



**REPORT OF THE MANAGEMENT BOARD
OF THE ACTIVITIES OF HELIO S.A.
for the business year 2011/2012
from 1 July 2011 to 30 June 2012**

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1. Rules of figure up the annual report on the Management Board activity

The presented report on the Company Management Board activity for the business year 2011/2012 has been drawn up in compliance with the Accounting Act of 29 September 1994 as amended and under the Regulation of the Minister of Finance of 19 February 2009 on current and interim reports provided by the Issuers of securities and on the conditions of acknowledging the equivalence of information required by laws of a non-member country.

In the current business year the Company did not change the rules of specifying the value of assets and liabilities and financial result review in relation to the rules adopted in the report for the previous business year.

Pursuant to the Company statutes the business year of HELIO S.A shall begin on 1 July and end on 30 June. The period for which the comparable data are presented is the period of the prior business year, i.e. from 1 July 2010 up till 30 June 2011.

The currency used in figure up this report is PLN (the Polish Zloty).

The Company does not draw up any consolidated financial report.

2. Basic information about the Company.

Name (company):	HELIO Spółka Akcyjna
Legal form:	joint stock company
Country of company:	Poland
Premises:	Wyględy
Address:	ul. Stołeczna 26, 05-083 Zaborów
Telephone:	22 796 31 96
Facsimile:	22 752 09 21
E-mail:	helio@helio.pl
Website:	www.helio.pl

On behalf of the Company act:

- Leszek Wąsowicz – President of the Management Board
- Justyna Wąsowicz – Vice President of the Management Board

HELIO S.A. was established under notary deed of 18 July 2006 due to the transformation of "PH BONA" Spółka z ograniczoną odpowiedzialnością (limited/public liability company) to HELIO S.A. (joint stock company). On 25 August 2006 the Company was entered into the Register of Entrepreneurs run by the District Court for the capital city of Warsaw, 14th Economic Department of the National Court Register in Warsaw, under KRS number: 0000262514.

The legal predecessor of the Company operated from 15 August 2003 to 24 August 2006 as a limited liability company. It is, however, not without significance that Mr Leszek Wąsowicz ran the business of packaging and distribution of dried fruits and nuts since 1992, initially as a civil partnership, and since 1993 as a natural person conducting economic activity. In 2003 the company run by Mr Leszek Wąsowicz (within the meaning of art. 55¹ of the Civil Code) was transferred as contribution in kind into PH BONA Sp. z o.o. Therefore the beginnings of HELIO S.A. date back to 1992, that is when BONA civil partnership was established. Currently the principal scope of activity of HELIO S.A. is importing and packaging dried fruits and nuts, production of pastry fillings and distribution. Virtually all of the Company's sales are directed at the domestic wholesale and retail market, as well as the B2B segment (sales targeted at: businesses, confectioneries, bakeries, etc.).

The registered office of the Company is located in Wyględy, a village near Warsaw, at ul. Stołeczna 26, where in past years the main production facilities of the Issuer were also located. Currently, the main production and warehouse complex is located approx. 30 km to the west of the registered office of HELIO S.A., in the village of Brochów near Sochaczew, i.e. in close proximity to key transportation hubs of the country. The total area of the complex is more than is over 10 thousand m², and the total area of the property of HELIO S.A. in Brochów amounts to 72 thousand m², which gives ample opportunity for future expansion, and at the same time removes limitations of further development. The Brochów complex was put into service in May 2011 and is the largest facility of its kind in the dried fruits and nuts industry in Poland and one of the largest ones in Europe.

The share capital of the Company amounts to PLN 2,500,000 and is divided into 5,000,000 ordinary bearer shares.

The Management Board is composed of 2 persons and was formed on the day of establishing the Company.

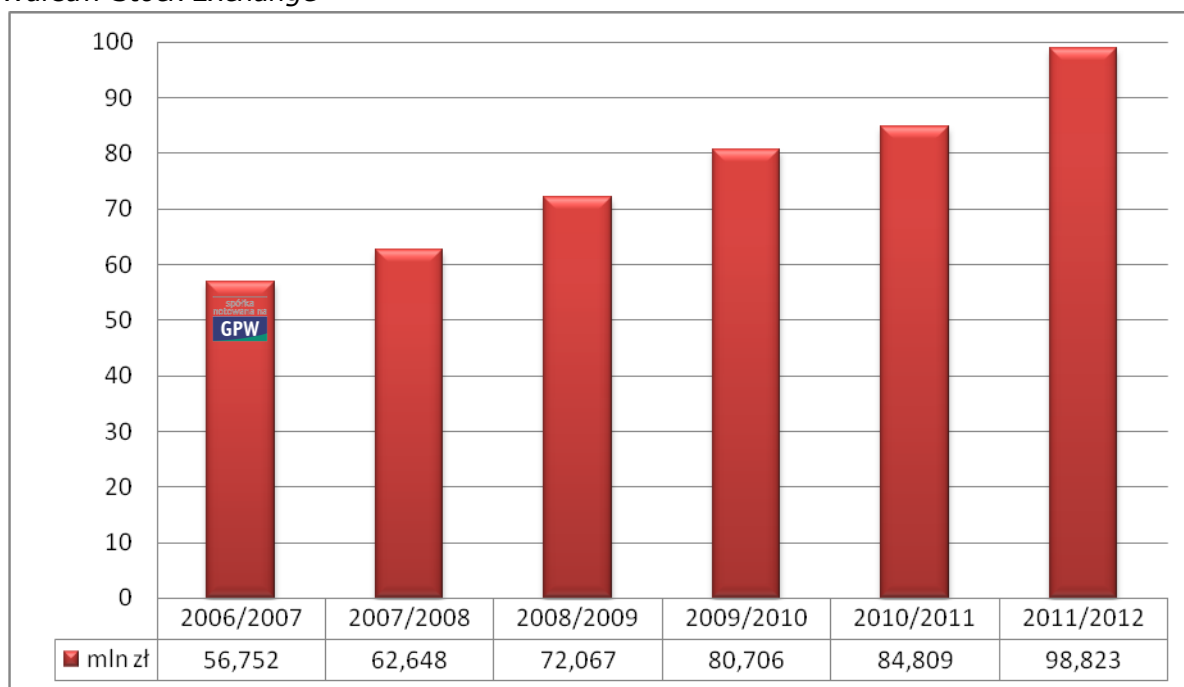
3. Discussion of the basic economic and financial values, revealed in the annual financial report and in particular the description of the factors and events, also of a non-standard nature, having a significant influence on the Company's activity and the profits or losses attained during the business year as well as the discussion of the development perspectives of the Company activity at least in the following business year

Factors affecting the Company's business in the current financial year

Owing to its consistent development strategy, HELIO S.A. once again ended the year with record high sales revenues. In the 2011/2012 financial year the Company generated sales revenues of 98,823 thousand PLN, which means a 17% increase compared to the previous year (84,809 thousand PLN

in 2010/2011). It is also worth mentioning that revenue growth rate was the highest in the history of the Issuer's shares on the Warsaw Stock Exchange, i.e. from the 2006/2007 financial year (Figure 1). Moreover, the Issuer also noted an increase in sales in terms of volume. In the 2011/2012 financial year HELIO S.A. sold 23% more than in the previous year (an increase from 7.8 tons in 2010/2011 to 9.6 tons in 2011/2012), which means that the Company has strengthened its position in the market for nuts and dried fruits, not only in terms of value, but volume as well.

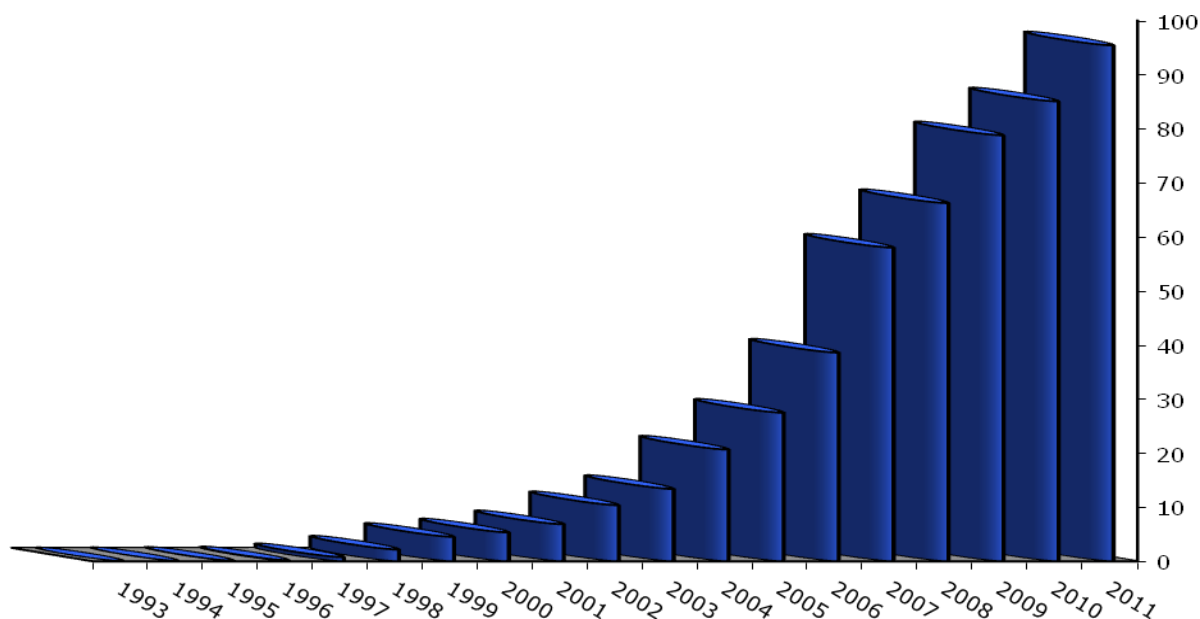
Figure 1: Sales revenue growth of HELIO S.A. in the history of the Company's shares on the Warsaw Stock Exchange



Source: Management of HELIO S.A.

Translation of Figure 1	
mln zł	million PLN
spółka notowana na GPW	company listed on WSE
56,752	56.752
62,648	62.648
72,067	72.067
80,706	80.706
84,809	84.809
98,823	98.823

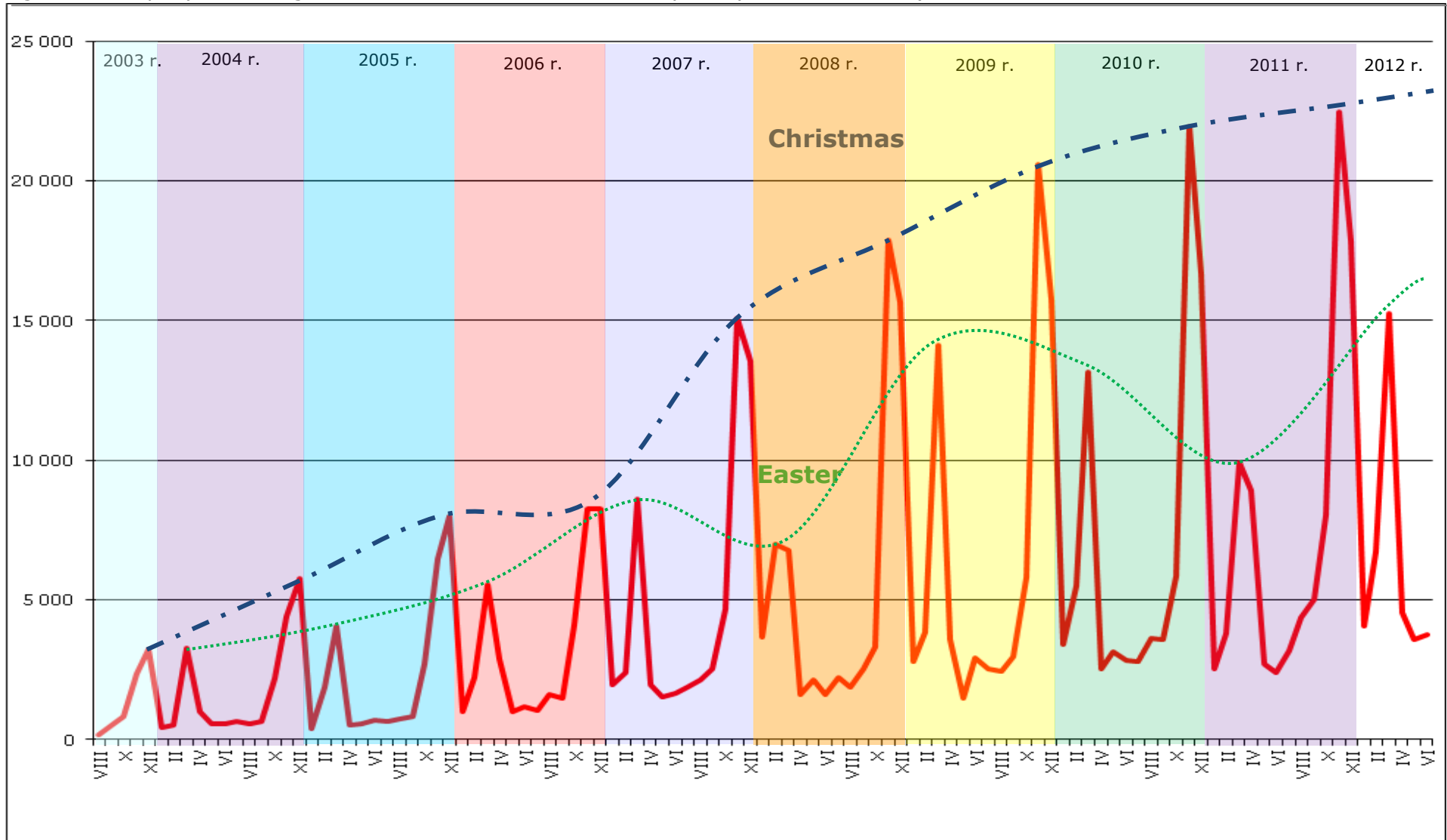
Figure 2: Growth of sales revenues on a year-to-year basis since the establishment of the Company (in million PLN)



Source: Management of HELIO S.A.

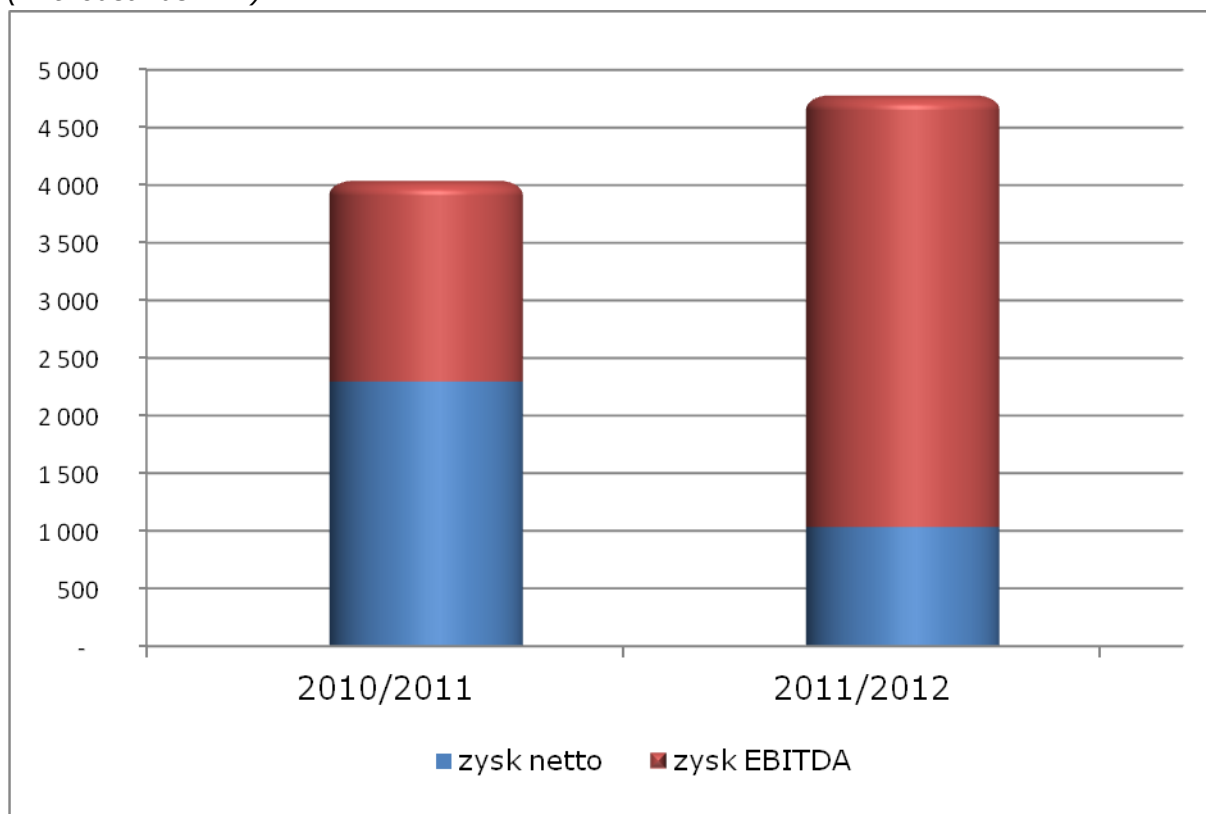
Given the characteristic seasonality of sales typical to the industry in which the Issuer operates, it is convenient to illustrate the dynamics of Company growth within the context of the its specific business in particular quarters in the form of a presentation of revenues in corresponding months of each calendar year (Figure 3). An analysis based on such configuration allows to notice, above all, the high increase of generated revenues in the key periods for the Company, i.e. the holidays (Christmas and Easter), coinciding with a constant upward trend observed since the beginning of operations. It should be added that the visible deviations from the upward trend in the 2006 Christmas season and the Easter seasons of 2008, 2010 and 2011 arise from the atypical even distribution of sales between two months (respectively, November/December 2006, February/March 2008 and 2010, and March/April 2011), normally the dominant part of holiday season sales peak occurs in only one month. These deviations are not a concern, as they result from the changing distribution of holidays in a given year, and at the same time – the changing distribution of deliveries. Within the context of the current financial year, it meant that the early Easter compared to last year (beginning of April 2012) caused that the dominant part of the pre-holiday season sales occurred in the 3rd quarter of the 2011/2012 financial year. It caused an earlier beginning, compared to last year, of summer sales slowdown season. Therefore, the last year's disruption of growing sales dynamics in the 4th quarter is not a phenomenon which needs to be evaluated negatively.

Figure 3: Company revenue growth with visualisation of calendar years (in thousands PLN)



Source: Management of HELIO S.A.

Figure 4: Change of net profit and EBITDA in financial year 2010/2011 vs. 2011/2012 (in thousands PLN)



Source: Management of HELIO S.A.

Translation of Figure 4	
zysk netto	net profit
zysk EBITDA	EBITDA

Along with the increase of sales revenues, the Company also improved its EBITDA results (operating profit + depreciation and amortization). It amounted to 4,779 thousand PLN in the 2011/2012 financial year, which means an 18% increase compared to the corresponding period of last year (in the 2010/2011 fiscal year it amounted to 4,038 thousand PLN). It is also important to emphasise that this growth does not fully reflect the improvement of operational efficiency resulting from the transfer of the Company activity to the new production and warehouse complex in Brochów. That is because last year the company incurred one-off expenses related to the organization of work as well as administrative and office resources for the new facility and the implementation of international quality standards: BRC – Global Standard for Food Safety. What is more, a series of negative external factors occurred, which resulted in an incidental increase of operating costs. Within the context of these facts and the anticipated increase in depreciation and amortization, financial expenses resulting from the repayment of interest on investment loans and increased working capital loans, the Company's net profit amounted to 1,034 thousand PLN.

A detailed description of the main factors affecting the financial results of HELIO S.A. in the financial year 2011/2012 can be found below.

Beginning of operations in the new facility in Brochów

In connection with putting into service the new production and warehouse complex in Brochów near Sochaczew at the turn of the analysed and the previous financial year, the Issuer transferred its operations from the previously leased location to the new facility. This event caused changes within the structure of the Company. As expected by the Management Board, in the first year of operation in the new facility it was reflected mainly in improved EBITDA results. It was possible owing to the reduction of operating costs resulting from optimization of internal logistics and reduction of the cost of renting warehouse space. It should be stressed, however, that due to the one-off costs of organising operations in the new facility the results of the previous period do not fully reflect the expected benefits in their full extent. The initial months after putting the new facility into operation are a period in which production is being started, production infrastructure is assembled, and the office and administrative resources are acquired, and at the same time, work in the new environment is organised, while the prestigious international quality and food production safety standard: BRC – Global Standard for Food Safety, which strengthened the Company's competitive position both domestically and internationally, is being implemented and certified.

Although the capital expenditures of 2011/2012 on the construction and Company infrastructure in Brochów were slightly lower than those of 2010/2011, unlike in the previous year, the majority of the expenditures were recognised not as increased value of assets, but in the current operating costs of the Issuer due to their operational nature, which lowered the operating profit of the Company on a one-off basis.

After incurring these costs, the benefits of transferring operations from the previously leased location to the new warehouse and production complex in Brochów should, however, become clearer with each subsequent period, and at the same time – favourably affect the performance of the Company, especially at the EBITDA level. As it was earlier indicated by the Issuer, one should take into account the increased, relative to prior years, depreciation and amortisation as well as financial costs arising from the repayment of interest on investment loans and increased working capital associated with the growing scale of operations. The growth of these cost positions was signalled by the Issuer on a number of occasions, since it was assumed in the long-term development strategy of the Company. In the long run the costs of depreciation and amortisation and interest on investment loans should decline steadily. The benefits of transferring operations to the new warehouse and

production complex in Brochów should therefore become clearer with each coming period.

Diversification of customers and activation of new distribution channels

In the previous year the effects of the prior actions targeted at penetrating the traditional B2C sales channel could be seen. It is worth noting, as a reminder, that due to poorly developed sales of the Company in the traditional channels, within the last 2 years the Issuer has undertaken efforts to expand its nationwide commercial structures. Especially the enlarged sales department was intended to intensify sales in the traditional channels (wholesalers and retailers). Therefore it is worth noting that the sales value of the Issuer in this channel increased by 29% in relation to last year and now it represents 18% of the Company sales in the B2C segment (Figure 6). Despite the fragmentation of sales in the above mentioned channel, its activation is reflected by a wider presence of HELIO brand products on the market and improved brand awareness among customers. Ultimately, the Company aims to generate 30-40% of its sales revenues in the traditional channel, i.e. analogously to the share of this channel in the dried fruits and nuts market. The actions undertaken in this field contributed in a tangible way to increasing the sales of the Issuer in general, as well as within the context of diversifying its customers. It should be stressed that, as planned, the expenditures incurred to for the sake of improving this channel of distribution were lower than last year, which resulted in sales costs reduction in comparison with the financial year 2010/2011. What is more, the cost-effectiveness of sales in this channel should improve systematically with each coming period.

In the 2011/2012 financial year the Issuer also undertook actions aimed at activating sales in an entirely new – for its operations – segment of the market. The increased production and warehouse capacity of the Company's new complex in Brochów opened new potential for selling dried fruits and nuts to businesses (the B2B segment: sales to producers of confectionery, bakeries, pastry shops, etc.). The department responsible for activation of this segment in the first year of its activity established cooperation with several dozen customers. In spite of the fact that sales in this segment did not exceed 10% of total revenues of the Company and that sales in the B2B segment are characterized by relatively low profitability, the development of this segment contributes to improving inventory turnover and the economies of scale resulting from increased purchases.

As part of the pro-sales activities, the Issuer also undertook a number of other actions, such as: establishing cooperation with more partners from the B2C segment, including partners operating on foreign markets. The accumulation of the above-mentioned sales activities of the Issuer resulted in a record high growth rate of sales revenues of the Company. At the same time it should be

noted that although the expenses incurred for active market penetration affected the Company's profit margins in the past year, as assumed by the Issuer, the profitability of concluded contracts should improve systematically.

Increase in the prices of raw materials and instability of the foreign exchange market

Due to the fact that the Company imports a large portion of raw materials from the countries of origin, foreign exchange rates and fluctuations of raw material prices affect the financial performance of the Issuer. In the previous year the above factors, i.e. sudden depreciation of the Polish currency and the increase of raw material prices were more severe for the Issuer than in the past, which affected unfavourably the Company's profit margins. Despite the fact that the Company renegotiated the prices of goods sold with its customers, this process was stretched over a longer period of time and at the same time these factors had a temporary, unfavourable impact on the profits of the Company.

Marketing activities

In the previous period the Company still conducted active and cost-effective marketing actions promoting the sales of the products bearing the Issuer's brand. The Company promoted its products in electronic and printed media and took a number of promotional activities in the points of sale. The thoughtful variety of promotional activities, their comprehensive nature and consistency with the marketing strategy of the Issuer undoubtedly contributed to the success of the message and its perception both by the current and the potential customers, which improved the Company's sales in the previous period and strengthened the image and brand awareness of the Issuer in the long term.

Situation on the market for nuts and dried fruits

In the previous year the market for dried fruits and nuts in Poland continued to develop, although, in the opinion of the Issuer, at a slower pace than in the past. Therefore, the high growth of sales of the Company within this period means that HELIO S.A. has significantly strengthened its position on the Polish market.

The main factors affecting the market for dried fruits and nuts include:

- the continuation of the trend to popularise dried fruits and nuts among Poles within a context wider than only as an indispensable ingredient of holiday cuisine. This trend constitutes a natural change of consumer habits resulting from the introduction of Western-European and Mediterranean eating habits into the Polish diet, which is additionally strengthened by information and promotion campaigns. More and more Poles treat dried fruits and nuts as a substitute for traditional snacks and more willingly add them to their daily diets, for example

by using them as salad ingredient. In the previous year, in particular in the summer season, the Company tried to mitigate the disadvantages stemming from the seasonality of sales by intensifying the sales of the increasingly popular snacks with dried fruits and nuts and selections for everyday culinary usage. Having observed this trend, the Issuer had already undertaken a number of actions aimed at the intensification of sales of such snacks and fudge fillings which suffer from seasonality of demand to a smaller extent than the products of the similar category of poppy seed fillings. It undoubtedly contributed to the growth of sales revenues in the previous period. It should be noted, however, that the industry is highly seasonal in nature, which means that demand grows systematically for all kinds of dried fruits and nuts, including those bought for holiday season pastries.

- increasing demand for dried fruits and nuts mix packaged under own brands of retail chains, which resulted in the necessity to maintain higher levels of inventories, but also increased sales of the Company in this respect,

- high price pressure associated with very aggressive pricing policies adopted by companies losing their market share. In the opinion of the Issuer, this phenomenon is going to die down due to the necessity to restore a reasonable, from the business standpoint, profitability of the companies operating in this market.

Employment

In the previous year the Company increased employment of non-production staff, including the sales department. Owing to the actions taken in the previous years related to human resources, the Issuer in the 2011/2012 financial year had no difficulty in completing its production staff, nor any inconvenient fluctuations in employment. In view of the experience of the first year of operation in the new Brochów facility, the Issuer sees the possibility of improving the efficiency of employees working on production positions in the future.

Table 1: *Employment in HELIO S.A.*

Financial year	Average number of employees
2010/2011	164
2011/2012	174

Source: Management of HELIO S.A.

To sum up, the 2011/2012 financial year was full of negative external factors and saw an incidental increase of costs associated with the transfer of operations to the new facility in Brochów. Given the above, the improvement of financial

performance of the Company at the EBITDA level and the dynamic growth of sales revenues should be considered as a good sign of future development of HELIO S.A.

Prospects for development

In the coming year the Company is planning to continue the development strategy adopted before. The benefits of transferring operations from the previously leased location to the new warehouse and production complex in Brochów should become clearer with each subsequent period, and at the same time – favourably affect the sales revenues of the Company, especially at the EBITDA level. As it was earlier indicated by the Issuer, one should take into account the increased, relative to prior years, depreciation and amortisation as well as financial costs arising from the repayment of interest on investment loans and increased working capital. In the longer term, however, these costs should decrease.

Moreover, the Company shall continue to mitigate the disadvantages stemming from the seasonality of sales by intensifying the sales of the increasingly popular snacks with dried fruits and nuts and selections for everyday culinary usage. At the same time the Issuer intends to utilise the favourable trend of natural change of consumer habits resulting from the introduction of Western-European and Mediterranean eating habits into the Polish diet. In the long run the situation on the market should improve within the context of the strong price pressure. The market is bound to stabilise systematically in this respect, because maintaining such conditions would be unfavourable for the industry.

Extensive experience in the industry, strong position on the domestic market, lack of supply-side constraints and improved competitiveness of the Company due to the opening of the new facility in Brochów bode well for further development. Despite the difficulties of the current year, the coming financial year looks promising for the Issuer, especially in terms of financial performance and increased profitability.

4. 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, constant expanding of the range of products, as well as improvements to the manufacturing infrastructure.

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, 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.

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 business year 2011/2012 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 satisfying the needs of 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. Due to the above reasons, the Company undertakes a number of activities within human resources field, including among others: long-service pays, incentive bonuses, etc.

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

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 other 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 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.

5. Information on proceedings pending before the court, the authority competent for arbitrary proceedings or before the authority of public administration.

In the period covered by the present report the Company was a party in no judicial proceedings in which single or total value would constitute at least 10% of the Issuer's equity capital.

6. Information about the basic products, goods and services with the specification of their value, amount and the share of particular products, goods and services (if significant) or their groups in the sale of the Company in general and in changes in this respect in a particular business year

The scope of activity of HELIO S.A. is the import and packaging of dried fruits and nuts (also in the forms such as: fruit mix, student's mix, nut mix, tropical mix and dried fruit and nut mix) and production of cake fallings (fudge filling, poppy seed filling) and their distribution. The position of the Company's brands on the Polish market is strong, and in the previous year the products of the Company won more prestigious awards, including: "Złote Laury Konsumenta 2012" consumer award in the categories of confectionery ingredients and dried fruits and nuts, "Laur Konsumenta – Odkrycie roku 2012" discovery of the year consumer award, "Złoty Paragon 2012" statuette – Polish Trader Award in the category: market leader of dried fruits and nuts, "Produkt na Medal" award of the Pani Domu magazine, and a commendation in the Przebój FMCG competition.

Company brands

The Company offers its products under brands, well-known in the target group, such as: HELIO, Słoneczne Owoce, and the luxury brand HELIO GOLD. Every year the company extends its portfolio with new products and product lines. In the financial year 2011/2012 the Issuer introduced, among others, a new line in the dried fruits and nuts category and poppy seed filling in an innovative doypack package. The HELIO New Line series of dried fruits and nuts products is tailored to consumers who are looking for proven and reliable product quality, practical and modern zipper bag packaging and affordable price. It is for those consumers, who use dried fruits and nuts in their daily menu, not only as a snack, but also to a large extent for culinary purposes – pastries, salads, desserts.

Private labels of retail chains

Owing to flexible approach to customer expectations and the capability to produce goods according to suggestions and customer needs, HELIO S.A. is systematically increasing the volume and range of products delivered under

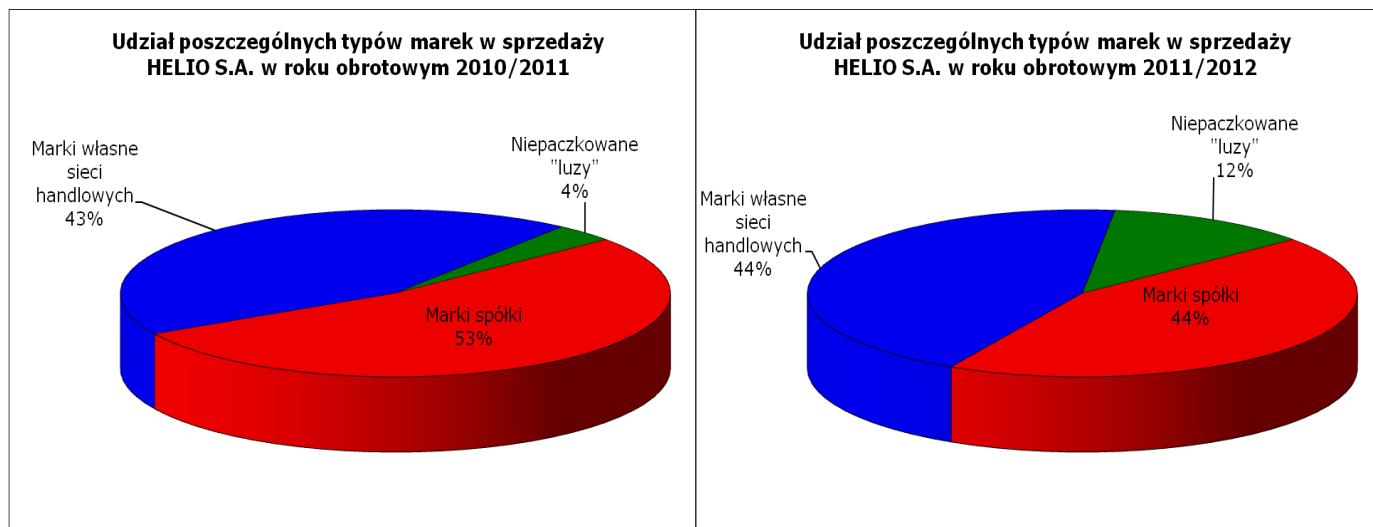
house brands of retailer chains (also called "private labels"). In the 2011/2012 financial year the Company cooperated in this regard with the following retailers: Auchan, Biedronka, Carrefour, EKO Holding, E.Leclerc, Intermarche, Makro Cash & Carry, Netto, Piotr i Paweł, Real and Tesco. Within the context of increasing market share of private labels in the majority of categories of the FMCG market, including dried fruits and nuts, the Company in the previous year took advantage of its opportunity to extend its range of products in this group, which was reflected in their growth in the Issuer's structure of revenues (Figure 5). Further development of this product group seems inevitable due to the current trends in the market for dried fruits and nuts. It should also be noted that despite a lower profit margin on sales of products under retailer private brands, compared to selling products under the producer's brand, such products do not require additional promotion expenses, yet still they require the Issuer to maintain higher levels of inventories in stock.

Non-packaged dried fruits and nuts

The increased production and warehouse capacity of the Company's new complex in Brochów opened new potential for developing an entirely new segment of operations, i.e. selling dried fruits and nuts to businesses (the B2B segment: sales to producers of confectionery, bakeries, pastry shops, etc.). The department responsible for activating this segment was created at the beginning of the 2011/2012 financial year and acquired several dozen customers in the first year of its activity. As shown in Figure 5, it contributed to the share increase of non-packaged ("loose") goods in the sales structure of the Issuer (+8 p.p.). It should be remembered that this item contains the sales of non-packaged goods conducted over the years in the dried fruits and nuts segment targeted at the final consumers (B2C). The sales of non-packaged goods were previously carried out via modern channel (super and hypermarket chains) as "dried fruits and nuts by weight."

The revenue structure of these three groups of products is presented in Figure 5. The changes therein are consistent with tendencies within the Issuer's market, which in turn testifies to the proper choice of the Company's offer in terms of market demand.

Figure 5: Brand percentage in the sales revenues of the Company



Source: Management of HELIO S.A.

Translation of Figure 5	
Udział poszczególnych marek w sprzedaży HELIO S.A. w roku obrotowym 2010/2011	The share of individual brands in the sales of HELIO S.A. in the financial year 2010/2011
Udział poszczególnych marek w sprzedaży HELIO S.A. w roku obrotowym 2011/2012	The share of individual brands in the sales of HELIO S.A. in the financial year 2011/2012
Marki własne sieci handlowych	Retailer chain private labels
Niepaczkowane "luzy"	Non-packaged products
Marki spółki	Brands of the company

In terms of product structure, there were only slight changes relative to last financial year, which have no material impact on the Company's operations. The products generating the most revenue are still nuts and dried fruits, and the products with the smallest share are seeds and grains. Despite being characterised with the greatest seasonality, pastry fillings are still an important item in the Issuer's sales revenue breakdown, with 18% share, i.e. comparable to last year (17%).

Table 2: *Product range of the Issuer*

Nuts, including:

- ✓ peanuts (groundnuts)
- ✓ Brazil nuts
- ✓ hazelnuts
- ✓ almonds
- ✓ blanched almonds
- ✓ sliced almonds
- ✓ cashews
- ✓ pecans
- ✓ pine nuts
- ✓ pistachios
- ✓ almond flakes
- ✓ shredded coconut
- ✓ walnuts

Dried fruits¹, including:

- ✓ candied pineapple
- ✓ dried pineapples
- ✓ dried peaches
- ✓ banana chips
- ✓ dates
- ✓ figs
- ✓ dried mango
- ✓ dried apricots
- ✓ papaya
- ✓ raisins
- ✓ orange peels
- ✓ candied orange peels
- ✓ California prunes
- ✓ cranberries

Seeds and grains, including:

- ✓ pumpkin seeds
- ✓ maize (popcorn)
- ✓ poppy seed
- ✓ sesame seeds
- ✓ sunflower seeds

Cake fillings:

- ✓ poppy seed
- ✓ kutia
- ✓ fudge

Source: Management of HELIO S.A.

7. Information about the markets with respect to the division into the domestic and foreign markets and the information about the supply sources of production materials, goods and services specifying the dependence on one or more buyers and suppliers, and in case when the share of one buyer or supplier amounts at least to 10% of income from the sale in total – the names (of the companies) of the supplier or buyer, his share in sale or supply as well as his formal connections with the Issuer

Customers

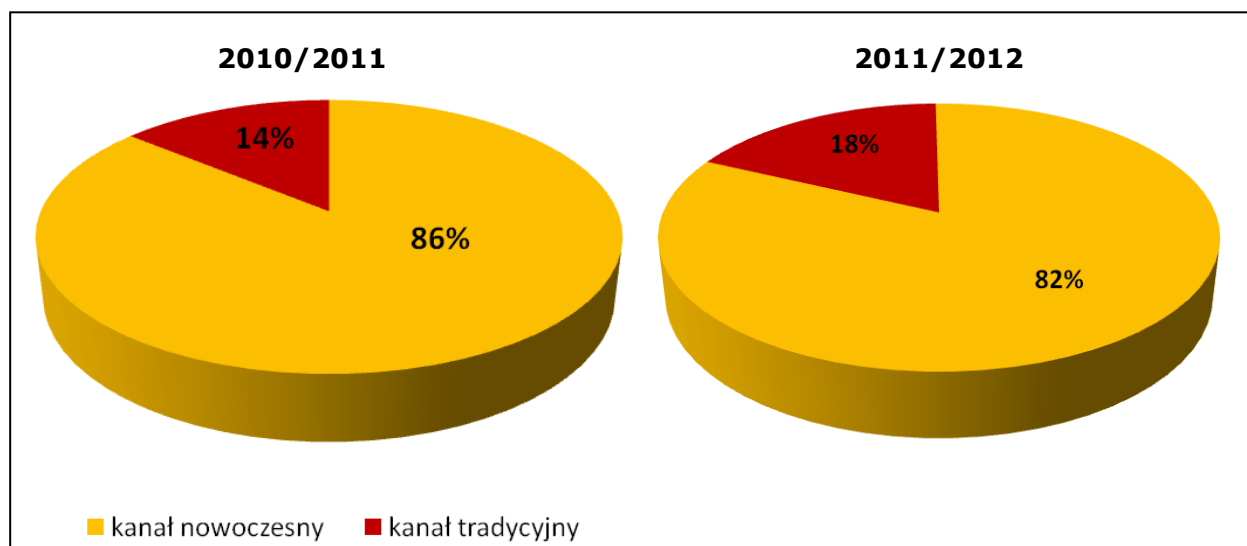
The Company supplies its products across the whole country. They are sold in the majority of nationwide retailers and in smaller chains as well as local shops, which are supplied by trade companies, food wholesalers and other distributors.

Owing to the actions taken in the past aimed at penetrating the traditional B2C channel, its percentage in the Company's sales revenues is systematically

¹ Dried fruits and other fruits

growing. Nevertheless, in the 2011/2012 financial year the dominant percentage of the sales was represented by the so-called modern channel, i.e. super- and hypermarkets (Figure 6).

Figure 6: Sales structure in the B2C segment by channels of distribution in the 2010/2011 and 2011/2012 financial years



Source: Management of HELIO S.A.

Translation of Figure 6	
kanał nowoczesny	modern channel
kanał tradycyjny	traditional channel

In order to reduce the dependence on individual customers, the Company has signed agreements with the largest international retail chains and distributors in Poland. In the 2011/2012 financial year, over 10% of share of sales revenues of the Issuer was held by Jeronimo Martins Dystrybucja S.A. (26%) and Tesco Polska Sp. z o.o. along with other units of the TESCO group (17%). The Issuer is bound by cooperation agreements signed with its customers.

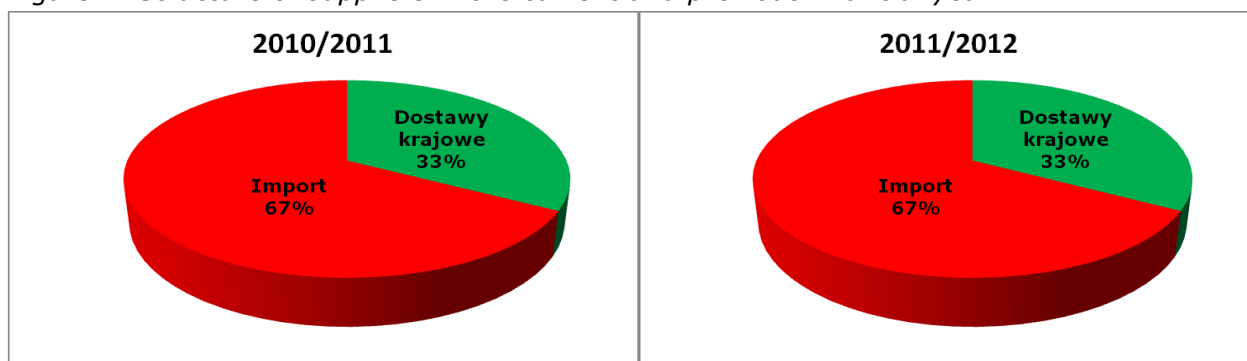
At the same time, the increased production and warehouse capacity of the Company's new complex in Brochów opened new potential for developing an entirely new segment of operations, i.e. selling dried fruits and nuts to businesses (the B2B segment: sales to producers of confectionery, bakeries, pastry shops, etc.). The department responsible for activating the B2B segment was created at the beginning of the 2011/2012 financial year. In the first year of activity it acquired several dozen customers, while sales revenues within this segment did not exceed 10% of the total sales revenues of the Company. The development of this segment also contributes to improving inventory turnover and the economies of scale resulting from increased purchases.

In the 2011/2012 financial year the Issuer sold its products also to foreign customers. Although exports represented less than 1% of the total sales revenue of the company, its significant growth rate is worth mentioning. Relative to the previous year, export revenues grew by 811%. The main export destinations are: Czech Republic, Slovakia, Hungary, Lithuania and the United States.

Suppliers

In the financial year 2011/2012, the structure of suppliers, including the share of imports in total supply structure has not changed from the previous financial year (Figure 7). The Company has no long-term contracts with suppliers. Goods are purchased on a regular basis according to current needs, and supplier agreements are concluded for specific deliveries of goods. Owing to this, the Company is not dependent upon significant suppliers, and in the financial year 2011/2012, none of the Company's business partners exceeded 5% of the total supply to the Company.

Figure 7: *Structure of suppliers in the current and previous financial year*



Source: Management of HELIO S.A.

Translation of Figure 7	
Import	Import
Dostawy krajowe	Domestic supply

In the 2011/2012 financial year the Company still imported mainly from the following countries: Argentina, Chile, China, Czech Republic, Greece, Hungary, India, Iran, Turkey, the U.S. Payments for imports were settled mainly in American dollars (USD), euro (EUR) and Czech korunas (CZK).

8. Information about concluded agreements relevant to the activity of the Issuer including the agreements which are familiar to the Issuer and which are concluded between the shareholders (co-partners), insurance, partnership or cooperation agreements.

HELIO S.A. is a party in several commercial agreements with the clients on the basis of which it is obliged to deliver the own manufactured products, whereas the clients, representing the trade chains, all-Poland distributors, local wholesales, as well as being smaller entrepreneurs, are obliged to purchase those products and their further resale. The agreements do not specify the size of the purchase to which the Issuer's contracting parties are obliged. The agreements concluded with the contracting parties with whom the sales for the last year increased by 10% of the total Company's sale were denoted as significant among the agreements concluded with the clients, or this level is estimated to be achieved within the nearest year. These are the agreements concluded with six companies representing big trade chains (Carrefour Polska Sp. z o.o., Jeronimo Martins Dystrybucja S.A., Tesco Polska Sp. z o.o. and MGB Metro Group Buying Polska Sp. z o.o. and Spółka Sp. K. both with the represented thereby companies Makro Cash and Carry Polska S.A. and Real,- Sp. z o.o. and Company Sp. K.) assuming the sale of the Company's products both under its own brand and the client's brand depending on the provisions of the particular agreement. The cooperation terms do not diverge from the terms commonly applied in this kind of agreements. The agreements determine the general terms and conditions of cooperation, including detailed settlements within terms and conditions of supplies and placing orders, forms and terms of payments, granting rebates, discounts, premiums (dependent on obtaining a particular turnover volume, calculated on particular commodities, for providing logistic, marketing, etc. services) to the Issuer's customers, payment of contractual penalties by the Issuer in case of non-performance or inadequate performance of the contractual provisions, as well as duration of a particular agreement, ways and conditions of its termination. The agreements in concern are concluded for unlimited period of time, or they are automatically yearly renewed.

Within the business year 2011/2012 the Company was a significant party from the perspective of the Issuer's activity in the credit agreements. In order to avoid repeating the information, the agreements in concern were presented in position 11 of this report.

Moreover, the Company annually renews the insurance agreements on the grounds of:

- civil liability arising out of the running of the activity and possessing property as well as launching the product into market trading,
- insuring the property against theft burglary and robbery, devastation, fire and other fortuitous events,
- insurance of electronic equipment against all risks,
- transport insurance of the Company's car fleet,
- insurance against construction risks (connected with the above mentioned construction of the warehouse-manufacturing-office complex in Brochów).

The insurance agreements guarantee the Company's stability, whereas the total proportion of the contributions does not exceed 10% of the revenues from the Company's sales, thus it does not deem the agreements as significant ones.

9. Information about the organizational or financial relations of the Issuer with other entities and the specification of its main domestic and foreign investments (securities, financial instruments, intangible fixed assets as well as real estate), including capital investments realized outside its group of affiliated entities and description of method of financing them.

Over the financial year 2011/2012, the Company did not make any capital investments.

In this period the Issuer first and foremost incurred capital expenditures on the equipment and production infrastructure of the new facility in Brochów. This new production and warehouse facility, put into operation in May 2011, increased the production capacity of the Company, which resulted in a high sales revenue growth rate and improved operational efficiency. Apart from the economic benefits of the growing scope of production, constructing a large production facility with vast storage capacities allowed to achieve savings with respect to logistical operations and improved the competitiveness of the Company. As a reminder, it is worth noting that in the 2011/2012 financial year the Company implemented and certified the prestigious international quality and food production safety standard: BRC – Global Standard for Food Safety in its new facility.

Moreover, in the financial year 2011/2012 the Issuer expanded its vehicle fleet, mostly due to the further development of the sales department of the Company.

Table 3: Investment expenditures of HELIO S.A. in the business year 2011/2012

Specification	Financing sources	
	Expenses – own means (in PLN thousand)	Expenses – own means (in PLN thousand)
Lands and the right of perpetual usufruct	-	-
Buildings and offices	132	-
Machines and devices	288	1 000
Vehicles	205	286
Intangible fixed assets	9	-
Equipment	205	-
Capital investments	-	-

Source: The Management Board of HELIO S.A.

The Company has neither organizational nor capital relations with other entities.

10. Information on significant transactions contracted by the Issuer or a subsidiary with affiliated entities on terms other than market terms, providing their amounts and information providing specification of such transactions

In the period of the last business year HELIO S.A. effected no significant transactions with an affiliated entity on terms other than market terms.

11. Information on agreements concerning loans and credits contracted and terminated in the given business year, providing at least their amount, type and value of interest rate, currency and maturity dates

Within the business year 2011/2012 the Company was a party in the following credit agreements:

- The multi-purpose multi-currency credit line agreement concluded on 11th August 2008, including the later alterations concluded between the Company (the "Debtor") and Bank: BPH S.A. seated in Cracow (the "Bank") – the Bank granted the Debtor a credit in a form of a multi-purpose multi-currency credit line up to the equivalent of PLN 23,500,000. The Bank collected interest on the effected credit amount by 1M WIBOR changeable interest rate increased by the Bank margin. Crediting period: up till 30 September 2012.
- The facility agreement in a current account concluded on 26 August 2009 between the Company (the "Debtor") and BNP Paribas Polska S.A. earlier Fortis Bank Polska S.A. seated in Warsaw (the "Bank") the Bank granted the Debtor the facility in the current account up to maximal limit up to PLN

5,000,000. The Bank collected interest on the effected credit amount by 1M WIBOR changeable interest rate increased by the Bank margin. Crediting period up till 30 August 2012.

- The non-revolving credit concluded on 11 August 2008 between the Company (the "Debtor") and Fortis Bank Polska S.A. seated in Warsaw (the "Bank") as amended – the Bank granted the Debtor the facility in the current account up to maximal limit up to PLN 14,000,000 with its appropriation to finance up to 80% of net expenditures of the investment project consisting in performance the Debtor's new seat, including acquisition of a land real estate, renovation of warehouse buildings and construction of office-warehouse structures located in Brochów near Sochaczew, providing that the financing granted by the Bank shall not cover the acquisition of the land real estate. Duration of the credit use is up till 28 February 2011. Grace period for the credit repayment is up till 28 February 2011. The Bank collected interest on the effected credit amount by 1M WIBOR changeable interest rate increased by the Bank margin. Crediting period: up till 29 June 2021.
- Non-revolving credit agreement concluded on 16 August 2011 between the Company (the "Borrower") and BNP Paribas Bank Polska S.A. (the "Bank") – the Bank granted non-revolving credit to the Borrower in the amount of 1,000,000 PLN to finance investments related to purchasing equipment for the new office of the Borrower in Brochów. Credit use period: until 16/02/2012. The first loan payment due on the nearest interest due date after the day in which the credit use period expired. Crediting period: until 15 August 2016.
- Agreement for the investment credit of 16 July 2010 including the later alterations concluded between the Company (the "Debtor") and Bank: BPH S.A. seated in Cracow (the "Bank") – the Bank granted the Debtor the investment credit for the amount of PLN 3,150,000 purposed to acquire fixed assets (machinery, equipment). Duration of the credit use is up till 30 June 2011, and repayment of the credit beginning from 31 July 2011. The Bank collects interest on the effected credit amount by 1M WIBOR changeable interest rate increased by the Bank margin. Crediting period: up till 15 July 2013.

Within the business year 2011/2012 the Company neither concluded nor terminated loans.

12. Information about the loans granted in the given business year taking into particular consideration the loans granted to the affiliated entities of the Issuer, providing at least their amount, type and value of interest rate, currency and maturity dates

In the business year 2011/2012 HELIO S.A. granted no loans.

13. Information about the warrants and guarantees granted and obtained in the business year, taking into particular consideration warrants and guarantees granted to the affiliated entities of the Issuer

In a period covered by the report, the Company obtained no warrants, and did not grant any warrants.

In the period covered by the present report HELIO S.A. granted no guarantees, however the Company was a beneficiary of the following guarantees:

- The bank guarantee z dnia 23.05.2011 r. granted by Raiffeisen Bank Polska S.A. seated in Warsaw (the "Guarantor") for an application by Krzysztof Mieciek running the business activity of the name: "Metalplast Budownictwo Krzysztof Mieciek" seated in Warsaw (the "Debtor") in order to secure possible claims under warranty and /or guarantee in compliance with the terms and conditions of the Agreement for construction works concluded between the Debtor and HELIO S.A. (the "Guarantee Beneficiary") on 15 April 2009 including amendments. On the base of the guarantee the Guarantor is irrevocably and unconditionally obliged for the payment for the benefit of HELIO S.A. each amount up to maximal sum of PLN 150,000 after receiving the first payment demand in writing. Duration of the guarantee validity: from 01.06.2011 r. up till 11.02.2014 r. The Issuer is not an affiliated entity towards other parties of the guarantee.

14. Issuance of securities in the reporting period – description of the issuance receipts used by the Issuer by the time the report on the Issuer's operations was drawn up

In the business year 2011/2012 HELIO S.A. had no receipts owing to issuance of securities.

15. Explanation of differences between the financial results provided in the annual report and previously published results forecasts for a particular year

The Issuer did not publish financial results forecasts for the business year 2011/2012.

16. Evaluation with justification regarding managing the financial resources with particular respect to the capability to meet incurred commitments and the specification of possible threats and actions which the Issuer has undertaken or intends to undertake in order to prevent these threats

In the financial year 2011/2012 the Issuer had no difficulty with meeting its obligations. Stable financial situation of HELIO S.A. and diversification of loan financing between two banks resulted in unthreatened liquidity of the Company.

The Company secured financing of current operations by means of working capital loans (overdraft facility and multi-purpose, multi-currency line of credit). The amount of credit exposure was adjusted to the seasonality of the Issuer's business, and at the same time – to the working capital requirements arising from turnover growth. The high level of sales in the periods before holidays required significant purchases of raw materials, which – like every year – were financed with working capital loans. In order to ensure further dynamic growth of the Company, the Issuer increased the level of financing from working capital loans from 15 million PLN of total credit limit during peak periods in the 2010/2011 year to 28.5 million PLN in the corresponding period of 2011/2012 financial year. This increase was a consequence of the fact that despite the dynamic growth in sales turnover in the previous years, the Company has not increased working capital financing since 2008. Within the context of improved production capacities of the Company in the new facility, the increase of working capital loans was inevitable and already taken into account in the long-term development strategy of HELIO S.A.

In the discussed period the Company also used an investment loan for purchasing production and storage equipment for the new facility in Brochów. Moreover, in the previous year HELIO S.A. also repaid its previously contracted long-term investment loans, i.e. the loan to finance up to 80% of net costs of the new investment in Brochów and the purchase of machinery and equipment for the new facility.

In the opinion of the Management of the Issuer, there are no threats of failure to fulfil the obligations of the Company. Payment of liabilities on account of supplies, services, loans and leases is carried out on an ongoing basis and in accordance with the terms of agreements, and the financing of current operations in the financial year 2012/2013 was ensured by renewing the overdraft facility granted by BNP Paribas Bank Polska S.A. (formerly Fortis Bank Polska S.A.) up to the maximum of 5,000,000 PLN and the multi-purpose, multi-currency line of credit granted by BPH Bank S.A. up to the equivalent of 23,500,000 PLN.

17. Evaluation of the possibility of fulfilling the investment plans, including the capital investments, in comparison to amount of appropriations owned, with respect to the change in the financial structure of that activity

The financial year 2011/2012 was the first year of operations in the new facility in Brochów. This investment greatly increased the supply capacity of the Issuer and reduced operating costs, mostly due to making internal logistics more efficient. Also, to obtain modern production and storage infrastructure and equipment for the new facility in Brochów, last year the Company purchased new machinery and equipment financed by the investment loan granted by BNP Paribas Bank Polska S.A. in the amount of 1,000,000 PLN. as well as own resources.

The Company is not planning any material investments in the 2012/2013 financial year. Possible investment and replacement expenditures will be financed mainly from own resources.

18. Evaluation of the factors and non-standard events having influence on the result of the activity for the business year with the specification the degree of influence of those factors or non-standard events on the achieved result

The factors positively affecting financial performance in the 2011/2012 financial year were primarily:

- commencement of operations in the new facility in Brochów, which greatly increased the supply capacities of the Issuer and its competitiveness (e.g. by implementing the international quality and food production safety standard: BRC – Global Standard for Food Safety),
- strengthening of good relations with the major customers of the Company, which resulted in an increased volume of supply,
- further penetration of the traditional channel of distribution, which improves customer diversification and increases sales revenues and market availability of the Issuer's products,
- activation of sales in the B2B segment, which improves customer diversification and increases sales revenues on the Issuer's products,
- growing demand for dried fruits and nuts in Poland.

The main factors negatively affecting financial performance were primarily:

- Increase in the prices of raw materials and instability of the foreign exchange market, which resulted in lower profit margins of the Company,
- strong price pressure from the Company's chief competitors, which resulted in decreased profitability within the market,

- putting the new investment in Brochów into operation, which caused an increase of amortisation and depreciation and the financial costs of the Company (interest on investment loans),
- increase in fixed costs resulting from the expansion of organizational structures of the Issuer, including the sales department (e.g. increased costs of maintaining vehicle fleet, phone calls, salaries),
- the one-off operating costs on purchasing equipment for the new production, warehouse and office complex in Brochów along with the implementation of the international quality and food production safety standard: BRC – Global Standard for Food Safety.

19. Characteristics of the external and internal factors important for the development of the Issuer's company and the description of the perspective of the development of the Issuer's activity at least to the end of the business year following the business year for which the financial report was drawn up, with respect to the market strategy elaborated by the Issuer

Over at least the next year the company plans to continue its development strategy adopted so far, which, owing to experience and the increased production capabilities, should be reflected in the Issuer's further growth of market share in the national market for dried fruits and nuts and increased shareholder value. The basic assumptions of the strategy consistently implemented over the years by HELIO S.A. are: to systematically strengthen the position on the Polish market for dried fruits and nuts and to gradually activate additional channels of distribution and sales markets for the goods offered by the Issuer.

In order to implement the adopted development strategy, the Company is intending to undertake the following actions with respect to:

Development by expansion of production infrastructure of the Company

In order to take advantage of the opportunities arising from increased demand for the products of the Company and at the same time to implement the adopted development strategy, the Issuer commenced operations in its new production facility in Brochów near Sochaczew. After incurring one-off initial costs associated with work organisation and equipment purchase, the benefits of transferring operations from the previously leased location to the new warehouse and production complex in Brochów should therefore become clearer with each subsequent period, and at the same time – favourably affect the sales revenues of the Company, especially at the EBITDA level. As it was earlier indicated by the Issuer, one should take into account the increased, relative to prior years, depreciation and amortisation as well as financial costs

arising from the repayment of interest on investment loans and increased working capital. In the longer term, however, these costs should decrease.

Diversification of customers and activation of new distribution channels and markets

The increased supply capacities of the Issuer have created new potential for further penetration of the national market and activation of new markets. Given the above, the Company is planning to continue the actions undertaken so far, and in particular those concerning the traditional segment of B2C (wholesalers, distributors) and the B2B segment (sales to producers of confectionery, bakeries, pastry shops, etc.). Further penetration of the market in this respect will be possible mainly owing to the activities and expenditures incurred in the past, while the expected result is an improvement of cost-effectiveness of the Company and further diversification of customers, and strengthening of the position on the national market for dried fruits and nuts. Ultimately, the Company aims to generate 30-40% of its sales revenues in the traditional channel, i.e. analogously to the share of this channel in the national dried fruits and nuts market, and also to maintain the growth rate of sales revenues in the B2B segment proportionally to the growth of total sales revenues of HELIO S.A. The development of the B2B segment should be perceived not only within the context of increased sales revenues, but also improved efficiency of inventory management, including inventory turnover and economies of scale arising from increased purchases.

Due to increased costs of sales to foreign markets, further activation of sales in that area is going to be carried out by taking advantage of opportunities to extend cooperation with retail chains which cooperated so far with the Issuer on the national market. However, because of high demand for the products of the Company in Poland, the Issuer shall primarily focus on the Polish market, at the same time systematically developing exports along with the growth of the supply and organisational capacities of the Company.

Products and the market for dried fruits and nuts

The market for dried fruits and nuts in Poland is still developing. One of the key factors affecting the growing sales is their general popularisation among Poles, who more and more often see them in a wider context than only as an indispensable component of holiday cuisine. This trend constitutes a natural change of consumer habits resulting from the introduction of Western-European and Mediterranean eating habits into the Polish diet, which is additionally strengthened by information and promotion campaigns. More and more Poles

treat dried fruits and nuts as a substitute for traditional snacks and more willingly add them to their daily diets, for example by using them as salad ingredient. It should be noted, however, that despite popularisation, the industry is still highly seasonal in nature, which means that demand grows systematically for all kinds of dried fruits and nuts, including those bought for holiday season pastries. Given the above, it is estimated that despite economic slowdown, the national market for dried fruits and nuts will be growing in the coming years by approximately 5% per year. Moreover, in the opinion of the Issuer, the last years' phenomenon of strong price pressures present in the market for dried fruits and nuts is going to die down due to the necessity to restore a reasonable, from the business standpoint, profitability of the companies operating in this market.

Observing the demand in the national market, HELIO S.A. has been systematically introducing and is going to introduce new products from the category of dried fruits and nuts and pastry fillings under the Issuer's brand, and is going to search for new successful product categories. Among the new products introduced in the first half of the 2011/2012 financial year, the new line of cake and dessert icings, extending the Issuer's offer with a new product category, should be mentioned. The HELIO icings are made, in contrast to those already popular on the market, in the form of round pellets. Such icings are not only quick and easy to use, but also allow for additional ways of decorating pastries. Moreover, the Company is planning to extend its portfolio with a line of dried fruits and nuts called HELIO Snack, and introduce new packaging for the most popular dried fruits and nuts mixes and pastry fillings dedicated to the HoReCa channel, focusing mainly on small catering companies acquiring supplies via the traditional channel.

Also, due to growing demand for the products sold under own brands of retail chains, HELIO S.A. will seek to further increase the volume of sales of these products, to extend the existing list of products sold under private labels and to establish cooperation with new business partners. Such strategy allows to adjust the offer to the needs and preferences of the customers and to further increase sales.

Marketing strategy

Taking into account the current value of sales, market position and number of consumers, the Company is intending to maintain its promotional activities supporting sales of products of the HELIO brand at a high, but cost-effective level, in particular through actions in the field of PR and advertising.

Macroeconomic factors

Among the macroeconomic factors affecting the financial performance of HELIO S.A., the situation of the foreign exchange market is particularly important. Unstable situation in this regard affects unfavourably the operations of HELIO S.A. Despite the fact that the Company has the option to renegotiate product prices with its customers in order to adjust them to current market conditions, it is a time-consuming process and it implies a temporary decrease of the Company's profit margins on sales.

Summing up, it should be said that although the harmony of positive factors is disturbed by the unstable macroeconomic situation, especially in the foreign exchange market, the prospects for development of HELIO S.A. seem unthreatened. Factors influencing the results of the Issuer in the next year are in fact very beneficial. During the last two years, which were a transitional period for the Company's development, a number of actions were taken, the results of which should be more and more visible with each coming period, which in turn should be reflected in a long-term and systematic improvement of the Company's profits.

20. Changes in the elementary rules of managing the Issuer's enterprise

The personnel of the Issuer's Management Board as well as the general rules of managing the company were not subject to any significant changes.

21. All agreements concluded between the Issuer and the managing personnel providing the indemnity in case of their resignation or dismissing from the office held without any important reason or when their removing or dismissing is a result of the Issuer's merger by take over

The Members of the Management Board are engaged in the Company under the agreement of employment. Should the agreement of employment be dissolved, Members of the Management Board shall be entitled to compensation and severance package resulting from the regulations of the labour law.

The Members of the Supervisory Board are not employed by the Issuer.

There are no agreements for providing services by the Members of the Management Board and the Members of the Supervisory Board to the benefit of the Issuer specifying the payment paid while employment relationship is dissolved.

22. Value of remunerations, prizes or benefits, also when resulting from the motivation or bonus programmes based on the Issuer's capital, including the operational programmes with priority right, exchangeable, warrant subscriptions (in money, nature or any other form), paid out, due or potentially due individually for each of persons managing and supervising the Issuer in the Issuer's company regardless of whether they were properly included in the costs or resulted from the division of the profit

The value of remunerations and prizes of the Members of the Management Board in the business year 2011/2012 was as follows:

- Leszek Wąsowicz - President of the Management Board405 950 PLN gross
- Justyna Wąsowicz - Vice President of the Management Board305 710 PLN gross
- Jacek Kosiński – Chairman of the Supervisory Board..... 5 479 PLN gross
- Adam Wąsowicz – Vice-chairman of the Supervisory Board..... 3 623 PLN gross
- Irena Gałan-Stelmaszczuk – Member of the Supervisory Board 1 764 PLN gross
- Magdalena Kaćka – Member of the Supervisory Board..... 588 PLN gross
- Grzegorz Kowalik – Member of the Supervisory Board..... 1 176 PLN gross
- Radosław Turski – Member of the Supervisory Board 1 764 PLN gross

23. Specification of the total amount and nominal value of all the shares owned by the managing and supervising persons

To the Management Board of HELIO S.A. knowledge, as of the closing day of the business year, i.e. 30 June 2012, the managing and supervising persons were holder of the following Company's shares (Table 4).

Table 4: *Specification of shares owned by the managing and supervising persons as of 30 June 2012*

Shareholder	Number of shares	Nominal value of owned shares	Percentage share in share Capital	Number of votes at the General Meeting of Shareholders	Percentage share in total number of votes at the General Meeting of Shareholders
Members of the Management Board					
Leszek Wąsowicz	3,857,000	1,928,500 zł	77.1%	3,857,000	77.1%
Members of the Supervisory Board					
Jacek Kosiński	17,800	8,900 zł	0.4%	17,800	0.4%

Source: The Management Board of HELIO S.A.

24. Information on the agreements known to the Company (including those concluded after the balance sheet date) which may potentially result in future changes in the proportions of the shares held by the current shareholders and bond holders

To the Management Board of HELIO S.A. knowledge this type agreements have not been concluded.

25. Information about the matching shares control system (shares held by employees)

Not applicable.

26. Information regarding the agreement with the entity entitled to analyze and inspect the financial report

On 19 November 2009 the Supervisory Board of the Company chose the entity entitled to analyze the financial reports. The chosen entity is PKF Audyt Sp. z o.o. [limited/ public liability company] with its registered office in Warsaw, entered into the list of entities entitled to analyze financial results, held by the National Chamber of Statutory Auditors under number 548. On 8 December 2009 two agreements were concluded with the selected entity for a period ending the time of completion of the works resulting from the yearly audit/mid-year review of the annual financial report of the Company for the last period covered by the agreement. The scope of the agreement includes, respectively:

- analysis of the annual financial report of HELIO S.A. in accordance with the position as of 30 June 2010, 30 June 2011, 30 June 2012,
- mid-year review of the annual financial report of HELIO S.A. in accordance with the position as of 31 December 2009, 31 December 2010, 31 December 2011.

Table 5: Remuneration for the entity entitled to analyze financial statements paid or due for the current and prior business year (in PLN net)

Type of a service	The business year 2010/2011	The business year 2011/2012
Analysis of yearly financial statement	20,000	20,000
Other acknowledgement services, including review of financial statement	10,000	10,000
Fiscal consultancy services	-	-
Other services	-	-

Source: The Management Board of HELIO S.A.

27. Representation of persons responsible for information included in the present report on the activity of the Management Board of HELIO S.A.

The Management Board of the Company composed of:

Leszek Wąsowicz – President of the Management Board

Justyna Wąsowicz – Vice President of the Management Board

represents that:

1. according to its best knowledge the annual financial report and the comparable date was prepared in compliance with the binding rules of accountancy and that they reflect in a true, reliable and clear manner the capital and financial situation of the Issuer as well as the financial result and that the report on the Issuer's activity includes the true picture of the development and achievements on the situation of the Company, including the description of the fundamental threats and risks.
2. that the entity entitled to analyze the financial reports, preparing the analysis of the annual financial report, was chosen in accordance with the provisions of law and that this entity as well as auditors carrying out the analysis of this report met the requirements for presenting unbiased and independent opinion on the analysis in compliance with relevant provisions and norms of the professional law

Wyględy, 31 October 2012

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Leszek Wąsowicz
President of the Management Board

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Justyna Wąsowicz
Vice President of the Management
Board