

**ADDITIONAL INFORMATION  
TO THE FINANCIAL STATEMENT  
FOR THE 1<sup>ST</sup> QUARTER OF THE BUSINESS YEAR 2015/2016  
FROM 1 JULY 2015 TO 30 JUNE 2016**



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 1<sup>st</sup> quarter of the current business year 2015/2016**. This quarterly report includes the period from **1 July 2015 to 30 September 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 1<sup>st</sup> quarter of the business year 2015/2016 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 1<sup>st</sup> quarter of the current business year, the analogical period from the previous business year, i.e. from 1 July 2014 to 30 September 2014 was accepted as a 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 September 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 September 2015 converted at the average exchange rate for the balance-sheet date determined by the Polish National Bank for the Euro, Table No. 190/A/NBP/2015 of 30 September 2015, 1 EUR = PLN 4.2386,
- particular profit and loss account items and of the cash flow account for the period from 1 July 2015 to 30 September 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:

Table No.	Date	Exchange rate (PLN)
147/A/NBP/2015	31.07.2015	4.1488
168/A/NBP/2015	31.08.2015	4.2344
190/A/NBP/2015	30.09.2015	4.2386
<b>Average exchange rate for 3 months</b>	<b>1 EUR =</b>	<b>4.2073</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:

- interest on receivables (PLN 15 thousand),
- exchange gains (PLN 1 thousand).

Deferred tax assets refer to:

- promoting and marketing activities (PLN 86 thousand),
- unpaid salaries and National Insurance contributions (PLN 23 thousand),
- retirement and pension pays (PLN 11 thousand),
- warehouses under construction, partially in use (PLN 15 thousand),
- leaves not taken up (PLN 44 thousand),
- audit of annual financial statements (PLN 3 thousand),
- allowances for uncollectible accounts (PLN 71 thousand),
- bonus of the management board (PLN 53 thousand),
- revaluation of current assets (PLN 110 thousand),
- unpaid interest of banks credits (PLN 6 thousand).

Provisions for deferred income tax refer to:

- financial leasing (PLN 13 thousand).

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

In the 1<sup>st</sup> quarter of the current financial year, the Company increased its sales and thus achieved its record sales income for July-September – PLN 17,698. When compared to the same period in the previous year, the Issuer increased its sales by as much as 40% (the sales income for July-September 2014 was PLN 12,618).

Despite dynamic sales growth, the Company did not manage to overcome the seasonality typical of the industry. It needs to be explained that throughout the history of the company, the July-September period was year by year characterised by a negative net result, which is related to the seasonal nature of profit generation by the Company. So the first quarter of this financial year closed with a net loss of PLN -705,000, while EBITDA was PLN -168,000 when compared to the PLN 81,000 profit for the July-September 2014 period.

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

The current quarter included a typical summer drop in the sales of dried fruit and nuts. During that time, the Company was getting ready to the Christmas season,

strategic for the industry, for instance by purchasing raw material and producing stock for future sale. So the expected outcomes of the activities of HELIO S.A. in the past quarter will be visible only in the sales results for the months to come. At the same time, the Company tried to make the most efficient possible use of the potential developed by the actions taken thus far, including new products and campaigns promoting the consumption of the Issuer's products in healthy daily diet. It must be borne in mind that despite the market trends popularising dried fruit and nuts in a broader context than an irreplaceable ingredient of Christmas dishes, the Issuer's sector is still highly seasonal, peaking around Christmas and Easter.

Furthermore, the recent adverse situation on raw material markets (dried fruit and nuts) has still had a crucial impact on margin levels and thus on the Issuer's financial results. The adverse conditions on the raw material market were additionally deepened by this year's depreciation of PLN in respect of the currency of key importance for purchases, i.e. USD. Growing prices of raw materials and high price pressures resulted in lower profitability of the Company than in the year before.

An event with beneficial effects on the Issuer's balance sheet aspects was the signing of a long-term loan agreement with Bank Handlowy w Warszawie S.A., under which the Bank granted the Company as the Borrower a non-revolving credit of PLN 450,000,000 intended for financing and refinancing of fixed assets, including machinery and plants as well as company cars. Using the loan to refinance some of the investment expenditures incurred from the Company's own funds in the previous year improved the age structure of the Issuer's credit liabilities. To supplement the financial information, the table below shows the list of the credit liabilities of HELIO S.A.

Table: Liabilities due to loans and borrowings of HELIO S.A. (in thousand PLN)

<b>Liabilities in relation to other entities due to loans and borrowings</b>	<b>As of 30.09.2015</b>	<b>As of 30.09.2014</b>
- long-term	10,236	7,848
- short-term	10,503	8,358

Source: Management of HELIO S.A.

As far as macroeconomic factors are concerned, it should be noted that the WIBOR reference rate for loans taken out by the Issuer was lower than in the previous 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**

None.

**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:

- interest on receivables (PLN 15 thousand),
- exchange gain (PLN 1 thousand).

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

Deferred tax assets refer to:

- promoting and marketing activities (PLN 86 thousand),
- unpaid salaries and National Insurance contributions (PLN 23 thousand),
- retirement and pension pays (PLN 11 thousand),
- warehouses under construction, partially in use (PLN 15 thousand),
- leaves not taken up (PLN 44 thousand),
- audit of annual financial statements (PLN 3 thousand),
- allowances for uncollectible accounts (PLN 71 thousand),
- revaluation of current assets (PLN 110 thousand),
- bonus of the management board (PLN 53 thousand),
- unpaid interest of banks credits (PLN 6 thousand).

Provisions for deferred income tax refer to:

- financial leasing (PLN 13 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 September 2015, not included in the abridged version of the statement that may significantly influence the future financial results of the Issuer.**

No events took place past the date as at which the quarterly financial statements were made which could have a definite impact on the Issuer's future financial results. For diligence purposes, one may mention insurance-covered damage at one of the auxiliary production lines and its base. However, the scale of the damage to assets does not meet the criterion for recognising them as assets of considerable value, nor will it significantly affect the Issuer's operations. The damaged property was insured against this type accidents, including loss of profit.

**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, which means since the end of the last financial year, the documentary credit for USD 125,700.00 opened in the 4<sup>th</sup> quarter of the financial year 2014/2015 at the request of the Issuer as the importer was paid.

**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 Issuer**

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 results of HELIO S.A. in the next quarter will be influenced primarily by the seasonal increase in demand for dried fruit and nuts in the pre-Christmas season. So at that time the Company will strive to make the most efficient possible use of its manufacturing and commercial potential, as well as of its 20 plus years of experience in the industry. Just like every year, intensive and cost-effective promotional and marketing activities are planned for that time to support the sale of the Issuer's products.

As far as macroeconomic factors influencing the results of HELIO S.A. are concerned, special attention needs to be paid to the situation on the currency and raw material market. Unstable situation in this respect adversely affects the business of HELIO S.A. Despite the fact that the Company is able to renegotiate the prices of the products sold with its recipients, adapting them to the current market conditions, the process is lengthy and its effect also depends on the behaviour of the Issuer's competitors. Due to persisting high price pressures in the industry, these factors seem to be one of the key challenges of year to come.

To sum up, the Company is facing a quarter of key importance for the industry which will influence the Issuer's results for the whole year. Even though the main risk factors characterising the business of HELIO S.A., including first and foremost increases in raw material prices and foreign currency exchange rates, must still be taken into account, the actions taken thus far and the leading position in the industry ought to help the Company overcome the temporary difficulties. At the same time, the Issuer will want to take advantage of the favourable trend of changes in the consumer habits of Polish people who look for natural, not highly processed, healthier, gluten-free products with lower salt and

fat content and with greater content of natural ingredients or fibre. To achieve this, the Company will develop its existing offer by adapting it flexibly to the current market expectations.