

**ADDITIONAL INFORMATION  
TO THE FINANCIAL STATEMENT  
FOR THE 6<sup>TH</sup> QUARTER OF THE BUSINESS YEAR 2006/2007  
FROM 1 JANUARY 2006 TO 30 JUNE 2007**



Pursuant to the § 91 section 4 and 6 of the Regulation of the Minister of Finance of 19 October 2005 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 6<sup>th</sup> quarter of the current business year 2006/2007**. This quarterly report includes the period from **1 April 2007 to 30 June 2007**.

Pursuant to the Company's statutes, the business year of HELIO S.A. shall commence on 1 July and end on 30 June. Due to the fact that the legal predecessor of the Issuer adopted a decision on changing the business year (from a period equal to the calendar year into a business year ending on 30 June of every year) and pursuant to the definition of the business year included in art. 3 section 1, pt. 9 of the Act of 29 September 1994 on accounting, which determines that, in case of changing the business year, the first year following the change should be longer than 12 successive months, the current business year of the Company which is the legal successor of "PH BONA" Sp. z o.o. shall consist of an 18-month period, i.e. from 1 January 2006 to 30 June 2007.

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 6<sup>th</sup> quarter of the business year 2006/2007 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.

Having in regard that the current business year of the Company consists of 18 months, i.e. 6 months more than the previous business year, in order to ensure comparability of the data presented in the report, in case of financial data presented in an increasing order for the first six quarters of the current business year, i. e. from 1 January 2006 to 30 June 2007, the entire period of the previous business year (four quarters), i. e. from 1 January 2005 to 31 December 2005 has been recognized as the comparable period.

Due to the influence of seasonability and cyclical nature of the Issuer's activities, referred to in the following section of this Additional Information, in order to ensure comparability of the data presented in the report, in case of financial data for the sixth quarter of the current business year, the analogical calendar period of the previous business year of the Company, i. e. the period from 1 April 2005 to 30 June 2005, i. e. the second quarter of the business year 2005, has been recognized 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 2007.

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 2007 and of the cash flow account 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/2007 of 29 June 2007, 1 EUR = PLN 3.7658,
- particular profit and loss account items for the period from 1 January 2006 to 30 June 2007 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:

Table No.	Date	Exchange rate (PLN)
22/A/NBP/2006	31.01.2006	3.8285
42/A/NBP/2006	28.02.2006	3.7726
65/A/NBP/2006	31.03.2006	3.9357
84/A/NBP/2006	28.04.2006	3.8740
105/A/NBP/2006	31.05.2006	3.9472
126/A/NBP/2006	30.06.2006	4.0434
147/A/NBP/2006	31.07.2006	3.9321
169/A/NBP/2006	31.08.2006	3.9369
190/A/NBP/2006	29.09.2006	3.9835
212/A/NBP/2006	31.10.2006	3.8871
233/A/NBP/2006	30.11.2006	3.8166
252/A/NBP/2006	29.12.2006	3.8312
22/A/NBP/2007	31.01.2007	3.9320
42/A/NBP/2007	28.02.2007	3.9175
64/A/NBP/2007	30.03.2007	3.8695
84/A/NBP/2007	30.04.2007	3.7879
105/A/NBP/2007	31.05.2007	3.8190
125/A/NBP/2007	29.06.2007	3.7658
<b>Average exchange rate for 18 months</b>	<b>1 EUR =</b>	<b>3.8823</b>

In the presented period there are corrections due to provisions, provisions in assets due to deferred tax income.

Assets for deferred income tax concern:

- promotional and marketing services (PLN 43 000).

Provisions for deferred income tax concern:

- financial leasing (PLN 1 000)
- interest on bank deposits charged as of the balance sheet date which has not been received yet (PLN 4 000),
- interest on receivables charged as of the balance sheet date which has not been paid yet (PLN 4 000).

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

In the 6<sup>th</sup> quarter of the current business year, the Company achieved record-breaking in the history of the Company revenues from sales in the period April – June amounting to PLN 5 097 000, which means a growth of at least 180% in relation to the analogical period of the previous business year (April – June 2005). In the 6<sup>th</sup> quarter of the current business year, a net loss amounted to PLN 314 000. It is worth underlying that in relation to the Issuer's history, the period April – June was on a year-to-year basic characteristic of a loss since it is a period in which sales of nuts and dried fruits decrease. This constitutes a feature typical of the whole sector.

It is worth noting that in the 6<sup>th</sup> quarter of the current business year, events related to an increase in the share capital of the Company took place by means of a public offering of series B shares. On 2 April, the Management Board of the Company adopted an resolution on allocation of the new issue of series B shares, whereas the increase in the share capital was registered on 20 April 2007. Following the registration by the District Court of the increase in its share capital, the Company gained, having deducted the costs of the issue, over PLN 10 ml which it intends to allocate in expanding the Company's infrastructure, allowing to increase the production potential and financing the growth in the Company's working capital.

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

The untypical factors that influenced the financial results achieved in the last quarter of the business year 2006 included in particular:

- obtaining new clients within the traditional channel (wholesale distributors) and the modern one (supermarket chains),
- expanding the cooperation with the hitherto major clients,
- preparation of the materials connected with the implementation of the extended assortment of nuts and dries fruits of the brand of Helio Słoneczne Owoce, which is planned to be introduced in the autumn of 2007,
- intensification of the activities in the scope of advertising and Public Relations carried out during this period and which were aimed at popularization of the brand name of Helio Słoneczne Owoce,
- an increase of the formal and legal requirements as well as the remuneration requirements of the production personnel.

Above mentioned factors determined necessity of additional costs. The costs were required to the further development of the Company. Effects of those cost will be noticeable in future.

In order to avoid problems with completing the production team for the period of the most intense activity of the Company (September 2007 – December 2007), the Company had to react by the means of intensifying the activity in the human resources area. The uncomfortable situation on the national labour market made the employers to incur additional remuneration costs on production positions on the basis of the service contract. The resignation from the current employees would determine a great employment fluctuation connected with a long-term process of recruitment and implementation of the new employees, which will result in the decrease of the Company's activities effectiveness in the key period of i.e. pre-Christmas selling pack. Comparing June 2005 with June 2007 the 93% increase in the number of employed on the basis of the service contract was registered (from the level of 29 persons in June 2005 to 56 persons in June 2007).

#### **4. 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. Because of the level of the working capital, this purchase is financed by means of short-term bank credits. 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.

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

Due to the Public Offering carried out by the end of March 2007, the Management Board of the Company HELIO S.A. adopted on 2 April 2007 a resolution on allocation of 1,128,000 new issue series B shares. The increase in the capital share by means of a public offering of series B shares was registered on 20 April 2007. The Company gained PLN 11,844,000, whereas the share capital of the Company increased to the amount of PLN 2,500,000.

On 12 April 2007, the Management Board of the Warsaw Stock Exchange S.A. adopted resolutions on admission to trading on the basic market of series A and B ordinary bearer shares and rights to series B ordinary bearer shares of HELIO S.A., and on introduction to trading on the basic market of rights to series B bearer shares. The first trading of 1,128,000 rights to shares of the company HELIO S.A. on the Warsaw Stock Exchange took place on 16 April 2007. Following the registration by the Court of the increase in the capital of the Company HELIO S.A., the Management Board adopted on 7 May 2007 a resolution on introduction to trading on the basic market of series A and B ordinary bearer shares of the company HELIO S.A. as of 10 May 2007. The above information was provided by means of the current reports no. 9/2007 and 10/2007 of 13 April 2007 and no.16/2007 of 8 May 2007.

#### **6. Information about declared or paid dividend**

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

**7. Events that occurred after 30 June 2007, not included in the abridged version of the statement that may significantly influence the future financial results of the Issuer.**

In July 2007, due to a dynamic increase in remuneration on the domestic, but primarily on the local labour market, in order to reduce the risk of losing the key employees, a restructuring of their remuneration system was carried out as losing qualified employees would influence negatively the relations with the Company's contractors. The average increase in the remuneration amounted to about 12%.

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

In May 2006, conditional liabilities for Mr. Leszek Wąsowicz and Ms. Justyna Wąsowicz, being members of the Management Board, for purchasing a real estate were released and paid off in the amount of PLN 411,390. There were no other events of this type either in the period which this report concerns or by the end of the last business year.

**9. 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.

**10. 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.

**11. 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.**

In the Issuing Prospectus of HELIO S.A. published on 21 March 2007 the Management Board presented the forecast of financial results of the Company for the period lasting from 25 August 2006 to 30 June 2007.

Table 3. Financial result forecast for the business year 2006/2007 (in thousand PLN)

<b>Specification</b>	Forecast for the period from 25.08.2006 to 30.06.2007	Results for the period from 25.08.2006 do 30.06.2007	Results of legal predecessor for the period from 01.01.2006 do 24.08.2006 r.	<b>Sum of the Issuer's legal predecessor's result and forecast's data</b>	<b>Accomplishment in the period from 01.01.2006 to 30.06.2007</b>
Revenues from sales	40 000	40 852	15 900	55 900	56 752
EBITDA	4 640	4 039	1 789	6 429	5 786
Gross profit	3 827	3 260	1 380	5 207	4 640
Net profit	3 100	2 599	1 122	4 222	3 721

Source: the Management Board of HELIO S.A

The results achieved within sixth quarters of the current business year prove the appropriateness of the adopted assumptions in case of revenues from sales.

The differences in profits was especially caused by:

- costs of obtaining new clients and expanding the cooperation with the hitherto clients,
- costs of preparation of the materials connected with the implementation of the extended assortment of nuts and dries fruits of the brand of Helio Słoneczne Owoce, which is planned to be introduced in the autumn of 2007,
- an increase of material costs,
- an increase of the formal and legal requirements as well as the remuneration requirements of the production personnel.

The benefits from the above mentioned costs will be noticeable in future months.

**12. 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>77.1</b>	<b>3 857 000</b>	<b>77.1</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 quarterly report.

**13. 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 Wałowicz	3 857 000	77.1	3 857 000	77.1
<b>Members of the Supervisory Board</b>				
Jacek Kosiński	15 000	0.3	15 000	0.3

In the period which this report concerns, no changes referring to the proprietary status of the shares being in possession of the managing and supervisory persons took place.

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

The Company did not participate in any legal proceedings in the period for which this report is presented.

**15. Information about one or many transactions with affiliated entities concluded by the Company for the total value exceeding the equivalent of EUR 500 000**

HELIO S.A. did not carry out transaction with an affiliated entity for the total value exceeding the equivalent of EUR 500 000 in the Polish zloty in the period for which this report is presented.

**16. 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.



**17. 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.

**18. 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.**

Higher than previously assumed costs of the fourth quarter of the current business year, including in particular the costs of obtaining new clients, promotion of the brand name, preparations for launching new products, should all contribute to increased revenues from sales, visible already during the first oncoming months.

An increase in the number of persons working annually on the basis of employment contracts is admittedly associated with higher costs of employment during the summer slowdown (until now the number of employed production personnel was maximally reduced after Easter holidays) than those recorded in the hitherto history of the Company, however the lack of necessity to employ and introduce new persons in performing their tasks during the period of the Company's most intensified performance, will certainly cause higher efficiency of work in the months which are crucial for the Company.

The additional factor that positively influences the activities of the Company is a recorded and consistent increase in wealth of the Polish society, which is characterized by a growing share of luxury goods. In context of the activities of HELIO S.A. we presume that this tendency will cause an increase in purchase of less popular and more expensive nuts and dries fruits such as for example cashew nuts, pistachio nuts or almonds, the sale of which is more beneficial. It is also worth stressing the fact that wealthier societies pay greater attention to the quality of products they buy, what creates better sales perspectives for HELIO S.A. The products of the Issuer are of high quality and enjoy a good reputation and recognition among consumers, which shall benefit to the increase of share of nuts and dries fruits of HELIO S.A. in the domestic market.