

**ADDITIONAL INFORMATION  
TO THE FINANCIAL STATEMENT  
FOR THE 4<sup>TH</sup> QUARTER OF THE BUSINESS YEAR 2014/2015  
FROM 1 JULY 2014 TO 30 JUNE 2015**



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 2014/2015**. This quarterly report includes the period from **1 April 2015** to **30 June 2015**.

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 2014/2015 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 2014 to 30 June 2014 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 2013 to 30 June 2014 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 2015.

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 2015 converted at the average exchange rate for the balance-sheet date determined by the Polish National Bank for the Euro, Table No. 124/A/NBP/2015 of 30 June 2015, 1 EUR = PLN 4.1944,
- particular profit and loss account items and of the cash flow account for the period from 1 July 2014 to 30 June 2015 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>
147/A/NBP/2014	31.07.2014	4.1640
167/A/NBP/2014	29.08.2014	4.2129
189/A/NBP/2014	30.09.2014	4.1755
212/A/NBP/2014	31.10.2014	4.2043
231/A/NBP/2014	28.11.2014	4.1814
252/A/NBP/2014	31.12.2014	4.2623
20/A/NBP/2015	30.01.2015	4.2081
40/A/NBP/2015	27.02.2015	4.1495
62/A/NBP/2015	31.03.2015	4.0890
83/A/NBP/2015	30.04.2015	4.0337
103/A/NBP/2015	29.05.2015	4.1301
124/A/NBP/2015	30.06.2015	4.1944
<b>Average exchange rate for 12 months</b>	<b>1 EUR =</b>	<b>4.1671</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 76 thousand),
- unpaid salaries and National Insurance contributions (PLN 16 thousand),
- retirement and pension pays (PLN 11 thousand),
- warehouses under construction, partially in use (PLN 15 thousand),
- leaves not taken up (PLN 45 thousand),
- audit of annual financial statements (PLN 3 thousand),
- allowances for uncollectible accounts (PLN 39 thousand),
- bonus of the management board (PLN 64 thousand),
- unpaid interest of banks credits (PLN 8 thousand),
- revaluation of inventories (PLN 27 thousand).

Provisions for deferred income tax refer to:

- financial leasing (PLN 12 thousand),
- exchange gain (PLN 1 thousand),
- interest on receivables (PLN 4 thousand).

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

The early date of this year's Easter (beginning of April) resulted in the fact that in the last quarter of the current year (April – June) the Company will not record increased revenues under pre-Easter sales. Therefore the sales revenues was lower than last year and amounted to PLN 15 903 thousand (in comparison to PLN 18 138 thousand in the period from April to June 2014).

However, when analyzing the data in a way that respects the movable dates of Easter, it should be noted that in the second half of the financial year 2014/2015, the Company achieved record-breaking revenues from sales in the Company's history in the period January - June, which amounted to PLN 45 333 thousand, ie. 16% more than a year ago (in the period January - June 2014 sales revenues amounted to PLN 38 988 thousand).

The fourth quarter of the current business year was closed with a net loss of PLN 1 193 thousand. A net loss in this period is typical of the Issuer's industry. Thus, historically speaking, the period between April and June has always been characterised by a negative net result, which is in line with the seasonal nature of profit generation in the Company. EBITDA amounted to the PLN -671 thousand in comparison to PLN 18 thousand profit for the period April - June 2014.

Having regard to the fact that the present quarter closed the business year 2014/2015, it is worth stating that in spite of the record breaking second half-year the sales revenues of HELIO S.A. in the business year 2014/2015 was lower than last year (PLN 98 822 thousand in 2014/2015 in comparison to PLN 104 239 thousand in 2013/2014). The decrease in sales is directly reflected on the Company's results, including net income and EBITDA, which amounted to PLN 1 954 thousand and PLN 4 938 thousand.

### **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 reduction in cost of sales and general management, reduced sales revenues of the current period resulted proportionally in the profits of the Company, from gross profit to the result at the level of net income and EBITDA (Operating profit + Depreciation).

In the last quarter of the business year they were also higher than in previous years write-downs of stocks arising from changes in legislation on food labeling. Changes in the regulations was in fact the cause for the launching many new packaging designs, in particular private label products, and thereby partially obsolete old packaging held by the Issuer. It is also worth mentioning that HELIO SA is one of the leading manufacturers of private label products in the branch.

Among the external factors influencing the results of the last quarter should indicate the further systematic increase in raw material prices (dried fruits and nuts) on global markets, making it difficult to maintain the current profitability of the Issuer sales. Additionally an unstable exchange rate of the zloty against key currencies for purchases of raw materials, ie. USD exacerbated these unfavorable trends.

The favorably factor affecting the Issuer's results were lower relative to last year, the amount of the WIBOR reference rate for credits taken by the Company. However, due to the higher balance of receivables resulting from record sales of the previous quarter, and higher raw material costs, the average balance of working capital credits increased compared to the previous year, which contributed to the financial expenses, ie. interest. In the table below is a summary of HELIO S.A. credits.

Table: *Liabilities from loans and credits of HELIO S.A. (in thousand PLN)*

<b>Liabilities from loans and credits</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
- Long-term	6 686	8 234
- Short-term	8 365	5 808

Source: Management of HELIO S.A.

Therefore it should be noted that despite a difficult market, the Issuer has consistently implemented its strategy of development, achieving a positive financial result in the next business year.

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

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 seasonality affects the seasonal nature of generating profits and losses in each quarter of the financial year.

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

In the reporting period, there were write-offs revaluating stocks to the net value achievable in the amount of PLN 145 thousand.

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

None.

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

Releasing provisions refer to:

- retirement and pension pays (PLN 44 thousand),
- bonus of management board (PLN 126 thousand),
- leaves not taken up (PLN 137 thousand).

Establishing provisions refer to:

- retirement and pension pays (PLN 59 thousand),
- leaves not taken up (PLN 234 thousand),
- audit of annual financial statements (PLN 18 thousand).

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

Deferred tax assets refer to:

- promoting and marketing activities (PLN 76 thousand),
- unpaid salaries and National Insurance contributions (PLN 16 thousand),
- retirement and pension pays (PLN 11 thousand),
- warehouses under construction, partially in use (PLN 15 thousand),
- leaves not taken up (PLN 45 thousand),
- audit of annual financial statements (PLN 3 thousand),
- allowances for uncollectible accounts (PLN 39 thousand),
- bonus of the management board (PLN 64 thousand),
- unpaid interest of banks credits (PLN 8 thousand)
- revaluation of inventories (PLN 27 thousand)..

Provisions for deferred income tax refer to:

- financial leasing (PLN 12 thousand),
- exchange gain (PLN 1 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 2015, not included in the abridged version of the statement that may significantly influence the future financial results of the Issuer**

On 07.17.2015 r., ie. after the end of the period covered by this report, the Issuer as debtor concluded a long-term credit agreement with Bank Handlowy in Warsaw SA with its registered office in Warsaw, on the basis of which the Bank granted the Debtor non-revolving credit amounting to 4 500 000 zł with its appropriation to finance and refinance the purchase of fixed assets including machinery and equipment and cars. Term use of the credit until 31 December 2015. The Bank collected interest on the effected credit amount by 3M WIBOR changeable interest rate increased by the Bank margin. The crediting period: 3 July 2020.



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

In the period covered by this report, and thus the end of the last financial year there was opened a documentary letter of credit on behalf of the Issuer as an importer for the amount of USD 125 700.00. Documentary letter of credit was settled in the next quarter.

**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 essentials 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 Company**

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. 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 used in healthy diet. However, it should not be anticipated that in the next period this trend will eliminate totally the phenomenon of seasonality.

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 and a increase of prices on raw material market. 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.

Despite the adverse factors in the next quarter, the Company is planning to continue the hitherto assumed strategy of development, including offering products at the best possible prices for the market, but without a detriment of implemented standards of production quality, brand image, as well as the economic interests of the Issuer. The Company will also try to make the best use possible of its potential, including launched new products and campaigns promoting a consumption of the Issuer's products in a healthy daily diet.