Introduction
to the financial statement of HELIO S.A.
for the business year 2011/2012

1. Information about the Company

Helio S.A. was formed as a result of the transformation of "PH BONA" Sp. z o.o. on the basis of Resolution No. 1 of the Extraordinary General Meeting of Shareholders of 18 July 2006 in regard to the transformation of "PH BONA" a limited liability company into HELIO S.A. a joint stock company pursuant to the notary deed made on 18 July 2006 in Kancelaria Notarialna Jerzy Horban – Notary Małgorzata Kędzierska – Notary in Warsaw, Rep. A No. 5196/2006. On 25 August 2006 by the resolution of the District Court of the City of Warsaw in Warsaw, 14th Commercial Division of the National Court Register the Company HELIO S.A. was entered into the National Court Register – Register of Entrepreneurs under KRS 0000262514.
"PH BONA" Sp. z o.o. was formed as a result of the conclusion of the Company's agreement made on 14 August 2003 in the form of notary deed, Rep. A No. 5030/2003 in Kancelaria Notarialna Dariusz Wierzchucki Notary in Warsaw. On 22 August 2003 by the resolution of the District Court of the City of Warsaw, 14th Commercial Division of the National Court Register "PH BONA" Sp. z o.o. was entered into the National Court Register under KRS number 0000170905.

The Company has its registered office in Wyględy at 26 Stołeczna Street.

The Company was assigned REGON number 015533555.

The Company's main operations comprise of:
- ✓ manufacturing of food products (PKD 10),
- ✓ wholesale trade, excluding trade of automotive vehicles (PKD 46),
- ✓ retail trade, excluding trade of automotive vehicles (PKD 47).

2. The Company's lifetime is unlimited.

3. Periods, for which the financial statement and comparable financial data are presented

Pursuant to the Statutes of the Company, the business year of HELIO S.A. starts on 1 July and ends on 30 June.

The period for which the financial statement is presented:
- ✓ from 1 July 2011 to 30 June 2012

The period for which the comparable financial data are presented:
- ✓ from 1 July 2010 to 30 June 2011

4. The composition of the corporate and supervisory bodies of the Company

The Management Board of the Company:
- ✓ Mr. Leszek Wąsowicz – President of the Management Board
- ✓ Ms. Justyna Wąsowicz – Vice-president of the Management Board

The first term of the Supervisory Board of the Company was appointed on the basis of the notary deed, Rep. A No. 5196/2006 on 18 July 2006 and its personal composition was:

- ✓ Mr. Jacek Kosiński – Chairman of the Supervisory Board
- ✓ Mr. Adam Wąsowicz – Vice-chairman of the Supervisory Board
- ✓ Ms. Irena Gałan-Stelmaszczuk – Member of the Supervisory Board
- ✓ Mr. Radosław Turski – Member of the Supervisory Board
- ✓ Ms. Magdalena Kącka – Member of the Supervisory Board

The second term of the Supervisory Board of the Company was appointed on the basis of the notary deed, Rep. A No. 7809/2011 on 16 December 2011 and its personal composition was:

- ✓ Mr. Jacek Kosiński – appointed as the Chairman of the Supervisory Board by the Supervisory Board on 10 March 2012
- ✓ Mr. Adam Wąsowicz – appointed as the Vice-chairman of the Supervisory Board by the Supervisory Board on 10 March 2012
- ✓ Ms. Irena Gałan-Stelmaszczuk – Member of the Supervisory Board
- ✓ Mr. Grzegorz Kowalik – Member of the Supervisory Board
- ✓ Mr. Radosław Turski – Member of the Supervisory Board

5. Indication if the financial statement and the comparable data include the combined data.

The financial statement and the comparable financial data do not include any combined data. The Company does not have entities that prepare financial statements independently.

6. Indication if the Issuer is a dominating entity or a major investor and if consolidated financial statements are prepared.

The Company is neither a dominating entity, nor a major investor and does not prepare consolidated financial statement.

7. Indication if in the period for which the financial statement and the comparable data were prepared a merger of the companies was carried out.

The financial statement and the comparable data do not include the effects of the settlement of the companies' merger.

8. Assumption of the continuation of activities.

The financial statement was prepared with the assumption that the Company will continue its activity in the foreseeable future and is not willing to discontinue its activity or reduce its scale significantly. In accordance with the knowledge of the Management Board of the Company there are no circumstances pointing to risks for the continuation of the activity.

9. Data comparability

The financial statement and the comparable financial data were presented in such a manner as to assure their comparability by the implementation of the uniform principles of accounting in all presented periods, pursuant to the accounting principles adopted by the Company on preparing the financial statement for the period from 1 July 2011 to 30 June 2012.

10. Description of the adopted accounting principles (policy).

The accounting principles, adopted during the preparation of the financial statement are pursuant to the Accounting Act of 29 September 1994 with further amendments, hereinafter referred to as Act.

No changes in the accounting policy were introduced in the reporting period.

Individual items of assets and liabilities are priced with the application of the real expenses incurred for their acquisition, with application of the precautionary principle.

Tangible fixed assets and intangible assets
Tangible fixed assets and intangible assets are priced at the purchase price or at the manufacturing cost diminished by the depreciation or redemption write-downs and by impairment losses write-downs.

Tangible fixed assets under construction are priced in the amount of total costs directly related to their purchase or generating, diminished by a write-down due to permanent value loss.

Tangible fixed assets are depreciated by straight-line method/fixed installment method with the following depreciation rates:

Group No.	Title	Rate of depreciation
Group I	Buildings and offices	2.50
Group II	Engineering structures	4.50
Group III	Power boilers and equipment	7.0
Group IV	Machines and general devices	10.0; 14.0; 30.0
Group V	Machines and special devices	14.0
Group VI	Technical equipment	10
Group VII	Vehicles	14.0; 20.0
Group VIII	Tools, apparatus, equipment	10.0; 20.0

Tangible fixed assets depreciation is done in accordance with the individual rates that include the period of economic utility of tangible fixed assets.

Tangible fixed assets approved to use on the basis of a leasing agreement are included in the user's assets in accordance with the conditions defined in Article 3 section 4 of the Accounting Act, national accounting standard no 5 and MSR 17. The Company is a party of leasing agreements on the basis of which it accepts for chargeable use or receive benefits from foreign tangible fixed assets or intangible assets during a fixed period.

In case of leasing agreements where the risk and benefits are transferred due to possessed assets which are the subject of the agreement, the subject of leasing is shown in the assets as a tangible fixed asset in accordance with current minimal leasing charges for the date of starting the leasing. The leasing charges are divided between the financial costs and decrease the balance of the liabilities in such a manner as to obtain a stable interest level from the previous repayment of liabilities. The financing costs are included in the interim settlement of costs and are settled with instalment payment.
Tangible fixed assets and intangible assets are amortized in accordance with straight-line method starting from the next month after the month of approval of the operation in the period equivalent to the estimated period of their economic utility. Depreciation write-downs are made by the application of depreciation rates defined in the Regulation on Corporate Income Tax, which are equivalent to the period of economic utility of tangible assets.

<u>Inventory</u>

Materials and goods are priced at their purchase price.
Finished products are priced at their manufacturing price, not higher than their net selling price for the balance-sheet date.
Write-downs of value of the tangible elements of the current assets made in connection with a permanent loss of their value are included in the other operational costs. Moreover, for the balance-sheet date, there are created write-downs of the finished products and goods if their net value possible to obtain through sales is lower than their purchase price.

A net value possible to obtain is defined on the basis of a review and analysis of the inventory for the balance-sheet date. The amount of the write-downs charges is included in other operational costs, and the correction of the write-offs that decreases their value is included in other operational revenues.

<u>Receivables and loans</u> granted are priced in the amount of required payment with application of the precautionary principle.
The write-downs of the value of the due amount are prepared in the credibly estimated amount and are included in other operational or financial costs of the reporting period depending of the type of liability.

The amount of liabilities undergoes a revision considering the level of probability of their repayment on the basis of write-downs of their value in the following cases:

- possession of receivables from debtors who are placed in the state of liquidation or bankruptcy – to the amount not included in a guarantee or another security – notified to the receiver or official receiver in the liquidation proceedings,
- possession of receivables from debtors towards which bankruptcy petition was dismissed and the debtor's possessions is not sufficient to compensate the costs of the liquidation proceedings,
- disposition of receivables questioned by the debtors or when debtors whose payments are overdue, whereas the assessment of the material and financial situation of a debtor indicates that collecting the due amount is not possible – in the amount not compensated by the guarantee or another security,
- possession of overdue liabilities (with overdue period longer than 1 year – in the amount of 100% of the value of liabilities).

In the financial year valuation of internal economic settlement transactions is effected by an amount required for payment.

- Economic transactions in foreign currencies are recorded as of a date when they are effected, with regard to payment of receivables or liabilities are converted by an exchange rate effectively applied on such a day, and with regard to a case when use of an exchange rate of a transaction date is not justifiable, converted by an average exchange rate for a particular currency announced by NBP (the National Bank of Poland) of a date preceding the referred date, and in a case when an average exchange rate is not calculated and announced for such a date, then an exchange rate lately calculated and announced is applied for conversion.
- With regard to import of goods subject to customs clearance a date of transaction is a day of crossing the border /a date of customs declaration/. Amounts in foreign currencies are converted into Polish złotys by an average exchange rate announced for a particular currency by NBP of a date preceding a date of transaction.
- With regard to intra-community purchase of goods or import of services, intra-community supply of goods, amounts in foreign currency are converted into Polish złotys an average exchange rate announced and calculated for a particular currency by NBP of a date preceding a date of issue of an invoice. In a case when an average exchange rate is not calculated and announced for such a date, then an exchange rate lately calculated and announced is applied for conversion.
- If a subject of export covers a service, then an average exchange rate determined by NBP for a given foreign currency of a date preceding issuance of an invoice is applied for conversion.
- As of the balance sheet date economic settlement transactions are valued in an amount required for payment, considering the prudence principle. The referred principle is applied to value economic settlement transactions also in duration of the year as a result of systematic analysis of balances, taking contractual or statutory interest into consideration.
- As of the balance sheet date receivables and liabilities in foreign currencies are valued by an average exchange rate announced by NBP for a given currency for such a date.
- Exchange differences established in duration of the year or as of a balance sheet date are disclosed in financial costs or revenues.

<u>The equity capitals</u> of the Company are priced not less often that for the balance-sheet date in the nominal value presented in the ledgers in accordance with their types and rules defined by the law regulations and resolutions of the establishment agreement of the Company. The share capital is shown in the amount defined in the establishment agreement and entered in the court register. The supplementary capital is created in particular by the distribution of profit.

The equity capital in the "profit and loss of previous years" column includes:

- correction of fundamental mistakes from the past years as a result of which the financial statement for this year or the past year cannot be recognized as

showing the material and financial situation and the financial results in an accurate and clear manner,
- consequences of a change in their pricing.

Liabilities are priced in the amount of payment required.

Provisions are created for reliable or reliable to a considerable degree future liabilities, amount of which may be credibly estimated and is measured in a justified and credible amount.
Provisions are created in particular for:
- dependable or reliable to a considerable degree liabilities, amounts of which can be estimated in a reliable way, in particular as losses from transactions, their execution, including those due to granted guarantees, securities, credit operations, financial results of ongoing judicial proceedings,
- deferred income tax.

The Company prepares a calculation variant of profit and loss account.

The Company adopts the net method for presenting the results of transactions by the means of profit and loss, including:
- sale or disposal of non-financial fixed assets (intangible assets, tangible fixed assets, tangible fixed assets under construction) – in other revenues or operating costs,
- disposal of investments (long- and short-term financial assets) – in revenues or financial expenses,
- currency translation differences (positive and negative difference surpluses and vice versa) – in revenues or financial expenses.

Income tax:
The current liabilities for tax on corporate bodies are priced in accordance with tax legislation.
In connection with the temporary differences between the value of the assets and liabilities shown in the ledgers and their tax value possible to defer in future, the Company prepares provisions and establishes assets for deferred income tax.
Deferred tax assets are established in the amount assumed in future for income tax deduction in connection with the negative temporary differences that will cause the future reduction of the base for calculating the income tax and tax loss possible to defer, established with respect to the precautionary principle.
Provisions for deferred income tax are established in the amount of the income tax that requires future payment, in connection with the occurrence of positive temporary differences, i.e. differences that will cause an increase of the base for calculating the income tax.

11. Average rate of exchange against the EURO

All data presented in the financial statement was given in PLN thousand, unless otherwise specified.

Presented selected financial data from the balance-sheet, profit and loss account and from the cash flow account were converted from the Polish Zloty into Euro under the following rules:
- particular asset and liability items of the balance-sheet as of 30 June 2012 were converted at the average exchange rate of the National Bank of Poland for the balance-

sheet date for EUR, Table No.125/A/NBP/2012 as of 29 June 2012 i.e. 1 EUR = PLN 4.2613,
- particular profit and loss account and the cash flow account items for the period from 1 July 2011 to 30 June 2012 were converted at the exchange rate which was the arithmetic average of the average exchange rates of the National Bank of Poland for EUR, current for the last day of every month in the given period, which was done in the following manner:

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

Comparable financial data were converted from Polish Zloty into Euro in accordance with the following rules:
- particular asset and liability items of the balance-sheet as of 30 June 2011 and the cash flow account were converted at the average exchange rate of the National Bank of Poland for the balance-sheet date for EUR, Table No. 125/A/NBP/2011 on 30 June 2011, i.e. 1 EUR = PLN 3.9866,
- particular profit and loss account and the cash flow account items for the period from 1 July 2010 to 30 June 2011 were converted after exchange rate which was an arithmetic average of an average exchange rates of National Bank of Poland for EUR, current for the last day of every month in the given period, i.e. 1 EUR = PLN 3.9859.

12. Policy of converting financial statements

For converting particular financial data of the balance-sheet, the exchange rate for a particular period was adopted, for the profit and loss account and cash flow account the average exchange rate in this period was calculated as the arithmetic average of exchange rates current for the last day of every month in this period.