

Radpol SA Capital Group

**Consolidated financial statements for the financial year
ended 31 December 2009 along with an opinion of auditor
and report of examination.**

Table of contents

**OPINION OF INDEPENDENT AUDITOR
COMPLEMENTARY REPORT TO AUDIT OPINION OF CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009**

I. GENERAL PART

1. Basic information about the activities of the Capital Group
2. Capital Group composition
3. Examination of financial statements of consolidated entities
4. Other information

II. RESULT AND ANALYSIS OF FINANCIAL SITUATION OF THE CAPITAL GROUP

III. CONSOLIDATED FINANCIAL STATEMENTS

IV. DETAILED INFORMATION

1. Legal basis of the examination
2. Completeness and correctness of the documentation
3. The rules of consolidation
4. Principles of accounting
5. Exemptions from the obligation to consolidated financial statements
6. Exemptions
7. The structure of assets and liabilities of the consolidated balance sheet
8. Items affecting financial results of the Capital Group
9. Effects of the sale of shares in subsidiaries
10. Goodwill
11. Equity, including minority equity
12. Statement of changes in equity
13. Cash flow statement
14. Additional information and explanations
15. Activity Report
16. Compliance with law regulations

OPINION OF INDEPENDENT AUDITOR FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

To the General Meeting, the Supervisory Board and Board of RADPOL SA

We have audited the accompanying consolidated financial statements of RADPOL SA Capital Group (hereinafter "the Group"), in which the parent company is RADPOL SA, including:

- consolidated statement of financial position as at 31 December 2009, total assets and liabilities in the amount of 81 801 thousand PLN
- consolidated profit and loss account for the financial year from 1 January 2009 to 31 December 2009 showing a net profit of 5 426 thousand PLN, including the net profit attributable to equity shareholders of the parent company of 5 331 thousand PLN
- consolidated statement of comprehensive income for the period from 1 January 2009 to 31 December 2009 showing a total income of 5 426 thousand PLN
- consolidated statement of changes in equity for the financial year from 1 January 2009 to December 31, 2009 showing an increase in equity by the amount of 544 thousand PLN
- consolidated statement of cash flows for the financial year from 1 January 2009 to 31 December 2009 showing a decrease in cash during the financial year by an amount of 1 919 thousand PLN
- explanatory notes to consolidated financial statements

Data of subsidiary company Radpol Elektroporcelana SA were included in the consolidated financial statements using the full method.

For reliability, accuracy and clarity of the attached consolidated financial statements, as well as the accuracy of the documentation, the Board of the parent Company - RADPOL SA, is responsible

Our task was to examine the attached consolidated financial statements and the expression on the basis of the study, opinions about whether the consolidated statement of financial position, in all material respects, properly, accurately and fairly present the financial position and profit or loss of the Capital Group.

Study of the attached consolidated financial statements was conducted pursuant to the following provisions:

- provisions of the Act of 29 September 1994 on Accounting (Journal of Laws of 2009, No. 152, item. 1223, as amended)
- knowledge and experience with the standards of auditing issued by the National Council of Statutory Auditors during their period of validity
- international auditing standards in areas not covered in the above-mentioned provisions

This study was planned and conducted in such a way as to obtain reasonable assurance whether the financial statements are free of material misstatement. In particular, the study included validation used by entities related to the rules (policy) of accounting and verification - largely at random - the grounds, giving rise to the number and the information contained in the consolidated financial statements and the overall evaluation of this report. We believe that our audit provided a reasonable basis to express an authoritative opinion.

Parent Company with effect from 1 January 2009 changed the rules for valuation of work in progress. Description of the changes made in the valuation of stock-in-progress is set out in the additional explanatory note 21 to the consolidated financial statements together with the results for the financial statements. In accordance with IAS 8, a change in accounting policy shall be applied retrospectively by adjusting the opening balance of each component of equity, where the change concerns, and reveals other comparative data for each period as if the amended accounting policy always been applied. Executive Board of the parent company did not correct the financial statements and did not disclose the comparative data for each period. Taking into account the fact that changes in valuation would increase the value of stocks as at 1 January 2008 by the amount of 213 thousand PLN, as at 31 December 2008 by an amount of 982 thousand PLN. An adjustment would increase the financial results of previous years including deferred tax on the amount of 795 thousand PLN and would cause a decrease in the net result is the same amount in the current period. The above mentioned adjustments do not affect the value of equity at 31 December 2009. Management of the Board of parent company indicated that a change in policy for accounting for changes in valuation principles of work in progress was made in order to standardize the methods of valuation in the capital group.

In our opinion, the attached consolidated financial statements, including figures and verbal explanations, in all material respects:

- fairly and properly presents information required to examine financial situation of the Capital Group as at 31 December 2009, as well as its financial results for the fiscal year from 1 January 2009 to 31 December 2009
- are prepared correctly, in accordance with the rules (policies) of accounting, resulting from International Financial Reporting Standards (IFRS) and related interpretations announced in the form of regulations of the European Commission, in the absence of these Standards - according to the requirements of the Accounting Act and issued on the basis of its implementing legislation,
- is consistent with the content of the consolidated financial statements regulations of law
- presents data in accordance with the requirements of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent to the information required by non-member country (Journal of Laws of 2009, No. 33,- item. 259).

Without objections to the accuracy and reliability of these financial statements, we draw attention to the fact that the Management of the Board of the subsidiary Radpol Elektroporcelana in additional explanatory note no 14 to the financial statements presented a test for impairment of licenses and an approval for the manufacture of special insulators. The test showed that the carrying amount of forms and approval for the manufacture of polymeric insulators exceeds their recoverable value, which is the value in use, calculated using discounted cash flows based on assumptions. We point out that it is not certain whether the assumptions adopted in the calculations shall be carried out in the future.

We have read the report of the Board on the activities of the Group for the financial year ended 31 December 2009 and concluded that the information derived from the attached consolidated financial statements conform to it, and that this report takes into account the provisions of Decree of the Minister of Finance of 19 February 2009 year on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent to the information required by non-member country (Journal of Laws of 2009, No. 33, item. 259).

Joanna Mancastroppa

Certified auditor
Registration number 11429

HLB Sarnowski & Wiśniewski Sp. z oo
61-478 Poznan, ul. Bluszczowa 7
The entity authorized to audit
financial statements included on the list of entities
entitled to run by NBoA,
under registration number 2917

Poznan, 26 February 2010

COMPLEMENTARY REPORT TO AN AUDIT OPINION OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

To the General Meeting, the Supervisory Board and the Board of RADPOL SA

This report was prepared in connection with the audit of the consolidated financial statements of RADPOL SA Capital Group (hereinafter "the Group"), in which the parent company is RADPOL SA. The subject of the study was the consolidated financial statements, including:

- consolidated statement of financial position as at 31 December 2009, total assets and liabilities in the amount of 81 801 thousand PLN
- consolidated profit and loss account for the financial year from 1 January 2009 to 31 December 2009 showing a net profit of 5 426 thousand PLN, including the net profit attributable to equity shareholders of the parent company of 5 331 thousand PLN
- consolidated statement of comprehensive income for the period from 1 January 2009 to 31 December 2009 showing a total income of 5 426 thousand PLN
- consolidated statement of changes in equity for the financial year from 1 January 2009 to December 31, 2009 showing an increase in equity by the amount of 544 thousand PLN
- consolidated statement of cash flows for the financial year from 1 January 2009 to 31 December 2009 showing a decrease in cash during the financial year by an amount of 1 919 thousand PLN
- explanatory notes to consolidated financial statements

The consolidated financial statements have been annexed to the report on the activities of the Capital Group for the year ended December 31, 2009.

The consolidated financial statements was signed on 26 February 2010 by the Board of the Parent Company - RADPOL SA - and the person responsible for bookkeeping, which means that those entities take responsibility for information contained in financial statements.

In addition, members of the Supervisory Board of the Parent Company RADPOL SA were obliged to ensure that the consolidated financial statements and activity report of the Capital Group meet the requirements provided for in the Act of 29 September 1994 on Accounting.

This report should be read together with the auditor's opinion to the General Meeting, the Supervisory Board and the Board of RADPOL SA of 26 February 2010 concerning the above-described consolidated financial statements. Opinion on the consolidated financial statements expresses a general conclusion of the study. This proposal does not constitute the sum of valuations of individual items of the study report or the issues, but requires individual arrangements to give appropriate weight (relevance), to take into account the reliability of recorded facts and accuracy of the consolidated financial statements.

I. GENERAL PART

1. Basic information about the activities of the Capital Group

The dominant unit in the Capital Group is a company operating under the year under the name RADPOL SA (hereinafter referred to as "Parent Company"). Parent Company is headquartered in Człuchow (77-300), ul. Batorego 14

Parent Company operates as a limited company, established by a notarial deed dated 29 December 1995, before a notary Paweł Błaszczak (Digest No A 21557/95).

Currently, the Parent Company entered in the register of entrepreneurs maintained by the District Court Gdańsk-North in Gdansk, VIII Economic Department of the National Court Register under KRS (National Court Register) number 0000057155.

Parent Company received a tax identification number 843-00-00-202 and Statistical registration number issued by the Central Statistical Office - 770807479.

Unit operates under the provisions of the Commercial Companies Code and under the statutes of the Parent Company.

According to the Polish Classification of Activities, Capital Group's predominant activity is the manufacture of other plastic products and the production of ceramic insulators.

During the examined period, Capital Group operated primarily in the production of heat-shrinkable cable accessories and the manufacture of ceramic insulators.

Employment at Capital Group as at 31 December 2009 amounted to 387 people.

Share Capital of RADPOL SA as at 31 December 2009 amounted to 719 thousand PLN and was divided into 23 951 610

ordinary bearer shares with a nominal value of 0.03 PLN each.

As at December 31, 2009 Parent Company's shareholders structure was as follows:

Shareholder	% of votes	Number of shares	Nominal value of 1 share (PLN)	Value of shares (thousands PLN)
TAR HEEL CAPITAL R LLC	5 470 835	5 470 835	0,03	164
Grzegorz J. Bielowicki	3 031 572	3 031 572	0,03	91
Marcin Wysocki	3 031 572	3 031 572	0,03	91
ING Nationale-Nederlanden OFE BZ WBK AIB, w tym BZ WBK AIB TFI	1 814 854	1 814 854	0,03	54
Aviva Investors Poland S.A. (former Commercial Union Investment Management (Poland) S.A.)	1 340 649	1 340 649	0,03	40
BZ WBK AIB AM, w tym BZ WBK AIB TFI	2 300 425	2 300 425	0,03	69
Other shareholders	6 460 819	6 460 819	0,03	194
RADPOL S.A. (own shares)	500 884	500 884	0,03	15
Total capital	23 951 610	23 951 610		719

Fiscal year for which there examined the consolidated financial statements include 12 consecutive months from 1 January to 31 December 2009. The previous financial year covered the period from 1 January to 31 December 2008.

Parent authorities of RADPOL SA are: the General Meeting of Shareholders, the Supervisory Board and Executive Board.

The Executive Board of the Parent Company at the date of the examination consisted of:
 - Andrzej Sielski - Chairman of the Board,
 - Grzegorz Mirosław Malczyk - Vice Chairman of the Board.

In the period considered and the period until the date of the opinion there is no change in the composition of the Board of the Parent Company.

The Supervisory Board of the Parent Company at the date of the examination consisted of:
 - Grzegorz Bielowicki - Chairman,
 - Zbigniew Janas - Member,
 - Tomasz Firczyk - Member,
 - Tomasz Kaplinski - Member,
 - Krzysztof Kurowski - Member.

During the examined period, the following changes in the composition of the Supervisory Board of the Parent Company were made:

Mr. Marcin Michał Kowalczyk, member of the Supervisory Board, resigned from his position on 2 December 2009. On 12 January 2010 District Court Gdańsk-North in Gdansk, VIII Economic Department of the National Court Registry, made an order to withdraw Mr. Marcin Michał Kowalczyk, from the post of a member of the Supervisory Board of RADPOL SA in the National Court Register.

2. The Capital Group

At 31 December 2009, the Capital Group of RADPOL SA was structured as follows:
- RADPOL SA
- Radpol Elektroporcelana SA

Entities related to the Capital Group, under IFRS, are also members of the managing and supervisory bodies under consolidated and individuals who are close relatives of these people.

3. Research of financial statements under consolidation

Separate financial statements for the financial year from 1 January to 31 December 2009 all of the companies included in the RADPOL SA Capital Group were examined by the auditor.

RADPOL SA, was examined by HLB Sarnowski & Wiśniewski Sp. z oo and was subject to full consolidation. On 26 February 2010, an opinion on the financial statements of RADPOL SA has been issued, and the explanatory note reads as follows:

"The Company with effect from 1 January 2009 changed the rules for valuation of work in progress. Description of the changes made in the valuation of stock-in-progress is set out in supplementary explanatory memorandum No. 20 together with the results for the financial statements. In accordance with IAS 8, a change in accounting policy shall be applied retrospectively by adjusting the opening balance of each component of equity, where the change concerns, and reveals other comparative data for each period as if the amended accounting policy always been applied. The Board did not correct the position of the financial statements and did not disclose the comparative data for each period. Taking into account changes in valuation would increase the value of stocks as at 1 January 2008 by the amount of 213 thousand PLN, as at 31 December 2008 by an amount of 982 thousand PLN. An adjustment would increase the financial results of previous years including deferred tax on the amount of 795 thousand PLN and a decrease in the net result is the same amount in the current period. The above mentioned adjustments do not affect the value of equity at 31 December 2009. Management of the Company stated that the change in accounting policy in changing the rules for valuation of work in progress was made in order to standardize the methods of valuation in the capital group. "

"Not submitting additional objections to the accuracy and reliability of audited financial statements, we draw attention to the fact that the attached financial statements for the period from 1 January to 31 December 2009 is the first financial report of Radpol SA drawn up in accordance with International Accounting Standards / International Financial Reporting Standards (IFRS). Management of the Company has provided comparable data for the previous year, with the exception of the above-reported concerns, which were disclosed in the report for the first time. In the additional explanatory note No. 44, the Board presented the reconciliation of equity and profit or loss reported under previously applicable accounting principles by the Company, consistent with the Accounting Act, of equity capital and financial results under IFRS.

Radpol Elektroporcelana SA was examined by HLB Sarnowski & Wiśniewski Sp. z oo and was subject to full consolidation. On 25 February 2010, an opinion on the financial statements of RADPOL SA was published, carefully explaining as follows:

" Not submitting additional objections to the accuracy and reliability of audited financial statements, we draw attention to the fact that the Board in the additional explanatory note No. 14 presented a test for impairment of licenses and approval for the manufacture of special insulators. The test showed that the carrying amount of forms and approval for the manufacture of polymeric insulators exceeds their recoverable value, which is the value in use, calculated using discounted cash flows based on assumptions. We point out that it is not certain whether the assumptions adopted in the calculations shall be carried out in the future. "

4. Other information

The consolidated financial statements of RADPOL SA Capital Group for financial year ended 31 December 2008, were subject to examination by the auditor. Acting within M2 HLB Audit Sp. Ltd., the entity authorized to audit financial statements included in the list of entities authorized by NBoA kept under registration number 3149, the auditor Maciej Czapiewski (registration No. 10326/7604) has issued this report on 30 March 2009 with the opinion of the explanatory notes on the content:

"Not submitting additional objections to the accuracy and reliability of audited financial statements, we draw attention to the following issues:

*- attached consolidated financial statements of RADPOL SA Capital Group is the first annual consolidated financial statements prepared by the Parent Company and is also the first annual financial statements of the Parent Company in accordance with IFRS. Comparable data include only the data of the Parent Company for the year earlier. Date of transition to IFRS under International Financial Reporting Standard No. 1 "Adoption of IFRS for the first time" is January 1, 2007.
- In 2008, the Parent Company acquired control of ELEKTROPORCELANA Ciechow SA. The acquisition was cleared in the consolidated financial statements with the purchase method. Assigning the purchase price to acquired assets and liabilities and the determination of goodwill is provisional. The Board of the Company intends to review and fix the fair valuation of*

assets and liabilities acquired on 30 June 2009. Provisional settlement is in accordance with IFRS 3 "Business Combinations". Please note that the final settlement of the acquisition may affect the fair values of acquired assets and liabilities and goodwill.

The consolidated financial statements of RADPOL SA Capital Group for the year ended 31 December 2008 was approved by Resolution No. 7 of the Annual General Meeting of RADPOL SA of 27 April 2009 and filed in the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register of 6 May 2009 and submitted for publication in the Polish Monitor B on 30 April 2009.

II. RESULT AND ANALYSIS OF FINANCIAL SITUATION OF THE CAPITAL GROUP

In 2009, the Capital Group RADPOL SA has continued its business of manufacturing of heat-shrinkable cable accessories. Total revenues from sales in 2009 increased by 8 117 thousand. PLN, while operating expenses increased by 9 499 thousand PLN, resulting in deteriorated ratio of core operational activities.

Total revenues from sales generated by the Group in 2009 amounted to 52 532 thousand PLN while operating expenses reached a basic level of 46 145 thousand PLN. This relationship resulted in generating a profit on sales is 6 387 thousand PLN.

Profitability ratios

Profitability ratios show the relationship of financial results achieved by the various economic categories. These are basic measures of informing about the speed of recovery of assets and equity. The profitability indicators inform the effectiveness of management in the company illustrate the ability to create profits through the sale and shareholders' equity.

Indicator name	Formula	Required value	2009	2008
Profitability of sales	profits from the sales / revenues from sales	Max	12,2%	17,5%
Profitability of gross sales	gross profit / net sales	Max	13,1%	22,3%
Profitability of net sales	Net profit / net sales	Max	10,3%	18,2%
Return on equity	Net profit / equity without financial result this year	Max	10,0%	16,0%
Profitability of assets	Net profit / total assets	Max	6,6%	9,4%

In 2009 compared to 2008, the overall rate of profitability of sales in August fell by 5.3 percentage points, reaching a value of 12.2%. Fall was due to the deterioration rate relationship of basic operations.

Value ratios of gross and net sales decreased in 2009 compared with 2008 and amounted to 13.1% and 10.3%. Decrease in the values of indicators of profitability of sales, compared to the previous year was mainly a consequence of decline resulting from the sale of the Capital Group.

ROE in its test level was 10.0% and was 6.0 percentage points lower than in the previous year. Fall was in the value of this index in the test compared to the previous year due to the achievement of lower net profit, while the increase in value of equity (without the financial results of the current year) by 6.2%.

The value of return on assets in 2009 amounted to 6.6% and was lower compared to the previous year by 2.8 percentage points. This means that, in 2009, every 100 PLN of assets of Capital Group generated an average net profit of 6.6 PLN.

Indicators of efficiency of resource use

Efficiency is the ability to efficiently use the available resources within the existing external considerations. Performance indicators determine the speed with which inventory, receivables and total assets is rotated and the average period after which the Capital Group pays its obligations.

Indicator name	Formula	Required value	2009	2008
Turnover rate of property	net sales / total assets	max	0,64	0,52
Index trading of tangible fixed assets	net sales / tangible assets	max	0,96	0,80
Turnover rotation rate in days	(charges for supplies and services revenue / sales revenue) * 360	min	66	70
Stocks rotation rate in days	(stocks / operating costs) * 360	min	91	99
Charges rotation rate in days	(obligations in respect of supplies and services / own costs of sale) * 360	min	88	142

In 2009 the assets of the Capital Group's ability to generate revenue has increased compared to the previous year and amounted to 0.64. This means that 1 PLN of assets of the Capital Group generated average sales of 64 groszy.

The value of the turnover index of tangible assets has increased compared to the previous year and 2009 year was 0.96.

In 2009 the value of the receivables turnover ratio was 66 days. This means that in 2009, charges were transferred to the Capital Group on average after 66 days, ie on average 4 days faster than in 2008.

The value of inventory turnover ratio in 2009 was 91 days and was 8 days shorter than the previous year.

In 2009, regulating the trade commitments of Capital Group was about 54 days shorter compared to the previous year - 88 days.

Cash conversion cycle in 2009 amounted to 69 days and was about 42 days longer than the previous year. This means that in 2009 the Capital Group had to finance the activities of foreign funds during an average of 69 days.

Debt / financing

Indicators define the structure of the debt financing of the Capital Group. Their analysis allows the assessment of financial policy and in turn inform on the Capital Group's capacity for timely repayment of obligations.

Indicator name	Formula	Required value	2009	2008
Debt ratio	foreign capital / total capital	0,3 - 0,5	0,27	0,31
Cover the debt by equity	equity / liabilities with reserves	>1	2,71	2,23
Coverage of fixed assets with equity	equity / assets	>1	1,09	1,07
Sustainability of funding structure	Equity / Total liabilities	max	0,73	0,69

The value of the debt ratio increased in 2009 compared with 2008 and amounted to 0.27. Analyzed value of index means that the structure of financing of the Capital Group is dominated by equity. At 31 December 2009 and equity accounted for 73% of total liabilities.

In 2009, the debt coverage ratio value of equity capital was 2.71, which means that equity covered the whole foreign capital.

Throughout the period fixed assets, ie assets with the lowest degree of liquidity have been financed by equity. Coverage ratio of fixed assets with own capital stood at above unity level.

Liquidity**ratios**

Cash flow is the ability to make timely settlement of liabilities, and its maintenance is the main task of operating the financial management of each company. Liquidity ratios - measure the ability to meet the short-term obligations.

Indicator name	Formula	Required value	2009	2008
Quick ratio	(short-term investments + short-term receivables) / liabilities	0,8 - 1,2	1,06	0,79
Current ratio	(current assets - short-term accruals) / liabilities	1,5 - 2,0	1,79	1,36
Commitments covered by receivables	(current assets - short-term accruals) / liabilities	>1	2,64	0,99
Net working capital (thousand PLN)	current assets - current liabilities	-	11 881,0	8 135,0
The share of working capital in the total assets	working capital / total assets	max	14,5%	9,5%

In 2009, the value of all liquidity ratios improved compared to the previous year. Favorable changes in liquidity resulted, inter alia, with the decrease in liabilities, mainly trade commitments with 9 468 thousand PLN on December 31, 2008 to 3 733 thousand PLN at the end of the test.

Liquidity index rose fast in 2009 as compared to the previous year and amounted to 1.79.

The value of the current liquidity ratio was formed in 2009 at 2.64. In 2009, the value of the current liquidity ratio adopted values higher than the level regarded as desirable.

At 31 December 2009 the value of trade receivables accounted for 264% of the value of trade commitments.

In the years considered assets of the Capital Group were higher than current liabilities. The result is a positive value of net working capital, which in 2009 reached 11 881.0 thousand PLN. The share of working capital in the total assets amounted to 14.5%.

Rationale for the continuation of established business

During our audit we noted the existence of no significant factors that could cause our belief that the Parent Company and subsidiary Radpol Elektroporcelana SA included in the consolidated financial statements are not able to continue the business activity for at least 12 months from the balance sheet date, that is, from 31 December 2009 as a result of deliberate or involuntary omissions or significantly reduce their current activities.

III. CONSOLIDATED FINANCIAL STATEMENTS**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES as at December 31, 2009**

	As at 31.12.2009	As at 31.12.2008	As at 01.01.2008
	Thousand PLN	Thousand PLN	Thousand PLN
ASSETS			
Fixed assets	54 764	55 560	21 674

Tangible assets	51 815	52 922	20 526
Investment property	0	0	0
Intangible assets	1 018	1 306	573
Goodwill	59	59	0
Shares	281	4	4
- Including investments accounted for using the equity method	0	0	0
Long-term receivables	0	0	0
Other long-term financial assets	0	0	0
Deferred tax liabilities	587	782	560
Other assets	1 004	487	11
ASSETS	26 689	30 232	45 317
Stocks	10 833	12 462	7 705
Claims for supplies and services	9 852	9 402	7 886
Claims arising from the current income tax	0	78	179
Other receivables	339	647	1 193
Other financial assets	0	35	0
Cash and cash equivalents	5 530	7 443	28 305
Accruals	135	165	49
ASSETS CLASSIFIED AS HELD FOR SALE	348	0	0
Tangible fixed assets held for sale	348	0	0
Other assets classified as held for sale	0	0	0
Total Assets:	81 801	85 792	66 991

	As at 31.12.2009	As at 31.12.2008	As at 01.01.2008
	Thousand PLN	Thousand PLN	Thousand PLN
LIABILITIES			
Total equity	59 765	59 221	55 558
Equity attributable to equity shareholders of the	59 765	58 606	55 558

parent company			
Core capital	719	719	719
Unpaid share capital and own shares	-2 753	-1 859	0
Reserve capital from share issue	40 831	40 831	40 831
Capital reserve from retained earnings	634	171	171
Reserves	14 418	9 905	6 722
Revaluation	0	0	0
Capital for hedge accounting	0	0	0
Exchange differences on translation of related units	0	0	0
Participation in other income of associates	0	0	0
Accumulated results from previous years and other income	585	866	7 115
Profit (loss) for the year attributable to equity shareholders of the parent company	5 331	7 973	0
Equity of shareholders and minority shareholders	0	616	0
Long-term liabilities and reserves	7 228	4 474	858
Deferred tax liabilities	1 797	1 523	312
Provision for retirement and similar	642	629	429
- Including long-term	485	469	242
Other reserves	0	0	0
- Including long-term	0	0	0
Interest-bearing loans	4 789	2 322	117
Other financial liabilities	0	0	0
Other non-current liabilities	0	0	0
Current liabilities	14 808	22 097	10 575
Loans and advances	2 215	3 658	551
Other financial liabilities	13	44	0
Trade payables and services	3 733	9 468	7 095
Liabilities arising from the current income tax	195	92	82
Other liabilities	2 513	2 517	1 802
Deferred income	6 139	6 318	1 045

Liabilities classified as held for sale	0	0	0
Total liabilities:	81 801	85 792	66 991

Assets and liabilities of RADPOL SA Capital Group were properly brought together on substantive issues in respect of all consolidated financial statements. The structure of the individual assets and liabilities are presented in the explanatory notes to consolidated financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the financial year from 1 January to 31 December 2009

	Current year	Last year	Change	Current year	Last year
				Structure	Structure
	Thousand PLN	Thousand PLN	%	%	%
Revenues from sales of products, goods and materials	52 532	44 415	18,3%	100,0%	100,0%
Cost of products sold goods and materials	-33 346	-25 845	29,0%	-63,5%	-58,2%
Profit (Loss) before tax on sales	19 186	18 570	3,3%	36,5%	41,8%
Cost of sales	-3 746	-3 549	5,6%	-7,1%	-8,0%
General and administrative expenses	-8 750	-7 252	20,7%	-16,7%	-16,3%
Acquisition costs	-303	0	-	-0,6%	0,0%
Profit (Loss) on sale	6 387	7 769	-17,8%	12,2%	17,5%
Other operating income	2 150	2 161	-0,5%	4,1%	4,9%
Other operating expenses	-1 235	-590	109,3%	-2,4%	-1,3%
Profit / loss from the sale of all or part interest in a subsidiary	0	0	-	0,0%	0,0%
Profit (Loss) from operating activities	7 302	9 340	-21,8%	13,9%	21,0%
Financial income	116	773	-85,0%	0,2%	1,7%
Financial expenses	-548	-209	162,2%	-1,0%	-0,5%
Share of profits and losses using equity method	0	0	-	0,0%	0,0%
Gain (Loss) before tax	6 870	9 904	-30,6%	13,1%	22,3%
Income tax	-1 444	-1 808	-20,1%	-2,7%	-4,1%
The remaining reduction in profit	0	0	-	0,0%	0,0%
Profit (loss), net from continuing operations	5 426	8 096	-33,0%	10,3%	18,2%
Profit (loss) from discontinued operations	0	0	-	0,0%	0,0%
Profit (loss) from sold operations	0	0	-	0,0%	0,0%

Profit (loss), net	5 426	8 096	-33,0%	10,3%	18,2%
including the profit of minorities	95	123	-22,9%	0,2%	0,3%
Profit attributable to equity shareholders of the parent company	5 331	7 973	-33,1%	10,1%	18,0%

Items shaping profit of RADPOL SA Capital Group are depicted completely and correctly on the substantive issues in respect of all consolidated financial statements. Structure of operating costs and revenue, other operating income and expenses and financial income and costs was presented in the explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF TOTAL INCOME for the financial year from 1 January to 31 December 2009

	SoTI for::		Dynamics
	01.01.2009-31.12.2009	01.01.2008-31.12.2008	
	Thousand PLN	Thousand PLN	%
Profit (loss), net	5 426	8 096	-32,98%
Revaluation of financial assets held for sale	-	-	-
Revaluation of fixed assets	-	-	-
Cash flow hedges	-	-	-
Differences on translation of foreign	-	-	-
Participation in other income of associates	-	-	-
Revenue from the acquisition / disposal of minority interest	-	-	-
Effects of changes in accounting policies	-	-	-
Errors from previous years	-	-	-
Total other income	-	-	-
Income tax on other income in total	-	-	-
Total other income after tax	-	-	-
Total Revenue	5 426	8 096	-32,98%

IV. FURTHER INFORMATION

1. Legal basis of the work

Auditing the consolidated financial statements has been carried out under contract dated 28 May 2009, concluded between RADPOL SA a firm HLB Sarnowski & Wiśniewski Sp.z oo based in Poznań, ul. Bluszczowa 7, entered on the list of entities authorized to audit financial statements under No. 2917, conducted by the National Chamber of Statutory Auditors.

Audit of financial statements was carried out under the supervision of the auditor Joanna Mancastroppa (registration number 11429), acting on behalf of the person entitled, from 24 November 2009 to 26 February 2010.

Selection of the entity authorized to audit the consolidated financial statements was made by the Supervisory Board of the Parent Company RADPOL SA by Resolution No. 3/06/2009 of 25 May 2009.

All available and required documents and data, as well as full information and explanations, which, inter alia, were confirmed by a written statement of the Board RADPOL SA of February 26, 2010, were give to the auditor and the company authorized to audit financial statements.

2. Completeness and correctness of the consolidation documentation

As a result of our research we found that the documentation of consolidation is in all material respects, complete and correct and that it meets the relevant conditions, which should correspond to consolidation documentation. In particular, this applies to exclusions for consolidation adjustments.

3. The rules of consolidation

In the process of preparation of consolidated financial statements, there were no derogation from the rules set out in the consolidation of the International Financial Reporting Standards.

Consolidation principles were applied in such a way that the consolidated financial statements presented free financial situation and assets of the Capital Group, as if the unit of Capital Group was one firm.

Subsidiary: Radpol Elektroporcelana SA was consolidated using the method of full consolidation including:
- aggregation of financial statements of the Parent Company and subsidiary to add the appropriate balance sheet, profit and loss account and reports of cash flow statement and statement of changes in equity
- making the consolidation of exemptions, including:

- exemption from equity of affiliates when taking control of these units,
- determination of goodwill
- exemption from the relevant balance sheet items settlement occurring between individuals of the Capital Group at the balance sheet,
- exemption from the relevant items in the profit and loss account between individuals of the Capital Group in the reporting period,
- exclusion of unrealized profit or loss on the margins of the ingredients contained in the units of assets of the Capital Group.

4. Principles (politics) of accounting

Valuation rules used by the Capital Group are described in the explanatory notes to consolidated financial statements and are consistent with the requirements of International Accounting Standards / International Financial Reporting Standards. Accounting principles adopted by the Capital Group were properly selected and applied by it in a proper and continuous way, except for the valuation of stocks as described in the opinion of the attached consolidated financial statements.

5. Exemptions from the obligation to consolidated financial statements

Parent Company did not make any exemptions from the obligation to consolidated financial statements and consolidated financial statements covered all the units included in the Capital Group.

6. Consolidation

Exemption of mutual settlements and internal rotation

Mutual exclusion balances (assets and liabilities) and internal rotation (revenues and expenses) of consolidated entities shall comply with the consolidation documentation.

The report showed only consolidated revenues and expenses that have been achieved (incurred) as a result of transactions with external units.

Exemption of unrealized results in assets

Parent Company made a valid exemption of unrealized performance by entities subject to consolidation in the value of assets. Exemptions are the direct result of the consolidation documentation.

7. The structure of assets and liabilities of the consolidated balance sheet

The structure of assets and liabilities of the Capital Group is presented in the consolidated financial statements for the year ended December 31, 2009. The data shown in the consolidated financial statements are consistent with the documentation consolidation.

8. Items affecting financial results of the Capital Group

Characteristics of items affecting financial results of the Capital Group are presented in the audited consolidated financial statements for the year ended December 31, 2009. The data shown in the consolidated financial statements are consistent with the consolidation documentation.

9. Effects of the sale of shares (shares) in subsidiaries

In the period from 1 January to 31 December 2009, the Parent Company RADPOL SA did not sell any of its shares (shares) in subsidiaries

10. Goodwill

Established state of goodwill as at 31 December 2009 is consistent with the consolidation documentation. Information regarding the company's values have been presented in the explanatory note 24 to the consolidated financial statements for the year ended 31 December 2009.

11. Equity, including minority equity

The state of equity shown in the consolidated financial statements as at 31 December 2009, is consistent with the consolidation documentation. Financial data for equity are presented in supplementary information and notes to consolidated financial statements.

12. Statement of changes in equity

Statement of changes in consolidated shareholders' equity shows an increase in equity during the period by the amount of 544 thousand PLN.

13. Cash flow statement

Consolidated statement of cash flows shows a decrease in cash of 1 919 thousand PLN.

14. Additional information and explanations

Additional notes to the consolidated financial statements containing information approaching the attached consolidated financial statements are compatible with it.

15. Activity Report

We have read the report of the Board of the Parent Company on the activities of the Capital Group for the year ended December 31, 2009. The information contained in this report on the activities derived from our audited consolidated financial statements for the year ended December 31, 2009 complied with it and the report of the Board contains the provisions of Decree of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent to the information required by law non-member country (Journal of Laws of 2009, No. 33, item. 259).

16. Compliance with the law

Statements by the Board

An auditor has received from the Board of the Parent Company a written statement in which the Board stated that the Capital Group has complied with the law.

Statement by auditor

HLB Sarnowski & Wiśniewski Sp. z oo and below signed auditor are stating that they are entitled to audit financial statements and that they meet the conditions of Article. 56, paragraph. 3 and 4 of the Act of 7 May 2009 on the auditors and their self-government, entities authorized to audit the financial statements and the supervision of the public, to give an impartial and independent opinion on the consolidated financial statements of RADPOL SA Capital Group for the financial year ended December 31, 2009.

Auditing the consolidated financial statements was conducted in accordance with the law and environmental standards.

Joanna Mancastroppa

An auditor

The registration number 11,429

HLB Sarnowski & Wiśniewski Sp. z oo

61-478 Poznan, ul. Bluszczowa 7

The entity authorized to audit

financial statements included on the list of entities

entitled to run by KIBR,

under registration number 2917

This document contains 16 pages.

Poznan, 26 February 2010