by the Company. It is worth remembering that against the backdrop of the Company's history the period of April – June has been characterised with a negative financial result at the net level each year.

Therefore, the previous quarter was characteristic for the summer stagnation period during which sales of nuts and raisins decreases considerably while at the same time, due to its increasing scale of activity, the Company has to incur higher fixed costs and purchase more raw materials to handle future sales. Activities undertaken during this period enable the Company to prepare itself for the sales season of strategic importance for the Issuer's sector, the results of which will be noticeable in the results recorded by the Company during months of key importance for its industry.

As factors untypical for the last year, one should mention increased financial costs incurred by the Company in relation to servicing investment loans, and increased depreciation resulting from transferring the business activity to a new manufacturing and warehouse complex in Brochów. However, the Issuer had already forewarned of an increase of these cost items on numerous occasions as it had been assumed in the long-term business strategy of the enterprise. Benefits of transferring the business activity to the new manufacturing and warehouse complex in Brochów should be increasingly more noticeable during each period, in particular at the EBITDA level during initial periods.

#### **5. Information about seasonal character or cyclical nature of the activities of the issuer in the presented period.**

Because of the specificity of this sector that is typical of a highly seasonal character, several relations essential for the correct interpretation of some economic values occurring in the companies in the nuts and dried fruits processing sector. It should be emphasized that the Company's revenues are strongly connected with the dates of Easter and Christmas.

The phenomenon of a seasonal character is present in the Issuer's activities. The highest sales of nuts and dried fruits fall on the period before Christmas and

Easter. The sales of nuts and dried fruits are on its lowest level in the summer period, when the availability of fresh fruits makes them a competitive product. At the same time the Company prepares itself to the period of increased sales by means of purchase of nuts and dried fruits in the period in which the sales are on the lowest level. The accumulation of sales characteristic for the sector in the months preceding Christmas and Easter makes it justifiable to commence Christmas and Easter production in the summer period of lower sales.

## **6. Information on write-offs revaluating stocks to the net value achievable and reversing these write-offs**

None.

## **7. Information on impairment losses on financial assets, property, plant and equipment, intangibles or other assets and reversing such impairment losses**

Impairment losses on assets refer to:

- receivables (PLN 88 thousand).

## **8. Information on establishing, increasing, using and releasing provisions**

Releasing provisions refer to:

- retirement and pension pays (PLN 26 thousand),
- leaves not taken up (PLN 128 thousand).

Establishing provisions refer to:

- retirement and pension pays (PLN 30 thousand),
- leaves not taken up (PLN 262 thousand),
- audit of annual financial statements (PLN 20 thousand)

## **9. Information on deferred income tax provisions and assets**

Deferred tax assets refer to:

- promoting and marketing activities (PLN 71 thousand),
- unpaid salaries and National Insurance contributions (PLN 10 thousand),
- retirement and pension pays (PLN 6 thousand),
- warehouses under construction, partially in use (PLN 13 thousand),
- leaves not taken up (PLN 50 thousand),
- allowances for stock valuation (PLN 11 thousand),
- negative differences of exchange rates as of the balance sheet date (PLN 2 thousand),
- audit of annual financial statements (PLN 4 thousand),
- allowances for uncollectible accounts (PLN 37 thousand),
- unpaid interest of banks credits (PLN 16 thousand).

Provisions for deferred income tax refer to:

- financial leasing (PLN 16 thousand),
- interest on receivables (PLN 25 thousand).

**10. Information on material transactions of purchase and sales of property, plant and equipment**

No material events referred to in this Section occurred during the period covered by this statement.

**11. Information on a material liability due to the purchase of property, plant and equipment**

No material events referred to in this Section occurred during the period covered by this statement.

**12. Information on material settlements due to court proceedings**

No material events referred to in this Section occurred during the period covered by this statement.

**13. Correction of prior period errors**

None.

**14. Information on changes in the economic situation and business conditions which have a material influence on the fair value of financial assets and financial liabilities of the entity, regardless of whether these assets and liabilities are held at fair value or adjusted at the purchase price (depreciated cost)**

During the period covered by this statement no changes were observed in the economic situation or business conditions that would have a material influence on the fair value of financial assets or liabilities of the Issuer.

**15. Information on a failure to repay a credit or a loan, or breaching material terms and conditions of a credit or loan agreement, with respect to which no recovery measures were undertaken by the end of the reporting period**

During the period covered by this statement no events referred to in this Section occurred with respect to which no recovery measures were undertaken.

**16. Information on the conclusion by the Issuer or its subsidiary of one or many transactions with related parties if any or all of them are significant and were concluded on non arm's-length terms and conditions**

HELIO S.A. did not conclude any material transactions with related parties on non arm's-length terms and conditions during the period covered by this statement.

**17. In the case of financial instruments held at fair value – information on the change of the method of determining the fair value**

None.

**18. Information on changes in the classification of financial assets as a result of a change of the purpose or utilisation of these assets**

None.

**19. Information about issue, redemption and repayment of debt securities and capital securities.**

No transactions connected with issue, redemption and repayment of debt securities and capital securities were carried out in the period for which this report is presented.

**20. Information about declared or paid dividend**

HELIO S.A. did not declare or pay dividend in the period for this report is presented.

**21. Events that occurred after 30 June 2012, not included in the abridged version of the statement that may significantly influence the future financial results of the Issuer.**

No events that may significantly influence the future financial results of the Issuer occurred after the date for which the quarterly financial statement was prepared.

**22. Information about changes in the conditional liabilities and conditional assets that took place after the end of the last business year.**

No such events took place in the period for which this statement is presented, i.e. from the end of the last business year.



**23. Other information which may have a material influence on the evaluation of the economic and financial standing as well as the financial result of the Issuer**

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

**24. 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.

**25. 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.

**26. 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 quarterly report in relation to the forecasted results.**

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

**27. 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.**

For the day of passing this quarterly report, in accordance with the knowledge of the Management Board of HELIO S.A. the structure of shareholders who own at least 5% of votes at the Issuer's General 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>77.14</b>	<b>3 857 000</b>	<b>77.14</b>

In accordance with the knowledge of the Management Board, the ownership structure of the significant block of the Issuer's shares did not change in the period from passing the previous interim report.

**28. 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 quarterly 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.

**29. 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 .

**30. 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.

**31. 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.

**32. 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 quarterly report.

**33. 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.**

The next quarter is a period during which sales of nuts and raisins remains at a relatively low level. It is characteristic for the Issuer's industry, resulting at the same time from the seasonal nature of revenues and profits generated by the Company. Similarly to the previous quarter, the Company will be reading itself for a quarter of increased sales by purchasing raw materials and preparing stocks for future sales. At the same time the Issuer will seek to alleviate the inconveniences resulting from the industry seasonality by increasing sales of the more and more popular snack delicacies. However, it should not be anticipated that in the next period this trend will eliminate totally the phenomenon of seasonal losses characteristic for the summer months of sales stagnation, all the more taking into account increased fixed costs of the Company resulting from the growing scale of activity, including among others increased financial or depreciation costs.

As regards the macroeconomic factors affecting the results of HELIO S.A., a special attention should be paid to the situation prevailing in the currency market. The unstable situation in this area affects negatively the activities of HELIO S.A. Although the Company has the opportunity to renegotiate the prices of sold products with its customers, adapting them to current market conditions, it is a process extended in time and implying a temporary decrease in margins on the Company's sale.

In conclusion, it is worth noting that the internal determinants shaping the results of the Issuer in the future are promising. Although due to the seasonality of the Issuer's industry the first quarter of the financial year 2012/2013 will be largely a period of actions whose results will be noticeable only in the financial results of subsequent quarters, the Company has already made a lot of effort giving the potential for further dynamic development. Although the harmony of the positive factors is disturbed by the unstable macroeconomic situation, particularly in the currency exchange market, the next financial year looks promising in terms of a high increase of both revenues from sales and profits.