

**RADPOL SA**



**FINANCIAL REPORT  
FOR THE PERIOD FROM 01 JANUARY 2009  
TO 31 DECEMBER 2009**

**PREPARED IN ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS**

**CZŁUCHÓW, 26 FEBRUARY 2010**

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**SELECTED DATA OF FINANCIAL STATEMENTS**

TITLE	thousands PLN		thousands EUR	
	01.01.2009 - 31.12.2009	01.01.2008 - 31.12.2008	01.01.2009 - 31.12.2009	01.01.2008 - 31.12.2008
I. Net revenues from sales of products, goods and materials	35 058	36 012	8 077	10 196
II. Profit (loss) from operations	4 949	7 382	1 140	2 090
III. Profit (loss) - gross	4 787	8 030	1 103	2 273
IV. Profit (loss) - net	3 776	6 332	870	1 793
V. Net cash flows from operating activities	4 478	8 450	1 032	2 392
VI. Net cash flows from investing activities	(4 076)	(32 457)	(939)	(9 189)
VII. Net cash flows from financing activities	(2 262)	2 577	(521)	730
VIII. Net cash flow, together	(1 860)	(21 430)	(429)	(6 067)
IX. Total assets	72 705	75 040	17 698	17 985
X. Liabilities and reserves for liabilities	16 212	18 126	3 946	4 344
XI. Long-term liabilities and reserves	4 782	3 121	1 164	740
XII. Current liabilities	11 430	15 005	2 782	3 596
XIII. Equity	56 493	56 914	13 751	13 641
XIV. Share capital	719	719	175	172
XV. Number of shares	23 531 575	23 879 751	23 531 575	23 879 751
XVI. Profit (loss) per ordinary share (in zł / euro)	0,16	0,27	0,04	0,08
XVII. Book value per share (zł / euro)	2,40	2,38	0,58	0,57

Method of conversion into euro:

- In order to convert the balance sheet items selected financial data, NBP average exchange rate on the last day of the year is applied,
- Items in the income statement and cash flow are converted using the arithmetic mean of exchange prevailing on the last day of each month during the period.

	01.01.-31.12.2009	01.01.-31.12.2008
Rate at the end of period	4,1082	4,1724
Average rate	4,3406	3,5321

26 February 2010

Date

Signature of person responsible for  
accounting

Signature of unit's supervisor

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**REPORT ON THE FINANCIAL SITUATION AS AT 31 DECEMBER 2009**

Details	Balance on 31.12.2009	Balance on 2008-12-31	Opening balance 2008-01-01
<b>ASSETS</b>	<b>52 971</b>	<b>51 937</b>	<b>21 674</b>
Tangible assets	43 153	43 294	20 526
Investment Property	-	-	-
Intangible assets	704	894	573
Goodwill	-	-	-
Shares	7 669	6 843	4
- Including investments accounted for using the equity method	-	-	-
Long-term receivables	-	-	-
Other long-term financial assets	-	-	-
Deferred tax liabilities	461	549	560
Other assets	984	357	11
<b>ASSETS</b>	<b>19 734</b>	<b>23 103</b>	<b>45 317</b>
Stocks	6 878	8 969	7 705
Claims for supplies and services	7 504	6 613	7 886
Claims arising from the current income tax	-	-	179
Other receivables	261	575	1 193
Other financial assets	-	35	-
Cash and cash equivalents	5 014	6 869	28 305
Accruals	77	42	49
<b>Assets classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
Tangible fixed assets held for sale	-	-	-
Other assets classified as held for sale	-	-	-
<b>Total assets :</b>	<b>72 705</b>	<b>75 040</b>	<b>66 991</b>

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Details	Balance on 2009-12-31	Balance on 2008-12-31	Opening balance 2008-01-01
<b>CAPITAL (FUND)</b>	<b>56 493</b>	<b>56 914</b>	<b>55 558</b>
Core capital	719	719	719
Unpaid share capital and own shares	(2 753)	(1 859)	-
Reserve capital from share issue	40 831	40 831	40 831
Capital reserve from retained earnings	234	171	171
Reserves	13 120	9 905	6 722
Revaluation	-	-	-
Capital for hedge accounting	-	-	-
Exchange differences on translation of related units	-	-	-
Participation in other income of associates	-	-	-
Accumulated results from previous years and other income	566	815	7 115
Profit (loss) for financial year	3 776	6 332	-
<b>LIABILITIES AND RESERVES</b>	<b>4 782</b>	<b>3 121</b>	<b>858</b>
Deferred tax liabilities	744	453	312
Provision for retirement and similar	426	388	429
- Including long-term	306	269	242
Other reserves	-	-	-
- Including long-term	-	-	-
Interest-bearing loans	3 612	2 280	117
Other financial liabilities	-	-	-
Other non-current liabilities	-	-	-
<b>LIABILITIES</b>	<b>11 430</b>	<b>15 005</b>	<b>10 575</b>
Loans and advances	1 113	608	551
Other financial liabilities	-	-	-
Trade payables of services	2 244	6 336	7 095
Liabilities arising from the current income tax	156	82	82
Other liabilities	1 777	1 674	1 802
Deferred income	6 140	6 305	1 045
<b>LIABILITIES CLASSIFIED FOR SALE</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities:</b>	<b>72 705</b>	<b>75 040</b>	<b>66 991</b>

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**R PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01 JANUARY 2009 TO 31 DECEMBER 2009**

Details	PaLA for: 01.01.2009 - 31.12.2009	PaLA for: 01.01.2008 - 31.12.2008
Revenues from sales of products, goods and materials	35 058	36 012
Cost of products goods and materials sold	(22 834)	(20 953)
<b>PROFIT (LOSS) FROM THE GROSS SALES</b>	<b>12 224</b>	<b>15 059</b>
Cost of sales	(2 732)	(2 948)
General and administrative expenses	(5 008)	(4 874)
Acquisition costs	(303)	-
<b>PROFIT (LOSS) FROM SALE</b>	<b>4 181</b>	<b>7 237</b>
Other operating income	1 400	577
Other operating expenses	(632)	(432)
Profit / loss from the sale of all or part interest in a subsidiary	-	-
<b>PROFIT (LOSS) FOR OPERATING ACTIVITIES</b>	<b>4 949</b>	<b>7 382</b>
Financial income	108	653
Financial expenses	(270)	(5)
Share of profits and losses using equity method	-	-
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>4 787</b>	<b>8 030</b>
Income tax	(1 011)	(1 698)
The remaining reduction in profit	-	-
<b>Profit / (loss) from continuing operations</b>	<b>3 776</b>	<b>6 332</b>
Profit (loss) from discontinued operations	-	-
Profit (loss) from sold operations	-	-
<b>PROFIT (LOSS) NET</b>	<b>3 776</b>	<b>6 332</b>

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**STATEMENT OF TOTAL INCOME FOR THE PERIOD FROM 01 JANUARY 2009 TO 31 DECEMBER 2009**

Details	SoTI for: 01.01.2009 - 31.12.2009	SoTI for: 01.01.2008 - 31.12.2008
<b>PROFIT (LOSS) - NET</b>	<b>3 776</b>	<b>6 332</b>
Revaluation of financial assets held for sale	-	-
Revaluation of fixed assets and HV	-	-
Cash flow hedges	-	-
Differences on translation of foreign activity	-	-
Participation in other income of associates	-	-
Effects of treatment of incentive scheme	-	-
Revenue from the acquisition / disposal of minority shares	-	-
Effects of changes in accounting policies	-	-
Errors from previous years	-	-
<b>TOTAL OTHER REVENUE</b>	<b>-</b>	<b>-</b>
Income tax on other income in total	-	-
<b>TOTAL OTHER INCOME AFTER TRANSACTIONS</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>	<b>3 776</b>	<b>6 332</b>

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**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01 JANUARY 2009 TO 31 DECEMBER 2009**

Details	SoCiE for: 01.01.2009 - 31.12.2009	SoCiE for: 01.01.2008 - 31.12.2008
<b>EQUITY AT BEGINNING OF PERIOD</b>	<b>56 914</b>	<b>55 558</b>
<b>Capital at the beginning of the period</b>	<b>719</b>	<b>719</b>
(Specification of other changes)	-	-
	-	-
<b>Capital at the end of the period</b>	<b>719</b>	<b>719</b>
<b>Unpaid share capital, own shares at beginning of period</b>	<b>(1 859)</b>	<b>-</b>
Acquired own shares	(894)	(1 859)
(Specification of other changes)	-	-
	-	-
<b>Unpaid share capital, own shares at end of period</b>	<b>(2 753)</b>	<b>(1 859)</b>
<b>Capital reserve from issue of shares at beginning of period</b>	<b>40 831</b>	<b>40 831</b>
(Specification of other changes)	-	-
	-	-
<b>Capital reserve from issue of shares at end of period</b>	<b>40 831</b>	<b>40 831</b>
<b>Capital reserve to retained earnings at beginning of period</b>	<b>171</b>	<b>171</b>
Division of financial results	63	-
(Specification of other changes)	-	-
	-	-
<b>Capital reserve to retained earnings at end of period</b>	<b>234</b>	<b>171</b>
<b>Reserves at beginning of period</b>	<b>9 905</b>	<b>6 722</b>
Division of financial results	3 215	3 183
(Specification of other changes)	-	-
	-	-
<b>Reserves at end of period</b>	<b>13 120</b>	<b>9 905</b>
<b>Undivided profit or loss from previous years and other income at beginning of period</b>	<b>7 147</b>	<b>7 115</b>
Effects of changes in accounting policies	227	476
Dividends paid	(3 530)	(3 593)
Transfer to other equity items	(3 278)	(3 183)
	-	-
<b>Undivided profit or loss from previous years and other income at beginning of period</b>	<b>566</b>	<b>815</b>
<b>The net result of the financial year</b>	<b>3 776</b>	<b>6 332</b>
<b>EQUITY AT END OF PERIOD</b>	<b>56 493</b>	<b>56 914</b>

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**STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01 JANUARY 2009 TO 31 DECEMBER 2009**

Details	SoCF for: 01.01.2009 - 31.12.2009	SoCF for: 01.01.2008 - 31.12.2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) - net	3 776	6 332
Total adjustments	702	2 118
Depreciation	3 730	2 571
Gains (losses) of exchange differences	(5)	-
Interest and participation in profits (dividends)	221	1
Profit (loss) from investment activities	(114)	(77)
Change in reserves	328	100
Change in stocks	2 091	(1 264)
Change in receivables	(578)	2 070
Change in current liabilities excluding financial liabilities	(2 332)	(1 148)
Change in accruals	(737)	(876)
Income tax on profit before tax	(1 011)	1 698
Income tax paid	(571)	(1 437)
Other adjustments	(320)	480
<b>Net cash flows from operating activities</b>	<b>4 478</b>	<b>8 450</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditure on acquisition of intangible assets	(22)	(540)
Expenditure on acquisition of tangible fixed assets	(5 043)	(25 149)
Proceeds from the sale of tangible fixed assets	1 780	105
Expenditure on acquisition of financial assets available for sale	(826)	(6 838)
Loans granted	-	(65)
Repayment of loans obtained	35	30
<b>Net cash flows from investing activities</b>	<b>(4 076)</b>	<b>(32 457)</b>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
Purchase of own shares	(894)	(1 859)
Proceeds from loans and advances	2 794	2 550
Repayment of loans	(428)	(328)
Dividends paid	(3 530)	(3 593)
Interest paid	(222)	(1)
Grants received	18	5 808
<b>Net cash flows from financing activities</b>	<b>(2 262)</b>	<b>2 577</b>
<b>Total net cash flow</b>	<b>(1 860)</b>	<b>(21 430)</b>
<b>BALANCE SHEET ALTERATIONS IN CASH, INCLUDING</b>	<b>(1 855)</b>	<b>(21 436)</b>
- Change in cash in respect of exchange differences	(5)	(2)
<b>CASH AT BEGINNING OF PERIOD</b>	<b>6 867</b>	<b>28 302</b>
<b>CASH AT END OF PERIOD (F / - D), INCLUDING</b>	<b>5 007</b>	<b>6 872</b>
- With reduced availability	151	137

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## NOTES TO FINANCIAL STATEMENTS AS AT 31 DECEMBER 2009

### 1. Basic Information

#### Name and address:

RADPOL SA  
ul. Batorego 14  
77-300 Człuchów

#### Court register, no of record:

Gdańsk District Court - North in Gdansk, Department of Economic VIII - Registry of the National Court Register (KRS number 0000057155).

#### Basic activity:

RADPOL SA produces heat-shrinkable products, electrical cables and cable accessories. It specializes in range of refined Polyethylene products based on its own, unique mixtures of materials suitable for treatment of crosslinking radiation. Basic activity of the company is:

PKD 2229Z - manufacture of other plastic products

### 2. Board and the Supervisory Board of the company

Composition of the Board at the balance sheet date:

Andrzej Piotr Sielski - Chairman of the Board  
Grzegorz Mirosław Malczyk - Vice-Chairman of the Board

Composition of the Supervisory Board at the balance sheet date:

Grzegorz Jan Bielowski - Chairman of the Board  
Zbigniew Piotr Janas - Vice-Chairman of the Board  
Tomasz Krzysztof Firczyk - Secretary of the Board  
Tomasz Kaplinski - Board Member  
Krzysztof Kurowski - Board Member

### 3 Entities

RADPOL SA is the parent company to RADPOL ELEKTROPORCELANA SA. At the date of the report, RADPOL SA had a 99.94% share capital and 99.96% of votes at the AGM. Significant investor to RADPOL SA is the Tar Heel Capital P LLC, with 22,84% share capital and votes at the AGM.

### 4. Legal basis for preparation of financial statements

The term IFRS is meant in the present financial statements in accordance with Article. 2, paragraph. 3 of the Law on Accounting, International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of Regulations to the European Commission.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union (EU).

Separate financial statements of RADPOL SA for 2009 is the first annual financial statements prepared under IFRS. The date of the Company's transition to IFRS is 1 January 2007. The company has presented a reconciliation of equity and profit or loss reported under previously applicable accounting principles by the Company in line with the Polish Accounting Act, of equity capital, and the result was depicted in accordance with IFRS for the additional explanatory note to the financial statements No. 44

### 5. Statement of compliance with IFRS

These financial statements have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of Regulations to the European Commission.

### 6. Date of approval of the financial statements for publication

These financial statements are authorized for issue by the Board of RADPOL SA on 26.02.2010.

## **7. Functional currency and reporting currency**

The data contained in the financial statements is presented in thousands of Polish zloty (PLN). Polish zlotys is a functional currency and reporting currency of the companies covered by this financial report.

## **8. Continuing of activity**

The financial statements for the period from 01.01.2009 to 31.12.2009 have been prepared on a going concern in the foreseeable future that the activity of the company shall not be reduced significantly in the area. According to all available information at the date of reporting, there is full reason to apply the rule to continue the preparation of financial statements.

## **9. Rules for the valuation of assets and liabilities and financial results of measurement adopted in preparing the financial statements**

The Company maintains accounts in accordance with the rules (policy) defined by IFRS.

### **Tangible fixed assets.**

Tangible fixed assets are valued according to the purchase price (or production cost) diminished by accumulated depreciation and accumulated impairment losses.

Depreciation charge is made on a straight line and it is verified at least once during the financial year. Tangible fixed assets not exceeding a value of 3.5 thousand PLN are to be redeemed at one time costs. RADPOL SA was founded in 1996, so there is no need for an inflationary adjustment of fixed assets. The value of fixed assets at the date of transition to IFRS, its current book value was adopted.

### **Intangible assets.**

Intangible assets are accounted for by the purchase price (or production cost) diminished by depreciation and impairment losses. Depreciation and amortization of intangible assets shall be made using straight-line method.

### **Stocks and shares.**

Shares in non-consolidated entities are valued according to cost diminished by impairment losses of their value.

### **Stocks.**

Inventories are valued according to the purchase price or production cost that is not higher than the net selling price. Disbursement of inventories is determined using the FIFO method.

Impairment update for permanent diminution in value of property, diminish financial assets from the balance sheet value. Permanent loss of value occurs when stocks are excessive in relation to the needs of the unit and have lost their usefulness in trade, if they are damaged or if the cadastral price at the balance sheet is higher than the market price. Copies shall be as follows:

- a copy of the stock deposited from 6 to 12 months in amount of 20% of the value of stocks,
- a copy of the stock deposited from 12 to 24 months in amount of 50% of the value of stocks,
- a copy of the stocks deposited over 24 months in amount of 100% of the value of stocks.

### **Receivables and payables.**

Claims for supplies and services are valued in the accounts at nominal value adjusted for impairment charges of dubious value. Method of estimating the deductions is as follows:

- a copy of past due receivables from 3 to 6 months in amount of 10% of the value of receivables,
- a copy of stale claims from 6 to 12 months in amount of 50% of the value of receivables,
- a copy of the receivables past due over 12 months in amount of 100% of the value of receivables.

Other receivables at risk, such as: enforced by legal proceedings, are covered 100% by a write-down. In the event of a greater degree of risk in individual cases, copies of an earlier date shall be applicable.

Liabilities from deliveries and services are recognized in the report of the nominal value. Denominated in foreign currency receivables and payables are valued at the balance sheet according to the average exchange rate published by the Polish National Bank for the currency at the average exchange rate of the NBP. Exchange differences are classified as financial income and costs.

### **Cash and cash equivalents.**

Cash is measured at nominal value. Denominated in foreign funds, it is valued at the balance sheet according to the average exchange rate published by the Polish National Bank for the currency at the average exchange rate of the NBP. Exchange differences are classified as financial income and costs.

#### **Accruals.**

Accrued expenses include the costs of which time of settlement is more than 12 months (long term) and costs which fall time settlement within 12 months from the balance sheet (short term). Prepaid expenses include: settlement of insurance, subscriptions, certificates. During the year, these costs include deferred copy of the Social Fund.

#### **Equity.**

Equity of the Company is created in accordance with applicable law (including statute or contract). Company's core capital is consistent with its statutes and the entry in the National Court Register (ie the nominal value).

In accordance with IAS 29 points. 24 at the beginning of the first period of application, the standard components are transformed into equity - with the exception of retained profits and any surplus from the revaluation of assets - by applying a general price index from the dates on which these components have been brought in equity or otherwise arose. Calculated is the core capital and capital surplus arising from the issue price over value of shares. Assuming that the period of hyperinflation lasted in Poland from 1989 - 1996, RADPOL SA does not make the revaluation of capital as a joint stock company established in 1996.

#### **Reserve.**

The company creates a provision when there is an existing obligation (legal or customary) as a result of a past event and when it is probable that the fulfillment of this obligation would require an outflow of resources and can make a reliable estimate of the amount of that obligation. Provisions for liabilities include a provision for deferred income tax reserve for employee benefits such as the jubilee, retirement, unused annual leave. Provisions for employee benefits (jubilee awards and retirement) are valued on an actuarial basis.

#### **Revenues, expenses, profit or loss.**

Revenues from sales are recognized in the fair value of the payments received or receivable and represents charges for the products, goods and services supplied in the ordinary course of business, net of rebates and tax on goods and services. The company does not provide services that require clearance from the stage. Operating expenses are recognized in the period concerned.

#### **Earnings per share.**

Earnings per share is calculated by dividing the net income and weighted average number of shares. Weighted average number of shares is determined as the number of shares issued by the company, minus the number of shares bought back by debt to the weighted number of days of existence of shares (or holding of own shares by the company). In periods of financial statements there were no dilutive means.

### **10. New standards, changes in standards and IFRIC interpretations**

Some new standards, changes in standards and interpretations of the Committee on International Financial Reporting Interpretations (IFRIC) were published, which apply to periods beginning on 1 January 2008 and thereafter. Group have decided not to advance the application of these standards, amendments and interpretations of standards.

Below is the Company's assessment on the impact of new standards, amendments and interpretations of standards.

#### **10.1. Standards applied for the first time**

##### **10.1.1. Amendment to IAS 1 Presentation of Financial Statements**

Published September 6, 2007 and approved by the European Commission on 17 December 2008. Applies to reports for periods beginning on or after 1 January 2009. The revised IAS 1 amended certain requirements for presentation of financial statements and requires additional disclosure in certain circumstances.

##### **10.1.2. Amendments to IAS 23 Borrowing Costs**

Change published on March 29 2007 and approved by the European Commission 10 December 2008. It applies to accounting periods beginning on 1 January 2009 and the following. Revised IAS 23 removes allowed by IAS 23, the possibility of direct recognition of the cost of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. All such borrowing costs must be capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense. Revised IAS 23 supersedes IAS 23. Borrowing Costs were revised in 1993.

##### **10.1.3. IFRS 8 Operating Segments**

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Standard published on 30 November 2006 and approved by the European Commission November 21, 2007. It applies to accounting periods beginning on or after January 1, 2009. IFRS 8 sets out requirements for disclosures about segments of the enterprise. IFRS 8 replaces International Accounting Standard (IAS) 14

10.1.4. Amendments to IFRS 1 IFRS for the first time and IAS 27 Consolidated and Separate Financial Statements Published on 22 May 2008 and approved on 23 January 2009. Shall apply to annual periods beginning on or after 1 January 2009. Amendments to IFRS 1 allows a unit applying IFRS for the first time in preparing its separate financial statements taken as deemed cost of an investment in a subsidiary, jointly controlled entity or associate, fair value at the date of transition to IFRSs or entity carrying amount of the investment at that date under the previously applicable generally accepted accounting principles. The IAS 27 is removed the definition of "cost method" in connection with an investor is required to recognize in its separate financial statements as income all dividends received from a subsidiary, jointly controlled entity or associate, even when they are paid from reserves from pre-acquisition investment. Amendments to IAS 27 also clarifies how to determine the cost of the investment in accordance with IAS 27 in the case where a parent reorganizes the operating structure of the group creating a new entity, which becomes a parent company, and that the fledgling parent undertaking includes the control of the primary parent company in the way of issuing equity instruments exchangeable into equity instruments of the original parent company.

10.1.5. Changes resulting from the review of the IFRS in 2008

Issued in May 2008 and approved by the European Commission on January 23, 2009 - part of the change is applicable for annual periods beginning on or after 1 January 2009, and some for annual periods beginning on or after 1 July 2009. The changes include 35 amendments to the existing International Accounting Standards, which are twofold: Part I contains amendments which entail a change in accounting rules which are related to the presentation, recognition or measurement, while Part II deals with changes in terminology or editorial amendments.

10.1.6. Amendments to IAS 32 Financial Instruments: disclosure and IAS 1 Presentation of Financial Statements This change was announced on 14 February 2008 and approved by the European Commission January 21, 2009. The changes apply to annual periods beginning on or after 1 January 2009 or after that date, with the possibility of an earlier application. In accordance with amendments of certain instruments issued by companies, which had been classified as liabilities, even though their characteristics similar to ordinary shares should be classified as equity instruments. With respect to these instruments it is required to disclose additional information and their conversion should apply the new rules.

10.1.7. Amendment to IFRS 2 Share-based payment: vesting conditions and cancellation Delivered on 17 January 2008 and approved by the European Commission on 16 December 2008. Applies to periods beginning on or after 1 January 2009 or after that date. Amendment to IFRS 2 clarifies what are the vesting requirements, consider how the conditions other than vesting conditions and how to take into account the cancellation of contracts relating to share-based payments by the entity or the counterparty.

10.1.8. IFRIC 11 IFRS 2 - Issue of shares in the Group and Treasury Share transactions in their own Interpretation of published November 2, 2006, approved by the European Commission on 1 June 2007 and is applicable for annual periods beginning on or after 1 March 2008 or after that date. IFRIC 11 provides guidance or transactions in which an entity issues equity instruments to pay for it receives goods or services, or when the payment is issued equity instruments of the same group should be treated as equity-settled or settled cash. The interpretation also clarifies how the case in situations where an entity uses its own shares to settle obligations under the payment transactions of its own shares.

10.1.9. IFRIC 13 Customer Loyalty Programs

Published on 5th July 2007 and approved by the European Commission December 16, 2008. Applies to annual periods beginning on or after 1 January 2009. IFRIC 13 eliminates the currently in practice in how to recognize inconsistencies in the accounts of goods or services provided free or sold at reduced prices in the loyalty programs for consumers which companies are leading in order to reward their customers through the points, air miles or other forms of supplementary pension rights when selling goods or services.

10.1.10. IFRIC 14 IAS 19 - The limit of the valuation of assets for defined benefit plans, minimum funding requirements and their interdependence

Interpretation published July 4, 2007 and approved by the EC on 16 December 2008, has applied for annual periods beginning on or after 1 January 2009 or after that date. IFRIC 14 provides guidance on how to estimate the limiting value of the surplus in the defined benefit plan, which may be recognized as an asset under IAS 19 Employee Benefits.

## **10.2. Earlier application of standards and interpretations**

The Company did not apply any of the standards in earlier times.

## **10.3. Differences between IFRS issued by IASB and IFRS adopted by the EU**

At the date of this report on 31 December 2009, the differences between IFRS issued by IASB and IFRS adopted by the EU amount to the following standards / interpretations:

10.3.1. Annual amendments to IFRS / IAS 2009; delivered on 16 April 2009, in force since 1 July 2009 / January 1, 2010

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(anticipated date of approval by the EU in March 2010)

10.3.2. Amendments to IFRS 2, the group settled down transactions settled in cash, issued 15 May 2009, in force since January 1, 2010 (anticipated date of approval by the EU in March 2010)

10.3.3. Amendments to IFRS 1, specifying the additional exemptions for individuals applying to IAS / IFRS for the first time, released on July 23 July 2009, in force since January 1, 2010 (anticipated date of approval by the EU's May 2010)

10.3.4. Update IAS 24, Disclosures about related subjects, delivered on 4 November 2009, in force since 1 January 2011 (no projected date of acceptance by the EU)

10.3.5. IFRIC 19 built-in financial commitments to equity, refers only to the accounting by an equity issue, delivered on 25 November 2009, in force since 1 April 2010 (anticipated date of approval by the EU's June 2010)

10.3.6. Amendments to IFRIC 14 (on IAS 19), defining the limits of asset valuation of the defined benefit minimum funding requirements and their interdependence, delivered on 26 November 2009, in force since 1 January 2011 (expected date of approval by the EU's June 2010)

10.3.7. IFRS 9 Financial instruments, introducing new requirements for the classification and valuation of financial assets, issued 12 November 2009, in force until 1 January 2013 (in the future, this IFRS to replace IAS 39)

#### **10.4 The new standards and interpretations that have been published but not yet came in force**

The following standards and interpretations have been issued by the International Accounting Standards Committee or the International Financial Reporting Interpretations and have been approved by the European Commission, still being not yet in force:

##### 11.4.1 IFRS 3 Business Combinations

Standard published in the January 10, 2008, approved by the European Commission on 3 June 2009 and made applicable for annual periods beginning on or after 1 July 2009 or later. Revised IFRS 3 defines the principles and requirements for how in merger - the acquirer is recognized, and how it values in their accounts the individual elements (such as the identifiable assets acquired, liabilities, shares and goodwill) associated with the accounting treatment of transactions acquisition. It also states that information regarding such transactions must be disclosed.

##### 11.4.2 Change in IAS 27 Consolidated and Separate Financial Statements

Change released January 10, 2008 and approved by the European Commission on 3 June 2009 and made applicable for annual periods beginning on or after 1 July 2009 or later. Amendments to IAS 27 specify the circumstances under which the entity is required to consolidate the accounts of how the parent companies are required to recognize changes in their share ownership in subsidiaries and how the losses of the subsidiary should be given to controlling shares and non-controlling shares.

11.4.3 Amendments to IAS 39 Financial Instruments: Recognition and Measurement  
Published on 31 July 2008 and approved by the European Commission on 15 September 2009 - applicable for annual periods beginning on or after 1 July 2009 or later. Amendments to IAS 39 clarify the application of hedge accounting for inflation of financial instruments and options used as hedging instruments.

##### 11.4.4 Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures-Reclassification of financial instruments

Changes published on 13 October 2008, approved by the European Commission on 15 October 2008 and is valid from the day following the publication of the possibility of an earlier application from 1 July 2008. These changes allow the reclassification of certain financial instruments held for trading category of instruments held to maturity, available for sale or loans and receivables. In accordance with these changes is also acceptable, in certain circumstances, transfer of instruments available for sale to the category of loans and receivables. Changes apply to reclassifications made on 1 July 2008 or later. The company did not have any reclassification of financial instruments, nor the category of instruments held for trading or category of instruments available for sale.

##### 11.4.5 Interpretation IFRIC 12 Service Concession Arrangements

Released on 30 November 2006 and approved by the EC on 25 March 2009. Is applicable for annual periods beginning on or after 30 March 2009 or later. IFRIC 12 is an interpretation, which specifies how the Commission has already approved the provisions of International Financial Reporting Standards (IFRS) should be applied to service concession arrangements. IFRIC 12 applies to the accounting treatment in the financial statements of franchiser infrastructure elements, which are the subject of a service concession. It also explains the distinction between the various stages of service concession arrangements (phase of construction / operation phase), as well as the recognition of revenues and expenses for each of these stages. It distinguishes between two ways of recognizing the infrastructure and related revenues and expenses ( "model" of financial asset and the "model" of an intangible asset), depending on the uncertainty, which is exposed to franchiser for future revenues.

#### 11.4.6 IFRIC 15 Agreements for the construction of real estate

Published 3 July 2008 and approved by the EC on 22 July 2009. Apply to annual periods beginning on or after January 1, 2010. IFRIC 15 is the interpretation, which explains when to recognize revenue from the construction of real estate, and whether the contract for the construction of the property is subject to the provisions of IAS 11 Construction Contracts or IAS 18 Revenue.

#### 11.4.7 IFRIC 16 security net investment in foreign entity

Release date - 3 July 2009 and approved by the European Commission - June 4, 2009. Apply to annual periods beginning on or after July 1, 2009. IFRIC 16 is an interpretation, which explains how to apply the requirements of International Accounting Standard (IAS) 21 and IAS 39 in cases where the entity shall be protected against foreign exchange risk arising from its shares in the net assets of the foreign operation.

#### 11.4.8 IFRIC 18 The assets received from customers

Delivered on 29 January 2009 and approved by the European Commission on November 27, 2009. Interpretation should be applied at the latest together with the commencement of its first financial year starting after 31 October 2009. IFRIC 18 is interpreted, which provides explanations and guidance on the recognition provided by the client components of tangible assets, as well as the recognition of cash provided by customers to purchase or construction of an item of property, plant and equipment. Adoption of IFRIC 18 entails the introduction of amendments to International Financial Reporting Standard (IFRS) 1 in order to facilitate the application of International Financial Reporting Standards for the first time.

11.4.9 IFRS 1 First-time Adoption of International Financial Reporting Standards for the first time Released November 27, 2008 and approved by the European Commission November 25, 2009 year, to be applied for annual periods beginning on or after January 1, 2010. Restated IFRS 1 replaces the existing IFRS 1 in order to simplify the application of this standard and to facilitate its change in the future. In the restated IFRS 1 also removed some outdated guidelines for the transition to international financial reporting standards and made minor wording changes.

#### 11.4.10 Changes to IFRIC 9 and IAS 39 Embedded derivatives

Delivered on 12 March 2009 and adopted by the European Commission on 30 November 2009 at the latest interpretation should be applied as from the commencement of its first financial year commencing on 1 January 2010. IFRIC 9 Amendments to IAS 39 and serve to clarify the treatment of financial derivative instruments embedded in other contracts where the hybrid financial asset is reclassified from the category of financial assets at fair value through profit or loss.

#### 11.4.11 Amendment to IAS 32 Financial Instruments

Delivered on 8 October 2009, approved by the European Commission on December 23, 2009, is applicable for annual periods beginning on or after 1 January 2011. Amendment to IAS 32 explains how to recognize certain pre-emptive rights when issued financial instruments are denominated in currencies other than the functional currency of the issuer. If such instruments are offered pro rata to shareholders of the issuer's current exchange for a fixed amount of cash, they should be classified as equity instruments, even when their exercise price is determined in a currency other than the functional currency of the issuer.

### 11. Changes in estimates

Board of the Company estimates that the values of the financial statements, include:

- anticipated period of economic life of fixed assets and intangible assets,
- write-downs of assets
- discount, the anticipated increase in salaries and actuarial assumptions used in calculating the reserve for retirement allowance
- future tax results, taken into account in determining the assets of the deferred tax

Methodology used to determine the estimates is based on the best knowledge of the Board and is compatible with the requirements of IFRS.

Impairment changes are shown in the accompanying explanatory notes to individual items of assets.

### 12. Changes in presentation

The Company has changed the way of presentation in the profit and loss of grants related to assets and cash bonuses awarded to recipients.

Grants related to assets were previously recognized as deferred income and accounted for in other operating income in proportion to the value of assets subsidized as the cost. After alterations, the cleared portion of the grant are presented as income from its core business which is at the same level of profit and loss account, which represents the cost of the subsidized assets.

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Benefits depend on the volume of sales (bonuses), that have been previously recognized as expenses of sale, after changing the presentation of earnings deducted from the period concerned. As a result, individual items have changed the profit and loss amounts, as follows:

Details	PaLA for: 01.01.2009 - 31.12.2009	PaLA for: 01.01.2008 - 31.12.2008
Revenues from sales of products, goods and materials	-565	-641
Cost of products goods and materials sold	-	-
<b>PROFIT (LOSS) FROM THE GROSS SALES</b>	<b>-565</b>	<b>-641</b>
Cost of sales	1 241	1189
General and administrative expenses	-	-
<b>PROFIT (LOSS) FROM SALE</b>	<b>676</b>	<b>548</b>
Other operating income	-676	-548
Other operating expenses	-	-
Profit / loss from the sale of all or part interest in a subsidiary units	-	-
<b>PROFIT (LOSS) FOR OPERATING ACTIVITIES</b>	<b>-</b>	<b>-</b>

### 13. Financial risk management

The Company's activities in 2009 experienced the following types of financial risks:

- interest rate risk

Interest rate risk stems from the activities of foreign capitals of the Company based on variable interest rates. Due to the fact that the balance sheet date are interest-bearing liabilities of 8.56% of total assets, while the potential fluctuations in interest rates are low, company does not apply security tools in this regard.

- credit risk

Due to the existence of outstanding deferred payments (trade credit) the company is charged to credit risk. In order to reduce the risk, regular monitoring of claims for past due and the risk of repayment shall be done. Cooperative benefits at both the tools and the intelligence agency's own business. In the case of overdue debts, restricted or suspended is the sale in accordance with applicable procedures and the launching of an individual recovery program is done.

- liquidity risk

Risks associated with liquidity due to the presence of the gap between receipts from sales and expenses is necessary to achieve those sales. Reducing this risk is through the support of the external sources of funding (bank loans, financial leasing, grants). In assessing the financial situation of the Company, the Board is safe and there is no liquidity risk.

- other price risk

Due to low production costs and consequently lower prices from Asian producers, there is a risk of price competition from producers in China and India. RADPOL SA competes with manufacturers in Asia and the speed of supply adjustment offer to individual needs. In addition, logistics costs of supply from Asian products for heating and electricity sector (medium voltage) are so high that at present the competition of cheap products from Asia does not pose significant risks for the company.

- foreign exchange risk

The Company is exposed to foreign exchange risk in relation to sales and purchases settled in foreign currencies. RADPOL SA does not conduct hedge accounting, and in 2009, no hedging against exchange risks was also conducted.

Company's exposure to various types of risks is presented in a supplementary explanatory memorandum No. 41

### 14. Seasonality or cyclicity of the business of the Company

The company is due to the seasonal nature of activities carried out by customers. Continuous expansion of product offerings has a positive effect on reducing this phenomenon. In 2009, due to the extended winter period, which affects the execution of external work associated with installation and heating grids, there has been some monthly cycle shift compared to the previous year.

### 15. Information about operating segments

Primary reporting format-sharing groups is based on industry segments and geographical segments. Organization and management of the Group take place in the segment, taking into account the nature of the offered products and services. Each segment represents a strategic business unit that offers different products and services.

For the purposes of reporting 4 segments was defined in the capital group:

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- cable accessories,
- heat-shrinkable equipment,
- power cables,
- electrical porcelain.

RADPOL S.A. Segments - income and expenses	cable accessories	heat- shrinkable equipment	power cables	electrical porcelain	Others	Total
	01.01.2009	01.01.2009	01.01.2009	01.01.2009	01.01.2009	01.01.2009
	-	-	-	-	-	-
	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009
External revenue	6 799	20 409	6 255	455	1 140	35 058
including:						
- Revenues from sales of products and materials	7 183	21 051	6 443	482	464	35 623
- Commercial premiums	(384)	(642)	(188)	(27)	-	(1 241)
- Grants	-	-	-	-	676	676
Cost of sold products and materials	(4 698)	(11 231)	(6 283)	(360)	(262)	(22 834)
<b>Segment results in gross sales</b>	2 101	9 178	(28)	95	878	12 224
Cost of sales	-	-	-	-	(2 732)	(2 732)
General and administrative expenses	-	-	-	-	(5 008)	(5 008)
Acquisition costs	-	-	-	-	(303)	(303)
<b>Profit from sales</b>	2 101	9 178	(28)	95	(7 165)	4 181
Other operating income	-	-	-	-	1 400	1 400
Other operating expenses	-	-	-	-	(632)	(632)
<b>Profit from operations</b>	2 101	9 178	(28)	95	(6 397)	4 949
Financial income	-	-	-	-	108	108
Financial expenses	-	-	-	-	(270)	(270)
<b>Profit before tax</b>	2 101	9 178	(28)	95	(6 559)	4 787
Income tax	-	-	-	-	(1 011)	(1 011)
<b>Net profit</b>	2 101	9 178	(28)	95	(7 570)	3 776

RADPOL S.A. Segments - income and expenses	cable accessories	heat- shrinkable equipment	power cables	electrical porcelain	Others	Total
	01.01.2008	01.01.2008	01.01.2008	01.01.2008	01.01.2008	01.01.2008
	-	-	-	-	-	-
	31.12.2008	31.12.2008	31.12.2008	31.12.2008	31.12.2008	31.12.2008
External revenue	8 163	19 056	7 661	35	1 097	36 012
including:						
- Revenues from sales of products and materials	8 553	19 635	7 881	35	549	36 653
- Commercial premiums	(390)	(579)	(220)	-	-	(1 189)
- Grants	-	-	-	-	548	548
Cost of sold products and materials	(5 144)	(8 942)	(6 527)	(25)	(315)	(20 953)
<b>Segment results in gross sales</b>	3 019	10 114	1 134	10	782	15 059
Cost of sales	-	-	-	-	(2 948)	(2 948)
General and administrative expenses	-	-	-	-	(4 874)	(4 874)
<b>Profit from sales</b>	3 019	10 114	1 134	10	(7 040)	7 237
Other operating income	-	-	-	-	577	577
Other operating expenses	-	-	-	-	(432)	(432)
<b>Profit from operations</b>	3 019	10 114	1 134	10	(6 895)	7 382
Financial income	-	-	-	-	653	653
Financial expenses	-	-	-	-	(5)	(5)
<b>Profit before tax</b>	3 019	10 114	1 134	10	(6 247)	8 030
Income tax	-	-	-	-	(1 698)	(1 698)
<b>Net profit</b>	3 019	10 114	1 134	10	(7 945)	6 332

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RADPOL S.A. Segments - other information	cable accessories	heat- shrinkable equipment	power cables	electrical porcelain	Others	Total
	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009
Segment assets	6 372	36 642	1 808	56	27 827	72 705
Liabilities and reserves for segment	-	-	-	-	16 212	16 212
Expenditure on tangible assets	55	2 503	38	-	311	2 907
Depreciation	327	2 380	328	-	695	3 730
Impairment	386	567	84	7	809	1 853
Reversal of impairment	-	-	-	-	58	58

RADPOL S.A. Segments - other information	cable accessories	heat- shrinkable equipment	power cables	electrical porcelain	Others	Total
	31.12.2008	31.12.2008	31.12.2008	31.12.2008	31.12.2008	31.12.2008
Segment assets	6 545	37 512	3 274	51	27 658	75 040
Liabilities and reserves for segment	-	-	-	-	18 126	18 126
Expenditure on tangible assets	-	1 934	-	-	227	2 161
Depreciation	160	1 527	235	-	649	2 571
Impairment	238	456	42	-	763	1 499
Reversal of impairment	-	22	-	-	22	44

Division by geographical segments is carried out based on the geographical location of customers. Assumed was the distribution of geographical segments achieved revenue from customers located in Polish territory and the revenues from customers located outside the country.

RADPOL S.A. Geographical segments - location of customers	Segments' income	
	01.01.2009 - 31.12.2009	01.01.2008 - 31.12.2008
Domestic sales	28 681	31 219
Export sales	6 377	4 793
<b>Total</b>	<b>35 058</b>	<b>36 012</b>

#### 16. Recognition incentive scheme for employees

On February 13, 2007, the Board of RADPOL SA, pursuant to resolutions of the General Meeting of Shareholders No 11/II/2007 dated 13 February 2007, agreed on the following conditions of incentive scheme for employees of the parent company:

1. The incentive scheme included the Issuer's Management Board members, ie Andrzej Sielski entitled to purchase 264.774 Subscription Warrants and Grzegorz Malczyk entitled to purchase 264.774 Subscription Warrants.
2. Incentive program will continue over the next 3 years
3. condition of acquiring the right to receive shares of the Company is acting as a member of the board of the Issuer for a period of at least 6 months in the last 12 months before determining entitlement to series C shares
4. on the right to determine the C shares will be a day for 1 year after the first quotation of the Company on the Warsaw Stock Exchange SA in the first year of the Incentive Scheme and 2 or 3 years after the first quotation of the Company on the Warsaw Stock Exchange SA of the second and third year of the incentive scheme,
5. the above-mentioned day of establishing the right of series C shares will be calculated on the number of C shares to cover the program to which participant will be entitled, and that the number will be multiplied by the number of complete months served on the board in the last twelve months before the right to determine the number of shares and 7354 - if a participant of the program will perform the function for the full twelve months will be entitled to subscribe for 88.258 series C shares
6. Series C shares will be placed at an issue price equal to the issue price of Series B shares, not less than 5.67 PLN. In accordance with IFRS 2 Share-based Payment 'own' the fair value of equity instruments granted (in this case the Subscription Warrants) shall be valued at grant date (ie, days binding determine the conditions of the program - in this case, February 13, 2007) and gradually during the vesting period (in this case over 3 years) by authorized persons (in this case members of the Board) increase the value of equity and simultaneously charged to pay. In this report, an increase in equity and burden costs for incentive program was recognized.

### 17. Information on purchase of own shares.

On 21 April 2008, the General Assembly of the Parent Board passed a resolution authorizing the RADPOL SA to acquire its own shares for redemption. The content of this resolution was amended by the AGM on 21.04.2009. Under the buyback program the Issuer will acquire no more than 2,371,209 own shares for a total amount not greater than 14,227,254.00 PLN. Acquired own shares will give the right to do no more than 9.90% of total votes at the general meeting. Implementation of the share buyback program will be completed no later than 31 December 2011 or by depletion of resources allocated for their purchase.

Until 31.12.2009 RADPOL SA acquired a total of 500.884 own shares, representing 2.09% of share capital and conferring the right to 500.884 votes at a general meeting of RADPOL SA (2.09% of total votes).

### 18. Dividends paid and proposed to pay

On 27 April 2009 Ordinary General Meeting of RADPOL SA passed a resolution No. 18 on the distribution of profit for the fiscal year 2008. According to the resolution of the net income was allocated to:

- The amount of 3,592,741.50 PLN was dividend to shareholders, which represents 0.15 PLN per share,
- The amount to 3,214,875.86 PLN - "reserves - to purchase own shares.

Day of determining entitlement to a dividend as at 18 May 2009, the date of dividend payment on June 3, 2009.

A total of 23,951,610 shares dividend was paid in respect of 23,533,768 shares, 417.842 shares were treasury shares acquired for the purpose of redemption in respect of which no dividend has been paid and has been related as the reserve capital of the Company.

In connection with ongoing acquisitions aimed to strengthen the market position of RADPOL SA, the Company's Board recommends to the General Meeting of Shareholders to use the profit for the 2009 as a whole to increase capital.

### 19. Lawsuits

As at 31 December 2009 no lawsuits in court or before public administration authorities have been started concerning obligations or receivables of RADPOL SA and its subsidiary units, posing at least a total value of at least 10 times the equity of RADPOL SA.

### 20. Changes in accounting policy and errors found on previous years and their impact on financial results and equity

From 01.01.2009 onwards, parent company's stocks are valued in progress at cost, which consists of costs directly associated with the product and reasonable share of the costs indirectly related to the product (variable indirect costs of production and fixed indirect costs of production under the assumption of normal capacity utilization). So far, the valuation of stocks in the course of production was based on the costs directly associated with the product. For purposes of calculating the comparable data for the year 2008, a valuation of stocks and the cost of products sold by the new rules.

Change in inventory valuation effect of the appreciation of the stock on 01.01.2008 the amount of 213 thousand PLN per day of 31.12.2008 the amount of 982 thousand. PLN, reduced cost of products sold in the period 01.01-31.12.2008 the amount of 769 thousand PLN and about 213 thousand. in previous years, which, taking into account deferred tax assets would increase the financial result of 623 thousand PLN in 2008 and about 172 thousand PLN in previous years, giving a total of 795 thousand. PLN.

Change in inventory valuation method was dictated by the need to standardize the accounting policy for all companies included in the Capital Group.

### 21. Tangible assets

Tangible assets	Status as at 31.12.2009	Status as at 31.12.2008	Status as at 01.01.2008
Land	-	-	-
The right to perpetual usufruct of land	385	385	385
Buildings and structures	14 567	14 796	2 544
Machinery	21 561	22 175	5 743
Means of transport	1 007	1 155	492
Other fixed assets	2 726	2 622	193
Fixed assets under construction	2 907	2 161	11 169
<b>TANGIBLE FIXED ASSETS TOTAL:</b>	<b>43 153</b>	<b>43 294</b>	<b>20 526</b>

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Tangible fixed assets during the period 01.01.2009 - 31.12.2009	Land	The right to perpetual usufruct of land	Buildings and structures	Machinery	Means of transport	Other fixed assets	Fixed assets under construction
<b>Gross carrying amount at beginning of period</b>	-	385	16 925	33 846	1 715	3 209	2 426
Acquisition of fixed assets under construction	-	-	152	3 768	169	410	-
Fixed assets under construction	-	-	-	-	-	-	5 244
Transmission to use	-	-	-	-	-	-	(4 498)
Decreases due to sale	-	-	-	(45)	(62)	-	-
Reductions arising from the liquidation	-	-	(15)	(2 137)	-	(15)	-
Transfer to assets held for sale	-	-	-	-	-	-	-
Reduction and an increase due to revaluation	-	-	-	-	-	-	-
<b>Gross carrying amount at end of period</b>	-	385	17 062	35 432	1 822	3 604	3 172
<b>Redemption value at beginning of period</b>	-	-	2 129	11 671	560	587	-
Increase in depreciation for the period	-	-	377	2 538	296	306	-
Reclassifications	-	-	-	-	-	-	-
Decreases due to sale	-	-	-	(44)	(41)	-	-
Reductions arising from the liquidation	-	-	(11)	(294)	-	(15)	-
Transfer to assets held for sale	-	-	-	-	-	-	-
Reduction and an increase due to revaluation	-	-	-	-	-	-	-
<b>The value of debt at end of period</b>	-	-	2 495	13 871	815	878	-
<b>Value of write-downs at beginning of period</b>	-	-	-	-	-	-	265
Additions during the period	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Decreases due to sale	-	-	-	-	-	-	-
Reductions arising from the liquidation	-	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-	-
Write-downs cancellation	-	-	-	-	-	-	-
<b>Value of write-downs at end of period</b>	-	-	-	-	-	-	265
<b>Net value at end of period</b>	-	385	14 567	21 561	1 007	2 726	2 907

Tangible fixed assets during the period 01.01.2009 - 31.12.2009	Land	The right to perpetual usufruct of land	Buildings and structures	Machinery	Means of transport	Other fixed assets	Fixed assets under construction
<b>Gross carrying amount at beginning of period</b>	-	385	4 580	15 589	1 072	590	11 434
Acquisition of fixed assets under construction	-	-	12 345	18 270	964	2 619	-
Fixed assets under construction	-	-	-	-	-	-	25 676
Transmission to use	-	-	-	-	-	-	(34 684)
Decreases due to sale	-	-	-	(13)	(321)	-	-
Reductions arising from the liquidation	-	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-	-
Reduction and an increase due to revaluation	-	-	-	-	-	-	-
<b>Gross carrying amount at end of period</b>	-	385	16 925	33 846	1 715	3 209	2 426

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<b>Redemption value at beginning of period</b>	-	-	<b>2 036</b>	<b>9 846</b>	<b>580</b>	<b>397</b>	-
Increase in depreciation for the period	-	-	93	1 837	273	190	-
Reclassifications	-	-	-	-	-	-	-
Decreases due to sale	-	-	-	(12)	(293)	-	-
Reductions arising from the liquidation	-	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-	-
Reduction and an increase due to revaluation	-	-	-	-	-	-	-
<b>The value of debt at end of period</b>	-	-	<b>2 129</b>	<b>11 671</b>	<b>560</b>	<b>587</b>	-
<b>Value of write-downs at beginning of period</b>	-	-	-	-	-	-	<b>265</b>
Additions during the period	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Decreases due to sale	-	-	-	-	-	-	-
Reductions arising from the liquidation	-	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-	-
Write-downs cancellation	-	-	-	-	-	-	-
<b>Value of write-downs at end of period</b>	-	-	-	-	-	-	<b>265</b>
<b>Net value at end of period</b>	-	<b>385</b>	<b>14 796</b>	<b>22 175</b>	<b>1 155</b>	<b>2 622</b>	<b>2 161</b>

## 22. Intangible assets

Intangible assets	Status as at 31.12.2009	Status as at 31.12.2008	Status as at 01.01.2008
Goodwill	-	-	-
Patents and licenses	151	192	96
Development costs	553	702	477
Other intangible assets	-	-	-
<b>INTANGIBLE ASSETS TOTAL:</b>	<b>704</b>	<b>894</b>	<b>573</b>

Intangible assets in the period 01.01.2009 - 31.12.2009	Goodwill	Patents and licenses	Development costs	Other intangible assets
<b>Gross carrying amount at beginning of period</b>	-	<b>494</b>	<b>924</b>	<b>44</b>
Acquisition	-	22	-	-
<b>Gross carrying amount at end of period</b>	-	<b>516</b>	<b>924</b>	<b>44</b>
<b>Redemption value at beginning of period</b>	-	<b>302</b>	<b>222</b>	<b>44</b>
Increase in depreciation for the period	-	63	149	-
<b>Gross carrying amount at end of period</b>	-	<b>365</b>	<b>371</b>	<b>44</b>
<b>Value of write-downs at beginning of period</b>	-	-	-	-
Additions during the period	-	-	-	-
Decreases due to sale	-	-	-	-
Reductions arising from the liquidation	-	-	-	-
Value of write-downs at end of period	-	-	-	-
<b>Net value at end of period</b>	-	<b>151</b>	<b>553</b>	-

Intangible assets in the period 01.01.2008 - 31.12.2008	Goodwill	Patents and licenses	Development costs	Other intangible assets
<b>Gross carrying amount at beginning of period</b>	-	<b>334</b>	<b>585</b>	<b>44</b>
Acquisition	-	160	339	-
<b>Gross carrying amount at end of period</b>	-	<b>494</b>	<b>924</b>	<b>44</b>

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<b>Redemption value at beginning of period</b>	-	238	108	44
Increase in depreciation for the period	-	64	114	-
<b>Gross carrying amount at end of period</b>	-	302	222	44
<b>Value of write-downs at beginning of period</b>	-	-	-	-
Additions during the period	-	-	-	-
Decreases due to sale	-	-	-	-
Reductions arising from the liquidation	-	-	-	-
Value of write-downs at end of period	-	-	-	-
<b>Net value at end of period</b>	-	192	702	-

**23. Shares**

Shares Unit name	Location	Value without diminishing the value of write-downs			% of shares held /% of votes held			Valuation method
		31.12.2009	31.12.2008	01.01.2008	31.12.2009	31.12.2008	01.01.2008	
RADPOL ELEKTROPORCELAN A S.A.	Ciechów	7 388	6 839	-	99,94 / 99,96	93,23 / 95,62	-	Purchase price
Unimor Radiocom Sp. z o.o.	Gdańsk	4	4	4	0,03	0,03	0,03	Purchase price
GZE Unimor S.A.	Gdańsk	14	14	14	0,10	0,10	0,10	Purchase price
RURGAZ Sp.z o.o.	Kolonia Prawiedniki	277	-	-	0,00 / 0,00	-	-	Purchase price
<b>Gross value total</b>		<b>7 683</b>	<b>6 857</b>	<b>18</b>				

Impairments Shares Unit name	31.12.2009			31.12.2008			01.01.2008		
	Value of write-downs at the beginning of period	Changes during period	Value of write-downs at the end of period	Value of write-downs at the beginning of period	Changes during period	Value of write-downs at the end of period	Value of write-downs at the beginning of period	Changes during period	Value of write-downs at the end of period
Elektroporcelana Ciechów S.A.	-	-	-	-	-	-	-	-	-
Unimor Radiocom Sp. z o.o.	4	-	4	4	-	4	4	-	4
GZE Unimor S.A.	10	-	10	10	-	10	10	-	10
RURGAZ Sp.z o.o.	-	-	-	-	-	-	-	-	-
<b>Value total</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>14</b>
<b>Total book value of shares</b>	<b>7 669</b>			<b>6 843</b>			<b>4</b>		

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**24. Stocks**

Stocks	31.12.2009			31.12.2008			01.01.2008		
	Value	Impairment	Carrying value	Value	Impairment	Carrying value	Value	Impairment	Carrying value
Materials	776	(299)	477	1 487	(224)	1 263	2 990	(212)	2 778
Semi-finished products and work in progress	2 502	(9)	2 493	2 373	(38)	2 335	1 584	(20)	1 564
Manufactured goods	3 247	(513)	2 734	3 979	(250)	3 729	2 273	(157)	2 116
Goods	1 351	(228)	1 123	1 545	(216)	1 329	1 121	(46)	1 075
Advances in delivery	51		51	313	-	313	172	-	172
<b>TOTAL STOCKS:</b>	<b>7 927</b>	<b>(1 049)</b>	<b>6 878</b>	<b>9 697</b>	<b>(728)</b>	<b>8 969</b>	<b>8 140</b>	<b>(435)</b>	<b>7 705</b>

**25. Claims**

Claims	31.12.2009			31.12.2008			01.01.2008		
	Value	Impairment	Carrying value	Value	Impairment	Carrying value	Value	Impairment	Carrying value
Claims for supplies and services	7 986	(482)	7 504	7 062	(449)	6 613	8 373	(487)	7 886
Claims arising from the current income tax	-		-	-	-	-	179	-	179
Receivables from other taxes, customs and social security	53		53	345	-	345	993	-	993
Other receivables	264	(56)	208	286	(56)	230	275	(75)	200
<b>TOTAL CHARGES:</b>	<b>8 303</b>	<b>(538)</b>	<b>7 765</b>	<b>7 693</b>	<b>(505)</b>	<b>7 188</b>	<b>9 820</b>	<b>(562)</b>	<b>9 258</b>

Impairment charges	Status on 31.12.2009	Status on 31.12.2008	Status on 01.01.2008
Write-downs at beginning of period	505	562	562
Establishment	53	35	-
Cancellation	-	(41)	-
Use	(20)	(51)	-
<b>Write-downs at the end of period</b>	<b>538</b>	<b>505</b>	<b>562</b>

**26. Other short-term financial assets**

Other short-term financial assets	31.12.2009			31.12.2008			01.01.2008		
	Value	Impairment	Carrying value	Details	Value	Impairment	Carrying value	Details	Value
Loans granted	-	-	-	35	-	35	-	-	-
Assets held to maturity	-	-	-	-	-	-	-	-	-
Assets available for sale	-	-	-	-	-	-	-	-	-
Assets at fair value through profit and loss account	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER SHORT-TERM FINANCIAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>

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<b>ASSETS:</b>									
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**27. Cash and cash equivalents**

Cash and cash equivalents	Status on 31.12.2009	Status on 31.12.2008	Status on 01.01.2008
Cash on account	7	5	5
Cash at bank	5 007	6 864	28 300
Other cash and cash equivalents	-	-	-
<b>TOTAL CASH:</b>	<b>5 014</b>	<b>6 869</b>	<b>28 305</b>
- Including cash of reduced availability	151	137	25

**28. Equity**

Equity	Number of shares issued as at	Number of shares issued as at	Number of shares issued as at	Number of shares authorized for issue as at	Number of shares authorized for issue as at	Number of shares authorized for issue as at
	31.12.2009	31.12.2008	01.01.2008	31.12.2009	31.12.2008	01.01.2008
Series A	17 651 610,00	17 651 610,00	17 651 610,00	-	-	-
Series B	6 300 000,00	6 300 000,00	6 300 000,00	-	-	-
<b>Total:</b>	<b>23 951 610,00</b>	<b>23 951 610,00</b>	<b>23 951 610,00</b>	-	-	-

Major shareholders	Number of shares	Number of votes	Nominal value of shares	Share in core capital
Tar Heel Capital R LLC	5 470 835	5 470 835	164 125,05	22,84%
Grzegorz J. Bielowicki	3 031 572	3 031 572	90 947,16	12,66%
Marcin Wysocki	3 031 572	3 031 572	90 947,16	12,66%
ING Nationale Nederlanden OFE	1 814 854	1 814 854	54 445,62	7,58%
Aviva Investors Poland S.A. (former Commercial Union Investment Management Poland S.A.), including Commercial Union Specjalistyczny Fundusz Inwestycyjny Otwarty 1.298.858 shares and number of votes (share in core capital 5,42%) at nominal value of 38.966 PLN	1 340 649	1 340 649	40 219,47	5,60%
BZ WBK AIB AM, including BZ WBK AIB TFI	2 300 425	2 300 425	69 012,75	9,60%
Other shareholders	6 460 819	6 460 819	193 824,57	26,97%
RADPOL S.A. (own shares)	500 884	500 884	15 026,52	2,09%
<b>Total:</b>	<b>23 951 610</b>	<b>23 951 610</b>	<b>718 548,30</b>	<b>100,00%</b>

Earnings per share and diluted earnings per share	Status at 31.12.2009	Status at 31.12.2008
Net profit for the year (in PLN)	3 776	6 332
Weighted average number of ordinary shares	23 531 575	23 879 751
Earnings per share (in PLN)	0,16	0,27
The weighted average expected number of ordinary shares	23 531 575	23 879 751
Diluted earnings per ordinary share (in PLN)	0,16	0,27

Earnings per share were determined by dividing the earnings attributable to shareholders and the weighted average number of ordinary shares are determined in accordance with IAS 33. The difference between the value of existing ordinary shares at the end of the period and the weighted average number of shares is due to the purchase of own shares for redemption.

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The company in the incentive scheme is required to issue warrants, entitling to subscribe for shares at a price of 6,80 PLN. Since the warrants exercise price higher than the average market price of shares of RADPOL SA in 2008, the warrants are with anti-dilutive effect and are not included in the calculation of diluted earnings per share.

Book value per share and diluted book value per share	Status at 31.12.2009	Status at 31.12.2008
Book value (in PLN)	56 493	56 914
Weighted average number of ordinary shares	23 531 575	23 879 751
Book value per share (in PLN)	2,40	2,38
The weighted average expected number of ordinary shares	23 531 575	23 879 751
Diluted book value per ordinary share (in PLN)	2,40	2,38

Book value per share is determined as the ratio of equity and the number of ordinary shares existing at the end of the period taking into account the own shares purchased for redemption.

### 29. Provisions for liabilities

Provisions for liabilities	Status at 31.12.2009	Status at 31.12.2008	Status at 01.01.2008
<b>Long-term</b>			
Provisions for retirement and other employee benefits	306	269	242
Provisions for litigation	-	-	-
Reserve for economic risk	-	-	-
Provisions for restructuring	-	-	-
Other reserves	-	-	-
<b>RESERVES TOTAL LONG-TERM:</b>	<b>306</b>	<b>269</b>	<b>242</b>
<b>Short-term</b>			
Provisions for retirement and other employee benefits	120	119	187
Provisions for litigation	-	-	-
Reserve for economic risk	-	-	-
Provisions for restructuring	-	-	-
Other reserves	-	-	-
<b>SHORT-TERM RESERVES TOTAL</b>	<b>120</b>	<b>119</b>	<b>187</b>

### 30. Loans and advances

Loans and advances at 31.12.2009	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Technological loan at W BGK	6 676	3 612	PLN	WIBOR 3M + margin 2,2 p.p.	30.09.2013
<b>Total long-term loans</b>	<b>6 676</b>	<b>3 612</b>	-	-	-
Short-term					
Technological loan at W BGK	6 676	1 113	PLN	WIBOR 3M + margin 2,2 p.p.	31.12.2010
<b>Total loans and short-term loans</b>	<b>6 676</b>	<b>1 113</b>	-	-	-

Loans and advances at 31.12.2009	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Technological loan at W BGK	7 676	2 280	PLN	WIBOR 3M + margin 2,2 p.p.	30.09.2013

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<b>Total long-term loans</b>	<b>7 676</b>	<b>2 280</b>	-	-	-
Short-term					
Technological loan at W BGK	7 676	608	PLN	WIBOR 3M + margin 2,2 p.p.	31.12.2009
<b>Total loans and short-term loans</b>	<b>7 676</b>	<b>608</b>	-	-	-

<b>Loans and advances at 31.12.2009</b>	<b>Loan value</b>	<b>Balance</b>	<b>Currency</b>	<b>Interest rate</b>	<b>Date of repayment</b>
Long-term					
Technological loan at W BGK	7 676	117	PLN	WIBOR 3M + margin 2,2 p.p.	30.09.2013
<b>Total long-term loans</b>	<b>7 676</b>	<b>117</b>	-	-	-
Short-term					
Technological loan at W BGK	7 676	524	PLN	WIBOR 3M + margin 2,2 p.p.	31.12.2008
Loan at PKO BP S.A.	93	17	PLN	WIBOR 1M + margin 1,4 p.p.	31.12.2008
Loan at PKO BP S.A.	96	10	PLN	WIBOR 1M + margin 1,4 p.p.	31.12.2008
<b>Total loans and short-term loans</b>	<b>7 865</b>	<b>551</b>	-	-	-

**31. Revenues from sales**

<b>Revenues from sales</b>	<b>For finished period 31.12.2009</b>	<b>For finished period 31.12.2008</b>
Revenues from sales of products	29 156	30 693
Revenues from sales of services	176	234
Revenues from sales of goods	6 015	5 422
Revenues from sale of materials	276	304
Grants	676	548
Cash Bonuses	(1 241)	(1 189)
<b>TOTAL INCOME FROM SALES</b>	<b>35 058</b>	<b>36 012</b>

**32. Operating expenses**

<b>Expenses by type</b>	<b>For finished period 31.12.2009</b>	<b>For finished period 31.12.2008</b>
Depreciation	3 730	2 571
Materials and energy	11 434	13 528
Foreign Service	2 746	2 780
Taxes and fees	611	544
Salaries	7 320	8 180
Benefits to employees	1 570	1 688
Other costs	426	59
The value of goods and materials sold	3 254	2 666
<b>TOTAL COSTS BY TYPE</b>	<b>31 091</b>	<b>32 016</b>
<b>Corrections:</b>		
Change in product	(308)	3 043

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Cost of benefits for their own needs	522	198
<b>TOTAL OPERATING COSTS</b>	<b>30 877</b>	<b>28 775</b>

**33. Other operating income**

Other operating income	For finished period 31.12.2009	For finished period 31.12.2008
Profit on disposal of non-financial assets	114	77
Reversal of provisions	58	116
Reversal of impairment, including:	-	34
- Fees for supplies and services	-	22
- Inventories	-	12
Write-off of overdue liabilities	-	1
Received compensation	465	
Redemption of loan	529	
VAT refund	105	
Inventory surplus	105	240
Other	24	109
<b>TOTAL OTHER OPERATING INCOME</b>	<b>1 400</b>	<b>577</b>

**34. Other operating expenses**

Other operating expenses	For finished period 31.12.2009	For finished period 31.12.2008
Formation of reserves	96	60
The creation of write-downs, including:	374	109
- Fees for supplies and services	53	16
- Inventories	321	93
Inventory shortages	131	221
Other	31	42
<b>TOTAL OTHER OPERATING COSTS</b>	<b>632</b>	<b>432</b>

**35. Financial income**

Financial income	For finished period 31.12.2009	For finished period 31.12.2008
Interest	103	625
Surplus of positive over negative exchange rate differences		22
Other	5	6
<b>TOTAL FINANCIAL INCOME</b>	<b>108</b>	<b>653</b>

**36. Financial costs**

Financial costs	For finished period 31.12.2009	For finished period 31.12.2008
Interest	257	5
The surplus of exchange losses on the positive	13	-
<b>TOTAL FINANCIAL COSTS</b>	<b>270</b>	<b>5</b>

### 37. Current income tax

Current income tax	For finished period 31.12.2009	For finished period 31.12.2008
Current income tax	634	1 546
Deferred income tax	377	152
<b>INCOME TAX TOTAL</b>	<b>1 011</b>	<b>1 698</b>

Income taxes - an explanation of the differences between the tax calculated at the current rate and tax shown	For finished period 31.12.2009	For finished period 31.12.2008
<b>Profit before tax</b>	<b>4 787</b>	<b>8 030</b>
Income tax rate applicable for the period (19%)	910	1 616
Income tax for previous years included in the current reporting period	-	-
<b>The tax on permanent differences between the balance sheet and the profit tax base</b>	<b>(126)</b>	<b>(63)</b>
Received grants	(127)	(104)
Redemption of technological credit	(100)	-
Depreciation of fixed assets financed by technological loan	8	-
Profit of assets sale	-	5
National Disabled Persons Rehabilitation Fund	23	18
Representation costs	11	10
VAT	1	3
Expenditure on the members of Supervisory Board	15	5
Incentive scheme costs	43	-
<b>The tax on temporary differences not included in the calculation of deferred taxes</b>	<b>(150)</b>	<b>(7)</b>
Provision for VAT	(6)	(12)
Salaries and Social Insurance premiums concerning 2008	(154)	-
Provision for receivables	10	5
<b>Current income tax shown in the financial statements</b>	<b>634</b>	<b>1 546</b>
Effective tax rate	13,23%	19,25%

### 38. Deferred tax

Deferred tax	Status at 31.12.2009	Status at 2008-12-31	Status at 01.01.2008
	Value	Value	Value
<b>Deferred ODPD</b>			
Valuation of inventory	11	6	4
Impairment stocks	188	133	117
Impairment charges	57	59	68
Negative unrealized foreign exchange differences and interest	1	36	5
Write-downs on fixed assets	4	4	5
Provisions for staff matters	81	74	81
Provisions for auditing the accounts	4	5	3
Provision for/ the cost of awarded bonuses for sales	90	75	1
Unpaid salary + Social Insurance	22	157	158
Accrued interest	3		
Provisions for additional wage payments	-	-	118

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<b>ODPD ASSETS TOTAL:</b>	<b>461</b>	<b>549</b>	<b>560</b>
<b>Provision for ODPD</b>	<b>Value</b>	<b>Value</b>	<b>Value</b>
The difference in depreciation of assets	640	365	238
The difference in depreciation of intangible assets	28	5	-
Positive foreign exchange and interest differences	3	10	1
The right to perpetual usufruct of land	73	73	73
<b>RESERVE FOR ODPD TOTAL:</b>	<b>744</b>	<b>453</b>	<b>312</b>

### 39. Related party transactions

Transactions and balances with related entities not consolidated for the year	Consolidated			Non-consolidated		
	Dependent	Associated	Codependent	Dependent	Associated	Codependent
Net sales	27	-	-	-	-	-
Net purchases	360	-	-	-	-	-
Short-term receivables	101	-	-	-	-	-

### 40. Receivables and contingent liabilities (contingent)

Guarantees and sureties granted	Status at 31.12.2009	Status at 31.12.2008	Status at 01.01.2008
<b>To related entities</b>	-	<b>950</b>	-
warranties and guarantees repayment of loans and advances		950	-
guarantees for the proper implementation of contracts	-	-	-
<b>For the remaining units</b>	<b>6 996</b>	<b>6 996</b>	<b>6 308</b>
warranties and guarantees repayment of loans and advances	-	-	-
guarantees for the proper implementation of contracts	6 996	6 996	6 196
Other guarantees and commitments	-	-	112
<b>TOTAL AND SURETY GUARANTEES GRANTED</b>	<b>6 996</b>	<b>7 946</b>	<b>6 308</b>

Under the heading "guarantees for the proper performance of contracts" promissory notes provided to secure the implementation of the grant agreements were placed.

On 22.12.2009, Management of the Company has received from the parent trade union "Solidarity" acting in the Company, a notice of ZZ "Solidarity" starting in collective dispute against the Company. The dispute relates to the following:

- introduction of collective bargaining agreements to 31.03.2010
- implementation of annex under § 16 of the Rules compensation - bonuses
- compensation of incentive awards for the year 2009
- converting the hourly pay for a fixed salary
- payment of the annual awards of the profits
- increase in allowances for night work in the second shift
- restoring working period perks
- wage increases for employees of the Company pursuant to § 18 of the Regulations

According to the Company's Board, the payment of awards in recent times have not been dumped and there is no likelihood of any payments for the historical periods. The Board states that during the current negotiations, it is seeking to end the dispute with regard to the interests of both parties. Possible negotiated wage increases will be fully related to future periods. Information about the collective dispute was submitted to the public with a current report no 39/2009 on 22.12.2009.

### 41. Financial Instruments

Financial Instruments	Status at 31.12.2009	Status at 31.12.2008	Status at 01.01.2008
<b>Financial assets</b>	<b>12 780</b>	<b>14 092</b>	<b>37 563</b>

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Assets at fair value through profit or loss	-	-	-
Loans and receivables measured at amortized cost	-	35	-
Receivables valued at face value	7 766	7 188	9 258
Assets held to maturity	-	-	-
Assets available for sale	-	-	-
Cash and cash equivalents	5 014	6 869	28 305
<b>Financial liabilities</b>	<b>8 902</b>	<b>10 980</b>	<b>9 647</b>
Liabilities at fair value through profit or loss	-	-	-
Liabilities valued at amortized cost	4 725	2 888	668
Trade commitments valued at face value	4 177	8 092	8 979

Financial instruments - interest rate risk	31.12.2009			31.12.2008			01.01.2008		
	Require d to 1 year	Require d from 1 to 5 years	Require d above	Require d to 1 year	Require d from 1 to 5 years	Require d above	Require d to 1 year	Require d from 1 to 5 years	Require d above
<b>Fixed rate interest:</b>									
Loans granted	-	-	-	-	-	-	-	-	-
Assets held to maturity	-	-	-	-	-	-	-	-	-
Loans and borrowings	-	-	-	-	-	-	-	-	-
Other interest bearing liabilities	-	-	-	-	-	-	-	-	-
<b>Interest rate variables:</b>									
Loans granted	-	-	-	35	-	-	30	32	-
Assets held to maturity	-	-	-	-	-	-	-	-	-
Loans and advances	1 113	3 612	-	608	2 280	-	551	117	-
Other interest bearing liabilities	-	-	-	-	-	-	-	-	-

Financial instruments - currency risk	31.12.2009			31.12.2008			01.01.2008		
	Value	Sum in currency	Transfer into PLN	Value	Sum in currency	Transf er into PLN	Value	Sum in curren cy	Tran sfer into PLN
<b>Long-term</b>									
Receivables	-	-	-	-	-	-	-	-	-
Loans granted	-	-	-	-	-	-	-	-	-
Assets held to maturity	-	-	-	-	-	-	-	-	-
Assets available for sale	-	-	-	-	-	-	-	-	-
Assets at fair value through profit and loss account	-	-	-	-	-	-	-	-	-
Loans and borrowings	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-
<b>Short-term</b>									
Receivables	EUR	106	435	EUR	49	179	EUR	86	315
Receivables	USD	-	-	USD	78	225	USD	76	194
Loans granted	-	-	-	-	-	-	-	-	-

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Assets held to maturity	-	-	-	-	-	-	-	-	-
Assets available for sale	-	-	-	-	-	-	-	-	-
Assets at fair value through profit and loss account	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	EUR	66	269	EUR	3	13	EUR	10	36
Cash and cash equivalents	USD	16	47	USD	54	160	USD	215	523
Loans and borrowings	-	-	-	-	-	-	-	-	-
Other liabilities	EUR	38	157	EUR	213	1 029	EUR	33	120
Other liabilities	USD	14	39	USD	69	207	USD	2	5

Financial instruments - credit risks	31.12.2009			31.12.2008			01.01.2008		
	exposures <3% of balance	3%< exposures <20% of balance	exposures > 20% of balance	exposures <3% of balance	3%< exposures <20%	exposures > 20% of balance	exposures <3% of balance	3%< exposures <20%	exposures > 20% of balance
Receivables	6 288	1 478	-	5 398	1 790	-	7 561	1 697	-
Loans granted	-	-	-	-	-	35	-	-	-
Assets held to maturity	-	-	-	-	-	-	-	-	-
Assets available for sale	-	-	-	-	-	-	-	-	-
Assets at fair value through profit and loss account	-	-	-	-	-	-	-	-	-

**42. Remuneration of key personnel and entities authorized to audit financial statements.**

Remuneration of key personnel of the Parent Company	31.12.2009			31.12.2008		
	Basic salary	Perks		Basic salary	Perks	
Board members	-	-	-	-	-	-
- Andrzej Sielski	279	136	15	177	133	60
- Grzegorz Malczyk	231	69	15	165	133	60

Remuneration of Supervisory Board members	For finished year	For finished year
	31.12.2009	31.12.2008
Supervisory Board Members	-	-
- Grzegorz Bielowicki	39	36
- Tomasz Firczyk	28	28
- Zbigniew Janas	28	28
- Tomasz Kapliński	25	28
- Marcin Kowalczyk	28	17
- Krzysztof Kurowski	23	21
- Krzysztof Wachowski	-	11

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Salaries of key staff members of the Parent received in subsidiaries and associates	For finished year 31.12.2009	For finished year 31.12.2008
Board members	-	-
- Andrzej Sielski	26	9
- Grzegorz Malczyk	72	26
	-	-
Supervisory Board Members	-	-
- Grzegorz Bielowicki	20	-
- Tomasz Firczyk	20	-

Salaries of entities authorized to audit financial statements	For finished year 31.12.2009	For finished year 31.12.2008
For the implementation of the review and audit	66	50
- Including the parent unit	47	37
- Including subsidiaries, associates and jointly controlled	19	13
For other services	54	5
- Including the Company	47	-
- Including subsidiaries, associates and jointly controlled	7	5
<b>Total remuneration</b>	<b>120</b>	<b>55</b>

#### 43. Employment

Average employment in posts in the Company	For finished year 31.12.2009	For finished year 31.12.2008
Collar workers	147	154
White-collar workers	83	85
<b>Total average number of posts</b>	<b>230</b>	<b>239</b>

#### 44. Differences between the data disclosed in the financial statements, previously drawn up and published financial reports

Reconciliation of equity at the date of transition to IFRS and closing balance sheets of comparable data at 01.01.2007 and 31.12.2007 and 31.12.2008, as well as a reconciliation of net profit for comparable data between previously published financial statements drawn up according to the principles of the Accounting Act and IFRS for the years 2007 and 2008.

Differences between the data presented in the financial statements and previously published financial data	31.12.2008		30.06.2008		31.12.2007		01.01.2007
	Net profit	Equity	Net profit	Equity	Net profit	Equity	Equity
<b>Values arising from published reports</b>	<b>6 808</b>	<b>56 601</b>	<b>3 539</b>	<b>55 191</b>	<b>6 802</b>	<b>55 245</b>	<b>7 404</b>
Settlements	-	355	-	357	-	359	363
Remission	4	32	2	29	4	28	24
Provisions for deferred income taxes		(74)		(74)		(74)	(74)
Incentive program	(480)		(303)		(603)		
<b>The values shown in this report</b>	<b>6 332</b>	<b>56 914</b>	<b>3 238</b>	<b>55 503</b>	<b>6 203</b>	<b>55 558</b>	<b>7 717</b>

The main adjustments resulting from the transition of the Polish Accounting Standards in line with IFRS standards are:

- Change the presentation of perpetual usufruct of land (transfer of accrued income on capital in the item. Profit from previous years),
- Withdrawal of redemption rights of perpetual usufruct,
- Establishment of reserves for deferred income tax on the right of perpetual usufruct,

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- Including the costs of general management incentive scheme for the Board of the parent company.

**45. Events after the balance sheet date**

In accordance with IAS 10, the events after the balance sheet date include all events that occurred after the balance sheet date until approval of the consolidated financial statements for publication.

After the balance sheet date there were no significant events that should be included in the consolidated financial statements. Events described below will have an impact on the consolidated financial statements in future periods.

1) In connection with ongoing acquisition, RADPOL SA signed on 16.11.2009 a contract for the sale of shares of RURGAZ Sp. z oo based in Kolonia Prawiedniki whereby RADPOL SA will acquire 100% of share in the company and with the timing of settlement of the company's sales prices is in 2010. The purchase price for the shares amounts to 27.650 thousand PLN and in accordance with the signed addendum to the contract of sale will be partly settled by the transfer of sellers own shares acquired by RADPOL SA and through a new share issue, in terms of price in an amount not greater than 13.825 thousand PLN.

2) On 19.02.2010 EGM of RADPOL SA passed a resolution on the increase in the Company's share capital by issuing new series D shares in the number of 1,739,478 with a nominal value and 0.03 PLN and issue price of 6.22 PLN. Acquisition of shares will be offered in the private subscription-selling shares in the company RURGAZ Sp. z oo as a partial settlement of the transaction doorstep.

3) On 19.02.2010 EGM of RADPOL SA took up a resolution to discontinue the 500.884 shares with a nominal value of 0.03 PLN and reduce the amount of the share capital of 15,026.52 PLN, acquired by the Company to remit. Reduction of share capital shall be done through amendments to the Statute of the Company with the requirements of Article. 456 § 1 of CCC.

4) On February 25, 2010, Board of RADPOL SA and RADPOL ELEKTROPORCELANA SA agreed on the merger plan of RADPOL SA and RADPOL ELEKTROPORCELANA SA, acting in accordance with Article. 499 § 1 and § 2 of CCC. Connection of RADPOL SA ("Acquiring company) and RADPOL ELEKTROPORCELANA SA (Company) will be made on the basis of Article. 492 § 1. 1 of CCC, by transferring all the assets of the company being acquired to the acquiring company, in accordance with art. Articles. 515 § 1 of the Commercial Companies Code, without an increase in the share capital of the acquiring company, due to the fact that the acquiring company owns 100% of shares in the company being acquired.

26 February 2010

Date

Signature of person responsible for  
accounting

Signature of unit's supervisor