

**Report of the activity of
RADPOL S.A.
for 2009**

**for the period
01.01.2009-31.12.2009**

CZŁUCHÓW, 26.02.2010

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24. The value of wages, rewards or benefits, including those resulting from incentive programs or bonuses based on the capital of the issuer, including programs based on bonds with priority, subscription warrants (in cash or any other form), paid, payable or potentially payable for each of the persons managing and supervising the issuer, irrespective of whether it was properly included in the cost, or resulted from the distribution of profits, if the issuer is a parent company, partner of jointly controlled entity or a significant investor - separate information about wages and rewards received for performing functions in the government subsidiaries, if the relevant information were presented in the financial statements.
25. In the case of companies - to determine the total number and par value of all shares and the issuer's shares in affiliates of the issuer held by managing and supervising persons of the issuer (for each person separately.)
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 - b) wages of the entity authorized to audit financial statements, paid or due for the year separately for: a study of the annual financial statements, other services, including checking accounts, tax consultancy services
 - c) the information specified in points b must be given also for the previous financial year,
 - d) the obligation referred to in points a-c deemed to be met by indicating the placement of information in the financial statements.

Attachment 1 – Statement on the application of corporate governance.

1. Indication of a set of corporate governance rules, under which the issuer acts, and the place where the text of a set of rules is publicly available.
2. A description of changes in the statutes or articles of association of the issuer
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8. Mode of action of the general meeting and its key powers, and a description of the rights of shareholders and the manner of their execution, in particular those arising from the Regulations of the General Meeting where such rules have been passed, unless the information in this regard does not arise directly from the law.
9. Composition and changes that have occurred there over the last year, and a description of the governing bodies, supervising or administering the issuer and their committees.
10. Description for the appointment and dismissal of managers and their powers, in particular the right to decide whether to issue or buy back shares.
11. Description of the main features of the issuer's internal control and risk management in relation to the process of preparing financial statements and consolidated financial statements.

The information contained in this report include the reporting period from 01-01-2009 until 31-12-2009, and have been prepared in accordance with the Decree of the Minister of Finance dated 19-02-2009 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 as well as the accounting rules of 29-09-1994. (Journal of Laws, No. 121 pos. 591 with subsequent amendments) and the International Accounting Standards and International Financial Reporting Standards.

On 26-10-2001, RADPOL SA was included in the register of companies under the number KRS 0000057155 by District Court Gdańsk - Gdansk North, VIII Division of the National Court Register.

1. Significant events affecting the operations of units that have occurred in the financial year and thereafter, until the approval of the financial statements.

1.1 Acquisition of RURGAZ Sp. z o.o..

In view of the ongoing process of acquisition of RADPOL SA, a contract for the sale of shares of RURGAZ Sp. z.o.o. based in Kolonia Prawiedniki was signed on 16.11.2009 whereby RADPOL SA will acquire 100% shares in the company with the timing of settlement of the company's sales prices in 2010. The purchase price is 27,650 thousand PLN and in accordance with a signed addendum to the contract of sale, it shall be partly settled by transfer to selling its own shares acquired by RADPOL SA and through a new share issue, in terms of price in an amount not more than 13,825 thousand PLN.

The company Rurgaz's offer is complementary because of the selection of pipes to protect electric cables and a wide range of products for water and sewerage sector, where the products of RADPOL are also used. Mutual supplement of the offer shall allow the companies to provide a comprehensive implementation of the tenders, as to supplement existing systems of products of RADPOL such as valves and sleeves. In the near term, there are plans to launch a modern system of pipes used in geothermal energy, drawing upon the crosslinking technology of polyethylene pipes and modern pre-insulated pipe systems for the production of flexible polyethylene pipes to replace more expensive traditional systems of steel pipes.

Rurgaz Sp. z.o.o. is currently implementing the last phase of a two-year investment program to extend its range of corrugated pipes. It is a very perspective product in terms of elimination of PVC-based products and introducing new endurance requirements for this product class.

1.2 The Extraordinary General Meeting on 19 February 2010

At the request of the Board, on 19 February 2010 an Extraordinary General Meeting of Shareholders of RADPOL SA (RADPOL) took place. The main reason for convening the EGM is a planned acquisition of the Company RURGAZ Sp. z.o.o. (RURGAZ).

1) On 19.02.2010 EGM of RADPOL SA passed a resolution to increase share capital by issuing new series D shares in the number of 1,739,478 0.03 and the nominal value and issue price of 6.22 zł. Shares will be offered as a private subscription to those selling shares in RURGAZ Sp. z.o.o. as a partial settlement of the acquisition transaction.

2) On 19.02.2010 EGM of RADPOL SA also took a resolution to redeem 500,884 shares with a nominal value of 0.03 zł and on reduction of share capital and the amount of 15,026.52 zł, acquired by the Company for redemption. Reduction of share capital is implemented by a change of the Company's statute in accordance with the requirements of Article. 456 § 1 of CCC.

1.3 Merger plan of RADPOL S.A. and RADPOL ELEKTROPORCELANA S.A.

On 25 February 2010 Boards 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 ("Acquiree") is made on the basis of Article. 492 § 1. 1 of CCC, by transferring all the assets of the Acquiree to the Acquiring company, under Art. Article. 515 § 1 CCC without a capital increase of the Acquiring company, due to the fact that the Acquiring company holds 100% shares of the Acquiree.

2. Discussion on basic economic and financial disclosures in annual financial statements, in particular the description of the factors and events, including of non-specific character, having a significant impact on the issuer and its achieved gains or losses in the financial year, and discussion on the prospects for business development of the issuer, at least in the next year.

Statement of Financial Position - Assets			
Details	Balance on 2009-12-31	Balance on 2008-12-31	Change indicator
ASSETS	52 971	51 937	2%
Tangible assets	43 153	43 294	0%
Investment property		-	
Intangible assets	704	894	-21%
Goodwill		-	
Shares	7 669	6 843	12%
- including: investments accounted for using equity method		-	
Long-term receivables		-	
Other long-term financial assets		-	
Deferred income tax	461	549	-16%
Other assets	984	357	176%
ASSETS	19 734	23 103	-15%
Stocks	6 878	8 969	-23%
Claims for supplies and services	7 504	6 613	13%
Claims arising from the current income tax		-	
Other accounts receivable	261	575	-55%
Other financial assets		35	-100%
Cash and cash equivalents	5 014	6 869	-27%
Accruals	77	42	83%
ASSETS CLASSIFIED AS HELD FOR SALE		-	
Tangible fixed assets held for sale		-	
Other assets classified as held for sale		-	
Total assets :	72 705	75 040	-3%

Statement of Financial Position - Liabilities			
Details	Balance on 2009-12-31	Balance on 2008-12-31	Change indicator
TOTAL CAPITAL	56 493	56 914	-0,74%
Core capital	719	719	%
Payments due for share capital and treasury shares	(2 753)	(1 859)	48,09%
Supplementary capital from share issue	40 831	40 831	0,00%
Supplementary capital from retained earnings	234	171	36,84%
Reserve capital	13 120	9 905	32,46%
Revaluation reserve		-	
Capital for hedge accounting		-	
Foreign exchange differences of related entities		-	
Participation in other income of associates		-	
Retained earnings from previous years and other income	566	815	-30,55%
Profit (loss) of previous year	3 776	6 332	-40,37%
LONG-TERM LIABILITIES AND RESERVES	4 782	3 121	53,20%
Deferred income tax	744	453	64,16%
Provision for retirement and similar benefits	426	388	9,69%
- including: long-term	306	269	13,87%
Other reserves		-	
- including: long-term		-	
Interest-bearing loans and borrowings	3 612	2 280	58,43%
Other financial liabilities		-	
Other non-current liabilities		-	
LIABILITIES	11 430	15 005	-23,83%
Loans and advances	1 113	608	83,06%
Other financial liabilities		-	
Liabilities from deliveries and services	2 244	6 336	-64,58%
Liabilities for current income tax	156	82	90,24%
Other liabilities	1 777	1 674	6,15%
Deferred income	6 140	6 305	-2,62%
LIABILITIES AS CLASSIFIED FOR SALE		-	
Total Liabilities::	72 705	75 040	-3,11%

Profit and loss account (calculation variant)			
Details	PaLa for the period: 01.01.2009- 31.12.2009	PaLa for the period: 01.01.2008 - 31.12.2008	Change indicator
Revenue from sales of goods and materials	35 058	36 012	-2,65%
Cost of sold products, goods and materials	(22 834)	(20 953)	8,98%
PROFIT (LOSS) FROM THE GROSS SALES	12 224	15 059	-18,83%
Cost of sales	(2 732)	(2 948)	-7,33%
General and administrative expenses	(5 008)	(4 874)	2,75%
Acquisition costs	(303)		
PROFIT (LOSS) ON SALES	4 181	7 237	-42,23%
Other operating income	1 400	577	142,63%
Other operating expenses	(632)	(432)	46,30%
Profit / loss on sale of all or part of shares in subsidiaries		-	
PROFIT (LOSS) ON OPERATIONS	4 949	7 382	-32,96%
EBITDA = EBIT + depreciation	8 679	9 953	-12,80%
Financial income	108	653	-83,41%
Financial expenses	(270)	(5)	5300%
Participation in profits and losses using equity method			
PROFIT (LOSS) BEFORE TAXATION	4 787	8 030	-40,39%
Income tax	(1 011)	(1 698)	-40,46%
Other reductions in profit		-	
PROFIT (LOSS) FROM DISCOUNTED OPERATIONS	3 776	6 332	-40,37%
Profit (loss) from discontinued operations		-	
Profit (loss) from sold operations		-	
PROFIT (LOSS) - NET	3 776	6 332	-40,37%
including the return of minorities		-	

A key factor influencing the outcome of the Company in 2009 was boom in the energy sector - much weaker than expected. Vital segment to the Company - that traditionally generates very high margins - did not perform well in the past year, according to previously announced orders. Despite the bad economic times, the company managed to maintain level of sales in 2009 at a similar level as in 2008 (slightly lower - from 36.0 million PLN to 35.0 million PLN). At the same time, despite the modernization of the machinery - starting to produce the new accelerator, major renovation of the old one - the company maintained its EBITDA (operating income plus depreciation), at 8.68 million PLN to 9.95 million in 2008. The Company also bore the additional costs associated with the active exploration and implementation of acquisitions, which in November 2009 culminated in the signing of a contract to purchase 100% shares in the manufacturer piping systems - RURGAZ Sp. z.o.o.. Acquisitions shall materially affect the Company's financial results at the level of consolidated and unconsolidated synergies through market and product. The issue is elaborated on in paragraph 1.1 of this report.

Analyses show that there are new market segments, such as radiation processing of food, crosslinking of polymeric pipes for hot water and sterilization of raw materials for the manufacture of pharmaceuticals, to which RADPOL SA has a chance to step in with its offer, expanding portfolio of existing customers. An important factor in the Company's sales growth will also be exploring new market segments for heat-shrinkable products in gas industry, lignite mines, copper mines, automotive and electronics.

3. Current and forecasted financial situation

Cumulatively for 2009 RADPOL saw 3.776 thousand PLN net profit, and its decline is largely the result of a significant increase in amortization associated with putting into use a number of new assets. Revenues accruing to the Company for the year 2009 amounted to 35,058 thousand PLN.

The past year due to the relatively weak economic situation, the Company has used to consolidate its market position in the country - which resulted in the withdrawal from the market of our biggest competition - and abroad - have multiplied the volume of the Company's export sales. Investment, technological and organizational measures taken to increase production efficiency with particular focus on the production of heat-shrinkable materials along with activities related to the acquisition of new export markets - including attract new markets for heating products in Germany and Kazakhstan - should significantly contribute to a major improvement in performance of RADPOL SA in 2010.

Taking into account the financial results obtained and budget in 2009 and the operations and development, the company expects to achieve in 2010 and subsequent years standing stable revenue growth, improve profitability and thereby ensure the stable development of the company. In subsequent years, after investment and development activities and the planned acquisition of the Company RURGASZ Sp. z.o.o., Board of RADPOL SA forecasts a significant increase in sales revenue which will increase the value for the Shareholders of the Company as well as the entire RADPOL SA Capital Group.

The company expects a significant upturn in key energy sector as it will allow to use its production capacity. With the increase in sales and volume of orders the company consistently raises margins on manufactured products.

Company Activities are also aimed at integrating companies constituting the group - RADPOL Elektroporcelana SA and acquired RURGASZ Sp. z.o.o.. Common product range and customer portfolio should translate into increased orders made by the Company and increase profitability by reducing their sales costs and the growing attraction of RADPOL SA as a comprehensive provider of solutions for the energy transmission of each type.

4. Description of the relevant risk factors and risks, identifying the extent to which the issuer is exposed to them

Due to the nature of their production based on unique technologies in the country and highly specialized production process, RADPOL SA effectively defends itself against the effects of worsening economic conditions. The company is also taking a number of actions aimed at intensifying cooperation with key partners and attract new markets. These actions, combined with the multiplication of heat-shrinkable products manufacturing capacity with the opening of the second accelerator should result in a significant increase in the scale of operations in subsequent years.

The main factors that may affect the issuer's business over the next year are:

- Weather conditions - which affect their ability to carry out earthworks and infrastructure investments, which largely shapes the demand for the products of RADPOL SA
- Changes in policy of energy companies - due to the relatively difficult macroeconomic situation and planned privatization process, energy sector did not conduct in 2008 and 2009 any major renovation works. Privatization of the Polish energy sector (including IPOs Enea and PGE) can positively influence the demand for products of RADPOL SA.

The main threats and risks to which RADPOL SA is exposed:

- 1) The collapse of the renovation and construction industry markets.
- 2) The functioning on the market, in which the main competitors are international companies with a global scale of operations.
- 3) Not favorable location (distance from large customers, the region of low activity).
- 4) Lack of highly qualified and specialized personnel (in addition to hindering staff, technical schools leavers avoid the return / resettlement in such small surroundings, in which production department of RADPOL SA is based).
- 5) Lack of multi-annual contracts with customers, the low volatility of the receivers.
- 6) Increased competition of large manufacturers throughout the industry (prices, discounts, payment terms and the complexity of supply, rapid growth in capacity, rapid promotion of products).
- 7) Foreign Competition (China). Excess production capacity of foreign producers.
- 8) Non-deployed software to support production planning ERP.
- 9) Foreign exchange risk in view of the assets and liabilities denominated in foreign currencies but restricted to a large extent by applying the so-called natural hedging involving the purchasing of import in the currencies in which export sales is realized.

5. Indication of the proceedings pending before the court or the authority responsible for arbitration or a public authority, including information on:

- a) Proceedings concerning the obligations or debts of the issuer or its subsidiary bodies, whose value is at least 10% of the equity of the issuer, stating: object of the proceedings, the amount in dispute, the date of initiation, the parties that brought the case and the position of the issuer,
- b) Two or more proceedings regarding the liabilities and debts, with the total value respectively at least 10% of the equity of the issuer, identifying the total amount of proceedings elsewhere in the group of obligations and debts along

with the position of the issuer in this case and, for most procedures group commitment and group claims - with an indication of their subject matter, the amount in dispute, the date of initiation of proceedings initiated and the parties.

No pending proceedings

6. Information on basic products, goods or services along with their determination and the value and volume share of individual products, goods and services (if relevant) or their groups in issuer's total sale, as well as changes in this area in a given year.

RADPOL SA specializes in manufacturing of products of refined polyethylene based on its own, unique blends of materials suitable for radiation treatment.

6.1. Information about basic products and their involvement in the sale.

Production of heat- shrinkable products for insulation and sealing wire cables, connectors, cable lugs, etc.:

- thin-walled heat-shrinkable tube (RC)
- bold heat-shrinkable tubes (RP) and the thick heat-shrinkable tube (RG)
- kits for the assembly of cable joints and terminations of low voltage (LV) to 1kV and medium-voltage (mv) above 1kV,
- heat-shrinkable fitting: caps, breakouts, patches, etc.
- heat shrinkable fittings, connectors and terminations of pre-insulated pipes.

6.1.2. Cable accessories

- Products of nonferrous metals (aluminum and copper),
- Mainly cable connectors and terminals - designed to connect and terminate wiring
- Products made of plastic (polyethylene, polypropylene, polyamide), such as grips and cable glands, cable glands - designed for mounting and sealing pin power cables.

6.1.3. Power cables and links:

- Hoses for multi-type veins: OMY, OMYp, EW, LgY.

RADPOL SA also manufactures products for order - of unusual dimensions, also leads presentations and trainings for contractors and installers.

6.1.4. Sales of RADPOL S.A.

Products of RADPOL SA are sold on the domestic market (82%), as well as in foreign markets (18%), mainly in the countries of Central and Eastern Europe.

Table. Domestic sales in 2009, divided by group sales.

Country	Amounts (pcs, m, km, kg, h)	Net value	% share in sales
Heat-shrinkable accessories	6 698 132,34	13 092 142,61	36,75%
Cables	11 398,64	6 341 331,73	17,80%
Cable accessories	2 837 240,00	4 166 267,03	11,70%
Trade goods	1 116 748,18	5 294 024,61	14,86%
Materials	70 641,67	276 518,63	0,78%
Services	6 999,00	64 203,99	0,18%
Other production	113	11 571,94	0,03%
TOTAL	10 741 272,82	29 246 060,54	82,10%

Table. Export sales in 2009, divided by group sales.

Export	Amounts (pcs, m, km, kg, h)	Net value	% share in sales
Heat-shrinkable accessories	1 096 206,28	5 330 403,36	14,96%
Cables	97,2	101 377,22	0,29%
Cable accessories	57 780,00	112 578,32	0,31%
Trade goods	95 228,93	721 120,96	2,03%
Materials	0	0	0,00%
Services	223	111 452,03	0,31%
Other production	1	195,21	0,00%
TOTAL	1 249 536,41	6 377 127,10	17,90%

Demand for heat-shrinkable products for heating sector - the use of products is associated with the period of project execution in the heating sector. Because of the need for earth works, there are seasonal sales, where its peak falls on the second and third quarter of the year.

7. Information on markets, including the division between domestic and foreign markets, and information about sources of supply of materials for production of goods and services, specifying the dependency on one or more customers and suppliers and, where the share of one customer or vendor reaches a least 10% of total sales - the name of the company, the supplier or recipient, their participation in the sale or supply, and its formal relationship with the issuer.

7.1. Information on the markets

Our development strategy as a priority on the one hand has to strengthen market position of the Company in segments constituting the basic area of activity of RADPOL SA, on the other hand to prepare a portfolio of products, allowing to significantly increase presence in other market segments, including mainly medium market, electrical market and market for crosslinking radiation of polyethylene pipes for floor heating and domestic hot and cold water.

7.1.2. Energy market

Purchasers of products of RADPOL SA are mainly power plants, companies implementing and performing maintenance of networks, implementing infrastructure investments. Application of heat-shrinkable cable accessories, in this market is very broad and is related to investments in the wider energy industry. Because of the frequent need for earth works, selling products at this market is characterized by a seasonal increase in turnover which is planned for the second and third quarter of the year.

7.1.2. Thermal energy market

Thermal Engineering Branch provides for the Company's second largest market for heat-shrinkable products, in addition to being in a continuous and dynamic phase of growth. Need to replace the heating network in reducing losses due to transmission of heat has forced distributors to launch investment programs in which the existing pipes are replaced by a modern network based on pre-insulated pipes. According to its own estimates of district heating in the technology of pre-insulated pipes are below 30% of all existing networks in Poland. Given the fact that within the next year increase in investment in infrastructure is inevitable, housing and the need to replace the old network is estimated that over the next few years the number of new networks will keep increasing at a rate of at least 10% annually.

The main products for companies in the heating sector of RADPOL SA are:

- Clutches and shrink sleeves - used to replace the joints of the outer sections of pre-insulated district heating pipes.
- Shrink bands - used to seal pipe connections. They are excellent in the performance of insulation gas pipelines, petrochemical, ventilation pipes, etc.
- End caps - intended to isolate the ends of insulated pipes. Effectively seal and protect the pipe against the ingress of moisture. They are used in heating, electricity, construction and telecommunications.

The main recipients of products manufactured by the Company are:

- Pre-insulated pipe and tube producers who purchase products directly in the Company for the purpose of resale to producers of heat in a set of pre-insulated pipe system,
- Producers of heat such as power plants, thermal power plants supplied by the most comprehensive manufacturers of heating systems;
- Repair and installation companies of the thermal energy,

- Distributors and heating companies supplying heat energy.

7.2. The main recipients by the criterion of sales volume in 2009

Country.

Contractor	% share in sales	Formal links to RADPOL S.A.
No 1	3,65 %	Cooperation under the terms and conditions / Trade Agreement
No 2	3,46 %	Cooperation under the terms and conditions / Trade Agreement
No 3	3,39 %	Cooperation under the terms and conditions / Trade Agreement

Export.

Contractor	% share in sales	Formal links to RADPOL S.A.
No 1	3,63%	Cooperation under the terms and conditions
No 2	2,76%	Cooperation under the terms and conditions
No 3	2,37%	Trade Agreement

7.3. Information about the sources of supply.

The purchasing policy of the Company adopted a rule that it will make purchases from a proven and reliable suppliers to ensure stability of prices and timely deliveries. Prior to co-operation with the supplier, the quality of their material is tested in our laboratory and after obtaining approval for the production, co-operation for the supply of materials is established. In addition, for each delivery the samples are taken for testing and archiving. Once a year, the supplier shall be subject to verification and assessment procedure in accordance with ISO 9001. The supply of raw materials is accompanied by a certificate stating compliance with the material accepted by our standards. Deliveries are checked by a designated person at the Faculties of production and Quality Assurance Department.

The general principle is the use of trade credit with a term of 14 to 45 days.

Constant cooperation with suppliers allows for maintaining timely deliveries, quality and repeatability of the broader cooperation such as: warehousing, technical advice, etc.

Tab. Major domestic suppliers.

No	Name	Material	% share in supplies	Formal links
1.	KGHM METRACO S.A	copper rod	22,58%	Yearly contract
2.	Supplier 2	PVC	7,09%	Cooperation agreement
3.	Supplier 3	Aluminum Pipes	2,45%	Single order

Tab. Major international suppliers.

No	Name	Material	% share in supplies	Formal links
1.	Supplier 1	Aluminum Pipes	9,83%	Single order
2.	Supplier 2	polyethylene	6,99%	Single order

8. Information about contracts significant for the issuer, including agreements between the shareholders (partners), insurance contracts, cooperation or collaboration contracts

8.1 Shares sale agreement

On 16 November 2009, the Board of RADPOL SA and the owners of shares of RURGAZ have signed an agreement of sale of shares.

Under Contract, sellers sold RADPOL SA 138 (one hundred thirty-eight) equal shares in the Company with nominal value of 665.00 PLN (six hundred sixty-five) each and of the total nominal value of 91,770.00 PLN (ninety-one thousand seven hundred and seventy) of a total price of 27,650. 000.16 PLN (twenty seven million six hundred fifty thousand zloty sixteen

groszy) for all the shares sold at a price of 200,362.32 PLN (two hundred thousand three hundred sixty-two zloty thirty two groszy) for each one share. The shares covered by the Agreement of Sale are 100% share capital and votes at the general meeting of shareholders of the Company. However, the Agreement of Sale provides for the postponement of transition of the ownership of all shares in the Company and to pay the price to RADPOL SA. Ownership of all Shares in the Company proceeds to the Issuer in full at the time of transfer orders by the Issuer including the selling price.

On 21 December 2009 an addendum No. 1 to the Agreement of 16.11.2009 was signed, and on 12 January 2010 the parties signed a contract extension on the settlement prices of the sale of shares by 15 March 2010.

8.2. Insurance contracts - as at 31.12.2009

- 1) property insurance of RADPOL SA - HDI-Gerling Insurance Company Poland
- 2) OC due to business activity and owned property with the exception of product liability and completed services - HDI-Gerling Insurance Company Poland

9. Information on departments possessed by the issuer.

The company does not have any departments.

10. Information about organizational or capital relationships of the issuer with other entities and identification of its major domestic and foreign investments (securities, financial instruments, intangible assets and property), including capital investments made outside its group of related parties and description of the methods of financing.

RADPOL SA is the parent company of RADPOL SA Capital Group. A subsidiary of RADPOL SA is RADPOL Elektroporcelana SA based in Ciechów (as at 31 December 2009 RADPOL SA owned 99.94% of the capital and 99.96% of votes at the AGM).

Completion of an arrangement of RADPOL Elektroporcelana SA - order of the District Court of 27 October 2009 - opens the possibility to combine two companies, which can significantly affect the reduction in costs of general management over the next quarters.

In addition, on 16 November 2009, the Company signed a contract for the sale of shares of RURGAZ Sp. z.o.o. based in Kolonia Prawiedniki under which RADPOL SA acquired 100% of the share capital and votes at the general meeting of shareholders.

The agreement with sellers RURGAZ assumes that the mode of payment for the shares being acquired is solely at the discretion of the Board of RADPOL, the Board of RADPOL allows to carry out the entire payment in cash.

On 18 February 2010 Board of RADPOL SA entered into an annex to a share purchase agreement dated 16 November 2009. Annex was concluded between the Issuer and Mr. Andrzej Pożarowski, Mr. Jerzy Pożarowski and Ms. Matylda Pożarowski as sellers. Under the Annex, the Parties have agreed on a settlement price for the shares in the company Rurgaz Ltd. based in Kolonia Prawiedniki ("Rurgaz") payable to Mr Andrzej Pożarowski, Mr. Jerzy and Ms. Matylda Pożarowski. Annex concerns the settlement price payable for a total of 54 shares in Rurgaz, of which 27 shares are owned by Mr. Andrzej Pożarowski, 26 shares owned by Mr. Jerzy Pożarowski and 1 share belonging to Mrs. Matylda Pożarowski - where the total price includes an amount of 10,819,565.28 PLN. Annex does not affect other Sellers.

In accordance with Annex, settlement payment prices for a total of 54 shares in the acquired company Rurgaz will be done by the issue of shares of Radpol by which Mr. Andrzej Pożarowski will acquire 869,739 shares of the new Issuer, Mr. Jerzy Pożarowski 837,527 shares, and Ms. Matylda Pożarowski - 32,212 of the newly issued shares of the Issuer - and all for the issue price of 6.22 PLN for each share of the Issuer.

11. Information on material transactions entered into by the issuer or its Subsidiary with related parties on other than normal market conditions, together with their amounts and the information specifying the nature of these transactions.

Not applicable.

12. Information about contracts for loans signed and cancelled in a given year, giving at least the amount, type and amount of the interest rate, currency and maturity date.

In 2009 RADPOL SA launched further tranches of the technology credit (2,794 thousand PLN) on the basis of an agreement signed with the Bank Gospodarstwa Krajowego No. 06/0318 on 28 December 2006.

Name (company)	Headquarters	Loan amount according to agreement		Loan amount due		Interest conditions	Date of repayment	Security
		Thousand PLN	Currency	Thousand PLN	Currency			
Bank Gospodarstwa Krajowego Department in Gdańsk	ul. Kowalska 10, 80-846 Gdańsk	6 676	PLN	4.725	PLN	According to WIBOR 3M + margin 2,2 p.p.	30.09.2013	promissory note in blank, registered pledge on the subject of credit, assignment of rights under the insurance policy, ordinary mortgage, mortgage up, cash lock

13. Information about contracts for loans signed and cancelled in a given year to related entities of the issuer, indicating at least the amount, type and amount of the interest rate, currency and maturity date.

Did not occur.

14. Information on sureties and guarantees given and received in a year, with particular emphasis on sureties and guarantees granted to affiliated entities of the issuer.

Guarantees and warranties of the value were not granted or received.

15. In the case of the issuance of securities during the period covered by the report - a description of using proceeds by the issuer from the issue until the report of the activities.

In 2009, the Company did not emit any securities.

16. Explanation of differences between the financial results disclosed in the annual report and previously published forecasted results for the year.

The company did not publish forecasts of the results.

17. Assessment, together with the reasons, on the management of financial resources, with particular emphasis on the ability to meet contracted obligations, and to identify potential threats and actions that the issuer has taken or intends to take to counter these threats.

In 2009, trade receivables increased compared to the previous year by 13.5% and a drop of 64.6% of commitments did not materially affect the decrease in cash.

This result was achieved thanks to long-term management of financial resources and a clear preference for the start of sales to customers with established market position (large network of wholesalers, large or prospectively for the development of end-user customers).

At the same time it should be noted that free resources are invested in short-term deposits which resulted revenues of 108 thousand PLN in 2009.

In 2009, the Company obtained on the day of 31.12.2009 credit redemption in Bank Gospodarstwa Krajowego in the amount of 529,097.98 PLN. In 2010, RADPOL SA will make further requests for further remission of the part of the technological loan.

In 2010 in order to cover the costs of further acquisitions - RURGAZ Sp. Zo.o, Board of RADPOL SA plans to obtain a bank loan and make a new issue of Series D Shares.

18. Information on the anticipated development of the unit.

18.1 Major achievements in research and development field.

Given the continuing dynamic development of the Company and continuous sales growth, expanding shares of energy and heating products on markets, obtaining funds from the stock exchange debut, and EU subsidies, expansion of activities of the Company were continued connected to increase the production capacity with special emphasis construction of a second accelerator.

The continuing expansion of the plant carried out given major tasks:

- a) the works were carried out to achieve the full parameters of the accelerator in a continuous operation. These works were carried out by employees of the Company and have been successfully completed.
- b) element associated with the startup of the new accelerator are technological lines for the cross-linking in a continuous system of tubes. On the performance of the line to a system, RADPOL signed an agreement with the Swiss company MAILLEFER on the amount of 635 thousand CHF (1 352 thousand PLN) and the Polish company Mechanika Maszyn i Urządzeń Przemysłowych for this line item with a value of 350 thousand PLN. Equipment have been delivered to the Company at the end of 2008. Installation and commissioning of equipment was held in the first quarter of 2009. From the second quarter, production tests were completed and production was started. Accelerator has been fully functional.
- c) In the first quarter, the company signed an agreement with Europa SYSTEM on implementing a system for linking the sections of pipe. The contract value was 240 thousand EURO. For implementation of automation and control system the company ANIRO was responsible, with which the agreement was signed in the fourth quarter of 2008, with the value of 460 thousand PLN. Equipment have been delivered and installed in May 2009. In June 2009, completed was testing and commissioning, then production operations commenced. The system operates at full capacity. Since then, a new accelerator completely took over crosslinking of materials for production of heat equipment.

In the first half of 2009, works on the modernization of the main water processing system at the plant were continued. All major systems which allowed for the exclusion of the old inefficient system have been replaced. The new system is equipped with a water treatment system. This prevents the formation of mineral deposits in the installation of machinery and significant increases lifecycle. This allowed for proper control of the production process and significantly reduced the cost of electric energy consumption. Due to the significant increase in the number of lines, and thus sets the installation of water cooling technology has been fitted with an additional chiller cooling. In this new configuration, the installation will ensure optimal technological parameters of water throughout the year, both in summer and winter.

In the first quarter of 2009 an installation of cooling water for the new accelerator was automated. Water used in this system requires an adequate level of conductivity which has been provided by the implemented automatic installation of the control and demineralized water.

In the third quarter of 2008 a process associated with pre-works towards the modernization of the old accelerator was initiated as a result of which it becomes stable and the parameters will be equipped with a complete computer control system. The contract value is approximately 150 thousand Euro (581 thousand PLN). Modification works began in December 2009. Estimated time for completion is the end of the first quarter of 2010. After upgrading, accelerator IL 6 will be equipped with a modern control system similar to that in the new accelerator IL 10. Placing the control systems of the two accelerators in one room will allow for better use of operators and increase efficiency of the process.

At the beginning of 2009, for the manufacture of products for heating, a new reheating furnace characterized by increased output by about 40% and much less use of electricity was purchased. Tests have been successfully launched in June and a key manufacturing operation was started. Thus began the modernization of the entire department of manufacture for heating. Technological lines were set up to allow better organization of the process. Introduced were several organizational improvements designed to increase work efficiency. Three more furnaces were purchased, the installation was completed at the end of 2009. By the end of May, a further two such devices will be implemented. All of these activities meant that the company will be ready for more than doubling capacity in season 2010.

Purchases made from own resources in 2009 were used on research on:

- The purchase of a fume cupboard and apparatus for testing the degree of crosslinking in xylene extraction method
- The purchase of Genesys 20 spectrophotometer with software to measure the dose-linking tube
- Equipment of production posts allowing the current control for devices during the manufacturing process - the type of thermal test chamber BINDER to measure the longitudinal shrinkage and to measure the diameter after shrinking.

In addition, from own funds tasks for the modernization of production and increase production capacity were performed:

- Mechanical drawing pipes accessories, heating systems modified to increase efficiency and reduce electricity consumption;
- Mechanical stretch molded end-cap, the implementation of a production line for sizes from 50-200mm;
- Modification of the tooling for the production of heat muffs designed to reduce the amount of tools and giving more flexibility in the types of joints produced
- Implementation of new tools for reducing the production of joints for heating the pipe diameter of 200 mm mantle
- Implementation of new tools for the production of curved joints for heating the pipe diameter of 250 mm mantle
- Construction of new and upgrading existing facilities to implement glue on the tubes (the change of warm adhesive allows for the elimination of the risk of degradation of the adhesive during the warm-up period)
- Construction of new facilities for the production of glue (allows to speed up the process, reducing energy consumption and provides a better homogenization of ingredients)
- Continuing the construction of new more efficient and energy-efficient heating systems for the production of heat muffs

Among development works in 2009, the following work was completed:

- a. implemented a new testing method for crosslinked pipes (Hot Set, the measurement of dose),

- b. implemented extruding adhesive applied to heat-shrinkable tubing used in energy sets
- c. examined the underlying LDPE materials and replacements selected list of basic materials used to produce LDPE blends of materials for the production of heat-shrinkable tubing,
- d. introduced the production of flexible tubes, self-extinguishing with increased heat RCH2ESK,
- e. the weight of tanks was chosen, enhanced mechanical properties (in strips) for products used in heating,
- f. introduced new ranges of low voltage ZRM sets,
- g. introduction of MV joints and terminations of screw connectors,
- h. design works on the sleeve and the heads intended for joining and terminating shielded cables for mining rubber insulated voltage rated 6 / 10 kV are currently under certification by the Energy Institute in Warsaw,
- i. End Caps REC 75 were introduced

18.2 Development works.

Under development works in 2010, the following work was carried out:

- Technology:

- a. A sample of production (extrusion, crosslinking) with new material LDPE for thin-walled tubes and energy sets
- b. The selection of high density polyethylene HDPE pipe casing to heat pre-insulated networks,

- Materials Technology:

- a. Development of a new material for the pipe RD, the material should be characterized by a minimum rate of contraction of the longitudinal and shrinking speed,
- b. The introduction of flexible tubes with double the quantity of glue used as insulation in the automotive and automotive industries, we are at the stage of optimizing the composition of the polymer blend,
- c. The development of a new recipe for the injection material for the production of capsules, optimizing the composition of the mixture in order to minimize contraction of the longitudinal,
- d. exploration and the search for sealants not trickling down, with improved mechanical properties, suitable for application to products in a continuous manner, seeking to impose mass applicators,
- e. The development of a new adhesive formulations, as a sealant products intended for heating.

Energy applied to:

- a. increase the diversity of the sleeve and the heads of the paper cables,
- b. The introduction of NN socket header.

- Heat Power:

- a. The reductive coupling of LDPE and HDPE material
- b. modernization of production equipment for End-Caps,
- c. modernization of equipment for the production of sleeves,
- d. socket knee joint - testing and certification,
- e. Reducing sleeve - testing and certification,
- f. testing and certification of end-caps-type REC.

18.3. Information about the major achievements in research, development and certification.

RADPOL SA renewed assessment of the technical wiring accessories for products such as: a set of grounding cables with impregnated paper insulation and sheathed lead type PEK-20-CF 3, coupling via a ZRM / JLP - CX; ZRMZ / JLP - CX at the Institute of Power Engineering in Warsaw. Technical assessments issued are valid until 2014. These products can be used in the Polish electricity networks.

Object of the technical evaluation	Number	Technical evaluation valid until:
A set of grounding cables with impregnated paper insulation and sheathed lead type PEK-20-CF 3 (Cat. No. 1920) using a spring-loaded terminals S1 ... S6	IEn - EWP - 404/04 Replaced by IEn-EWP-709/2009	2014.04.17
Clutches type ZRM / JLP – CX; ZRMZ / JLP – CX	IEn - EWP - 406/2004 Replaced by IEn-EWP-716/2009	2014.09.11

On completion are the works related to the sleeve and the heads intended for joining and terminating shielded rubber cables for mining with insulated voltage rated 6 / 10 kV. Cable system consisting of cable joints and terminations (outdoor and indoor), a JHP-10-CG4, and THP-I (N)-1910-CG4 04-12-2009 was sent to the Institute of Energy to conduct a full study.

Also works on new products for energy were completed, such as coupling and heads SN 12/20 kV with accessories:

- a) Clutches and heads SN 12/20kV accessories are designed for joining and terminating shielded cables of extruded polymeric insulation. They use the hardware with stepless screw flip-off bolt. Carried out design will be a perfect complement to the current offer of RADPOL SA.

b) A system consisting of cable joints and terminations of cable (outdoor and indoor), a JHP-10 (15.20)-CX1 (S) and THP-I (N) -10 (15.20)-CXd1 (S) screw fittings for cables with rated voltage 6 / 10 kV, 8.7 / 15 kV and 12/20 kV extruded polymeric insulation of the wire back conductor - after reaching a series of studies at the Institute of Power Engineering, Warsaw Technical University - evaluation of products have been numbered : IEn-EWP-713/2009, IEn-EWP-714/2009 and IEn-EWP-715/2009.

Completed was also the certification by Det Norske Veritas (DNV) of our products. Heat-shrinkable plates RM received Certificate No. E-10068, RCES heat-shrinkable tube, heat-shrinkable caps and RPKH1S BTB received Certificate Nr. E-10067. Certificates are valid to 2013.12.31.

Long-term works on the project: "Implementation of the Export Development Plan for RADPOL SA Człuchów" (co-financing under Action 6.1 OPIE - stage II) planned:

- a. The certification of heat-shrinkable tubing on the market of USA and Canada, for compliance with standards in force in the U.S. and Canada: character UL and cUL project will be implemented to 15.10.2011
- b. The certification of coupling for heating MDMW project completed to 30.11.2010
- c. certification of copper connectors and terminals according to DIN project completed to 5.05.2011
- d. The certification of joints and terminations for connecting cables, mining (outdoor and indoor), a JHP-10-CG4, and THP-I (N)-10-CG4,
- e. Interim certification cable socket, paper insulated armored three single core cables with polymeric insulation with embossed veins return wire 12 / 20 kV

18.4. RADPOL S.A. as a member of Technical Committee of the Polish Committee for Standardization.

From the fourth quarter of 2009 RADPOL SA has its representative in the Technical Committees acting at the Polish Committee for Standardization:

- KT 76 for insulators,
- KT 279 for District Heating, heating and ventilation.

Thanks to membership, the Company has the opportunity to become familiar with the latest guidelines, standards, and their opinions.

19. Assessment of the feasibility of investment projects, including capital investment, compared to the resources available, including possible changes in the structure of financing this activity.

The company in early 2009 ended almost 2 year investment program involving the launching of new technological lines - including the new accelerator. 2009 was a period for the Company to start mass production at new plant and equipment and marketing of new products - including the certification of products in export markets.

Efficient use of non-repayable sources of funding - investment grants from the European Union - as well as preferential technology credit allowed the Company to carry out the necessary investments without having to use large-scale debt financing.

The company maintaining the correct and prudent financial management in spite of an intensive investment program and the implementation of the share buy back program - for the amount of 894 thousand PLN - can boast 5 million PLN balance of free cash which is intended to use to complete acquisition transactions.

The company carries out investment projects and their operation is not at risk, according to the Board. RADPOL SA continuously monitors the possibility of using non-repayable grants in performed activity. In 2009 we finished investments on the amount of 4,499 thousand PLN.

RADPOL SA in Człuchów benefits from public support in the form of reimbursement of incurred expenditure. In 2009, works on the following projects was in progress and the following ones were successfully completed:

<u>INFRASTRUCTURAL PROJECTS</u>							
No.	Title	Financed object	Agreement number	Total eligible expenditures	Financed amount	Financing source	Remarks
1.	Construction of accelerator station to an industrial crosslinking radiation of heat-shrinkable products	Purchase of an accelerator and related equipment and technological lines.	06/0318	7.676.600,00zł	3.838.300,00zł	Technological Credit Fund	Completed.
2.	<i>Taking part in international fairs "ENERGETICS and ELECTROTECHNICS" 2008, Russia, St. Petersburg 13.05-16.05.2008</i>	Refund of expenses: rent of exhibition space, exhibition fees, expenses for travel and accommodation of representatives of RADPOL SA participating in trade fairs.	Agreement no: DPO/DIW-IX-WKP_1/2.2.2/20078/2091/12664	19.824,48zł	9.912,24zł	SPO-WKP Priority 2.2.2	Completed. Funds transfer in 2009 (25.03.2009)
3.	<i>Preparation of Export Development Plan for RADPOL S.A. based in Człuchów</i>	Refund in 80% of the Export Development Plan preparation by an external company.	Agreement no: UDA-POIG.06.01.00-22-003/09-00	12.200,00zł	8.000,00zł	Priority 6.1 Innovative Economy Program - stage I	Completed. Funds transfer in 2009 (30.09.2009)
4.	<i>Implementation of Export Development Plan for RADPOL S.A. based in Człuchów</i>	Reimbursement of costs: participation in trade fairs, "ENERGY AND ELECTRICITY," 11-14.05.2010r., Russia / St. Petersburg; Costs of obtaining the certificates (certification testing.)	Agreement no: WND-POIG.06.01.00-22-049/09	453.000,00zł (net)	200.000,00zł	Priority 6.1 Innovative Economy Program - stage II	Procedure to conclude an agreement for financing the project is in progress.

20. The evaluation factors and unusual events affecting the outcome of the activities for the fiscal year, specifying the degree of influence of these factors or unusual events on the achieved result.

There were no unusual events and factors affecting the outcome of the activity.

21. The characteristics of external and internal factors that are important for the development of the issuer and a description of the development prospects of the issuer at least until the end of the year following the financial year for which there are accounts included in the annual report including market strategy.

Priority of the Board of RADPOL SA is primarily a market introduction of new products manufactured on the basis of unique technologies to increase the range of products of the Company and increase its profitability. Company's long-term objective is to achieve market leadership in Europe when it comes to providing advanced transportation solutions for markets such as heating, electricity and gas industry. The company builds its competitive advantage based on available technology not available to other producers in the region - in particular, two industrial electron accelerators, which are the only such facilities in Poland.

Board of RADPOL SA is convinced of the innovative products and solutions, thus actively files in the applications for funding projects and intends to continue to invest in rapidly developing technologies and fixed assets to improve the market position of the Company.

In July 2009, the Company has already signed an agreement for funding under the No UDA-POIG.06.01.00-22-003/09-00 6.1 "Passport to export" through which it is possible to seek the means for carrying out the tasks contained in the "Passport to export" associated with expansion into foreign markets and the introduction of new products and their certification.

The prospects for the development of export activities by RADPOL SA is depicted by dedicating sales representatives to provide the Company's export to specific markets. In 2009, the Company dedicated its staff to work with customers on the German market (in March last year) and Italian market (in May last year). Western European markets are very attractive for companies but their active acquisition (which was enabled by the new product range associated with starting a new accelerator) is a long process - associated with the certification process and to build business relationships.

Further investments are planned in the modernization of the plant, to reduce electricity consumption and thereby reduce costs associated with it.

An important challenge for the Company in the coming year will be the integration of acquired product offerings and the Company RURGASZ and taking full advantage of market synergies - for the purchase of raw materials and selling finished products. The company also has a significant impact on the cooperation between the two companies.

22.Changes in the basic principles of management of an issuer and its holding company.

No changes in basic principles of business management occurred.

23. All contracts concluded between the issuer and managing people, providing for compensation in the event of resignation or dismissal from position without a valid reason or if their removal or release occurs, due to the issuer by its acquisition.

On 31 March 2009 between the issuer and the managers of those companies a non-competition agreement has been signed in force since 1 April 2009 - the contents of a prior agreement have been repealed.

Non-competition clause is valid for a period of the contract and for a period of 12 months from the date of termination. Members of business commitments have not been competitive for the duration of the contract and 12 months from the date of termination. The employer undertakes to pay upon termination of employment compensation of 25% of the monthly salary for each month of competition ban after termination of employment.

24. The value of wages, rewards or benefits, including those resulting from incentive programs or bonuses based on the capital of the issuer, including programs based on bonds with priority, subscription warrants (in cash or any other form), paid, payable or potentially payable for each of the persons managing and supervising the issuer, irrespective of whether it was properly included in the cost, or resulted from the distribution of profits, if the issuer is a parent company, partner of jointly controlled entity or a significant investor - separate information about wages and rewards received for performing functions in the government subsidiaries, if the relevant information were presented in the financial statements.

On 17 September 2009, the Supervisory Board adopted Resolution No. 06.06.2009, specifying the persons entitled to subscribe for Series C shares of the Company and the number of shares to which they have powers of entry for the second year of the Incentive Plan, the Rules were adopted by the Supervisory Board on 13 February 2007. The persons entitled to subscribe for Series C shares of the Company, for the second year of the Incentive Scheme are:

- 1.Andrzej Sielski - entitled to subscribe for 88,258 Series C shares
- 2.Grzegorz Malczyk - entitled to subscribe for 88,258 Series C shares

Accordingly, within two years of the Incentive Plan, each eligible persons shall be entitled to subscribe for a total of 176,516 Series C shares.

Information on wages and salaries of managers and supervisors is located in the financial statements in additional information and clarifications (V Additional explanatory notes, Note No. 42).

25. In the case of companies - to determine the total number and par value of all shares and the issuer's shares in affiliates of the issuer held by managing and supervising persons of the issuer (for each person separately.)

The total number of issued shares of RADPOL SA is 23 951 610 Series A and B, whose nominal value per one share is 0.03 zł (nominal value of all shares 718 548.30 zł)

- series A shares - 17 651 610 ordinary bearer shares the nominal value of 529 548.30 PLN
- series B shares - 6 300 000 ordinary bearer shares, the nominal value of 189 000.00 PLN

Managers and supervisors of the Company do not possess shares in associated companies with RADPOL SA.

26. Information on purchase of own shares, and in particular for their acquisition, the number and par value, indicating which part of the capital they represent, the purchase price and sale price of shares in the event of their disposal.

On April 27 2009, the General Meeting passed a resolution to replace Resolution No. 1916 of the General Meeting of Shareholders of RADPOL SA of 21 April 2008 on the authority of the Board of RADPOL SA to acquire its own shares for redemption. Changes related to, inter alia:

- the purpose to acquire own shares:
- their redemption,
- their release to shareholders of the company being acquired by the Company or their release to the owner of companies in the acquisition by the Company or an organized part of such company - provided that the acquisition of own shares will be deemed as accepted market practice,
- offer them to members of the Board,
- change of the date of purchase of own shares (01-05-2008 ; 31-12-2011).

The issuer buys its own shares for redemption in accordance with the share buyback program (current report no 35/2009 of 28 September 2009).

Date of purchase of own shares	Number of shares	Nominal value (0,03 pln x number of shares)	Average purchase price per share (PLN)	Share in capital (%)	Share of votes at the General Meeting (%)
30-07-2008	53 041	1 591,23	5,45	0,22	0,22
29-08-2008	42 866	1 285,98	5,34	0,18	0,18
30-09-2008	23 314	699,42	5,51	0,10	0,10
24-10-2008	70 140	2 104,20	5,07	0,29	0,29
31-10-2008	44 747	1 342,41	4,94	0,19	0,19
28-11-2008	85 529	2 565,87	5,31	0,36	0,36
31-12-2008	30 691	920,73	5,86	0,13	0,13
27-02-2009	29 228	876,84	5,87	0,12	0,12
31-03-2009	38 286	1 148,58	5,72	0,16	0,16
29-06-2009	19 094	572,82	5,79	0,08	0,08
26-08-2009	17 782	533,46	5,74	0,07	0,07
31-12-2009	46 166	1 384,98	5,96	0,19	0,19
TOTAL	500 884	15 026,52	5,46	2,09	2,09

RADPOL SA buys shares from the Brokerage House, through which it carries out a program to repurchase its own shares.

On 19.02.2010 EGM of RADPOL SA also took a resolution to redeem 500,884 shares with a nominal value 0.03 PLN and reduction of share capital and the amount of 15,026.52 PLN, acquired by the Company for redemption. Reduction of share capital by way of a change of the Company' Statute with the requirements of Article. 456 § 1 of CCC.

27. Information on contracts known to the issuer (including those entered into after the Balance Sheet date), that may result in future changes in the proportions of shares held by existing shareholders and bondholders.

Not applicable.

28. Information on system for control of stock-based shares

RADPOL SA has no stock-based compensations, it has an incentive program for directors of RADPOL SA.

29.Information on:

- a) the date of conclusion of contract by the issuer, the entity authorized to audit financial statements for an audit or review of financial statements and consolidated financial statements and the period for which this agreement was concluded,
- b) wages of the entity authorized to audit financial statements, paid or due for the year separately for: a study of the annual financial statements, other services, including checking accounts, tax consultancy services
- c) the information specified in points b must be given also for the previous financial year,
- d) the obligation referred to in points a-c deemed to be met by indicating the placement of information in the financial statements.

On 05/28/2009 an agreement was signed with the company HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań, ul. Bluszczowa 7, entered on the list of entities authorized to audit accounts under the number 2917, to study the individual and consolidated financial statements for the period 2001-01-2009 to 31-12-2009 and to review the individual and consolidated financial statements for the period from 2001-01-2009 to 30-06-2009 in accordance with International Financial Reporting Standards and the Regulation 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 the laws of a non (Journal of Laws 2009.33.259).

List of agreements with the entities entitled to audit financial statements and the net value of the consideration paid or payable for the period 2008 - 2009 annually is depicted in the table below:

	2008		2009	
	Term of agreement	Remuneration value	Term of agreement	Remuneration value
Examination of unitary annual financial statements of RADPOL S.A.	Agreement with M2 Audyt Sp. z o.o. Bydgoszcz of 20.07.2008 period: 01.01.2008-31.12.2008	18.900,00	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. z based in Poznań on 28.05.2009.Period 01.01.2009-31.12.2009	20.800,00
Review of half-yearly unitary financial statements of RADPOL S.A.	Agreement with M2 Audyt Sp. z o.o. Bydgoszcz of 20.07.2008 01.01.2008-30.06.2008	9.500,00	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. z based in Poznań of 28.05.2009.Period 01.01.2009-30.06.2009	10.400,00
Examination of yearly consolidated financial statements of RADPOL S.A. Capital Group	Agreement with M2 Audyt Sp. z o.o. Bydgoszcz of 20.07.2008 01.01.2008-31.12.2008	8.900,00	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań of 28.05.2009.Period 01.01.2009-31.12.2009	9.800,00
Review of consolidated half-yearly financial statements of RADPOL .S.A. Capital Group			Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań of 28.05.2009.Period 01.01.2009-30.06.2009	6.400,00
Other services			Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań	47 300,00

Attachment 1 – Statement on the application of corporate governance.

- a) **1. Indication of a set of corporate governance rules, under which the issuer acts, and the place where the text of a set of rules is publicly available.**
- b) To whom the issuer is subject to:
 "Good Practices of Listed Companies on WSE"
 - Division II Best Practices of the boards of listed companies
 - Division III Best Practices of members of supervisory boards,
 - Chapter IV Best Practices of the shareholders.
- c) The application, which RADPOL SA could decide voluntarily:
 "Best Practices of WSE Listed Companies"
 - Chapter I Recommendations concerning good practices of Listed Companies.

d) the place where the text of the Statement of Principles is publicly available: The set of corporate governance, "Best Practices of WSE Listed Companies" is publicly accessible on www.corp-gov.gpw.pl. This is the official website of the Stock Exchange in Warsaw devoted to issues of corporate governance (www.corp-gov.gpw.pl/assets/library/polish/dobrepraktyki2007.pdf).

2.A description of changes in the statutes or articles of association of the issuer

To change the statute, the resolution of the general meeting and an entry in the register of entrepreneurs in the National Court Register is required.

The Supervisory Board of RADPOL SA has the power to establish uniform text of the amended statute or amendment of an editorial set out in the meeting's resolution.

3. Indication of shareholders holding, directly or indirectly significant number of shares along with an indication of the number of shares held by the Shareholders, their percentage of the share capital, voting rights arising from them and their percentages of the total number of votes at the general meeting.

The ownership structure of large blocks of shares of RADPOL SA at 31-12-2009.

Name	Number of shares	Share in capital (%)	Number of votes at the General Meeting	Share in the total number of votes at the General Meeting
Tar Heel Capital R LLC	5 470 835	22,84	5 470 835	22,84
Grzegorz Bielowski	3 031 572	12,66	3 031 572	12,66
Marcin Wysocki	3 031 572	12,66	3 031 572	12,66
BZ WBK AIB AM, including BZ WBK AIB TFI	2 300 425	9,60	2 300 425	9,60
ING Nationale-Nederlanden OFE	1 814 854	7,58	1 814 854	7,58
Aviva Investors Poland S.A. (former Commercial Union Investment Management (Poland) S.A.)	1 340 649	5,60	1 340 649	5,60
Commercial Union Specjalistyczny Fundusz Inwestycyjny Otwarty	1 298 858	5,42	1 298 858	5,42

In 2010 until the publication of the report the following changes were made in the shareholding structure (based on the number of blocked shares on the EGM on 19.02.2010)

Shareholding structure of RADPOL S.A.	Number of shares	Share in capital (%)	Number of votes at the General Meeting	Share in the total number of votes at the General Meeting
Tar Heel Capital R LLC	5 481 029	22,88	5 481 029	22,88
Grzegorz Bielowski	3 031 572	12,66	3 031 572	12,66
Marcin Wysocki	2 431 572	10,15	2 431 572	10,15
ING Nationale-Nederlanden OFE	1 814 854	7,58	1 814 854	7,58
Funds managed by BZ WBK AIB Asset Management S.A.(ARKA BZ WBK AKCJI FIO, ARKA BZ WBK ZRÓWNOWAŻONY FIO, LUKAS FUNDUSZ INWESTYCYJNY)	2 230 000	9,31	2 230 000	9,31
Funds managed by Aviva Investors Poland S.A.	1 950 825	8,14	1 950 825	8,14
Funds managed by PKO Towarzystwo Funduszy Inwestycyjnych S.A. Warsaw	1 205 452	5,03	1 205 452	5,03
RADPOL S.A. (buyback of shares for redemption - Agreement of General Meeting of Shareholders of 21-04-2008)	500 884	2,09	500 884	2,09
Other shareholders	5 305 422	22,16	5 305 422	22,16
TOTAL:	23 951 610	100,00	23 951 610	100,00

All shares issued by RADPOL SA are ordinary bearer shares.

4. Indication of the holders of any securities with special control rights and a description of those rights.

RADPOL SA did not emit securities with special control rights and the shares issued by RADPOL SA are ordinary shares.

5. Indication of any restrictions on voting rights, such as limiting the voting rights of shareholders of a given percentage or number of votes, deadlines for exercising voting rights, or systems according to which, with the cooperation of the company, the rights attaching to securities are separated from the possession of securities.

There are no restrictions.

6. Indication of any restrictions on the transfer of ownership of securities of the issuer.

There are no restrictions on the transfer of ownership of securities. In accordance with Resolution No. 1916 of Shareholders Meeting of RADPOL SA of 21 April 2008 on the authority of the Board to acquire own shares for redemption, the Company may not acquire its own shares in the transaction packet from the shareholders: TAR HEEL CAPITAL R LLC, Mr. Marcin Wysocki and Mr. Grzegorz Bielowski.

7. Information on the extent to which the issuer departed from the provisions of the code of corporate governance, an indication of these provisions and clarification of the reasons for this withdrawal and the manner in which the issuer intends to remove the possible consequences of not applying the rules or what steps it intends to take to reduce the risk of not applying the rules in the future.

In 2009 permanently or temporarily the following rules were not used:

- Rule No. 1 of Chapter I: *"The company should maintain a transparent and effective information policy, both through traditional methods and with the use of modern technology to deliver security and broad access to information. The company, using these methods of communication to the best possible extent should ensure appropriate communication with investors and analysts, to allow transmission of the general meeting by use of the Internet, record proceedings and publish it on a website."*

The company did not have broadcasts of the general meeting in 2009 using the Internet, but it was registered and made available on the Company's website.

- Rule No 1 pt. 6 of Chapter II: *"The company manages the corporate web site and publishes on it:*

(...) 6) the annual reports of the Supervisory Board, including the work of its committees, including the by the assessment of work of the supervisory board provided by the Supervisory Board and the system of internal control and risk management relevant to the company. (...)"

The Supervisory Board of RADPOL SA prepares an annual reports on its activities in a given year, but did not take into account the work of its committees, due to the fact that in the Supervisory Board of RADPOL SA no Committees were created.

- Principle 7 of Chapter III: *"The supervisory board should establish at least an audit committee. The committee should include at least one independent member of the company and the entities with significant connections with the company, with expertise in accounting and finance. In companies where the board consists of minimum number of members required by law the, the task of the committee may be exercised by the supervisory board."*

On 9 December 2009 the Supervisory Board adopted a resolution under which the duties of the audit committee have been attributed to the entire Supervisory Board and the decision is consistent with that principle, since the Supervisory Board of RADPOL SA consists of 5 members. Company informed of that fact in the current report No. 38/2009 of 10 December 2009.

- Principle 8 of Chapter III: *"In terms of tasks and the functioning of the committees of the supervisory board Annex I to the European Commission Recommendation of 15 February 2005 on the role of non-executive directors should be used (...)"*.

This rule in 2009 was not implemented because committees did not function within the Supervisory Board. However, given the assignment by the Resolution of the Supervisory Board on 9 December 2009, the tasks of the audit committee, the Supervisory Board, the Company provides for the application in 2010 of Annex I - Recommendation of the European

8. Mode of action of the general meeting and its key powers, and a description of the rights of shareholders and the manner of their execution, in particular those arising from the Regulations of the General Meeting where such rules have been passed, unless the information in this regard does not arise directly from the law.

a) Mode of activity of the general meeting:

General Meeting of RADPOL SA (GM) operates in accordance with the Commercial Companies Code (CCC), Articles of Association and Rules of Procedure of the General Meeting of the Company RADPOL SA. may be ordinary or extraordinary, and may be held in the Company's headquarters or in Warsaw. Plenary meeting is open and maintained until the election of the President of the general meeting, the chairman of the supervisory board (in his absence, Vice Chairman, Chairman of the Board or any other person designated by the Board). Chairman of the General Meeting directs the deliberations, to decide on procedural and technical matters and is empowered to interpret the rules of the general meeting of the Company RADPOL SA. The General Meeting may decide on the choice of Scrutiny Committee, which ensures the proper conduct of voting, supervises and checks the voting and announces the results. The Meeting shall decide on the form of resolutions which are adopted in an open voting or secret ballot. Resolutions of the General Meeting shall be undertaken by an absolute majority except in cases for which the law provides for stricter requirements.

In 2009, a meeting was convened:

27-04-2009 - the Ordinary General Meeting of RADPOL SA, 11 shareholders were present (65.08% of shareholding structure of RADPOL SA), which represented 15,587,883 shares.

The Chairman opened the deliberations of the AGM of the Supervisory Board - Mr. Grzegorz J. Bielowski - who ordered to report candidates for the President of the Meeting. For this function one candidate has been declared who, in a secret ballot (15,587,883 votes were cast 14,277,883 votes for him with no votes against and 1,310,000 abstentions) was elected Chairman of the Meeting.

Resolutions adopted at the Meeting and other documents can be found on the website of RADPOL SA.

b) The principal powers of the general meeting.

Among the fundamental rights of the General Meeting of RADPOL SA, it should:

- Consider and approve the report of board of the company,
- Review and approve financial statements for the previous financial year,
- Give vote of acceptance to the members of the Board and the Supervisory Board on the performance of their duties,
- Adopt a resolution regarding profit distribution or coverage loss,
- Identify the date as of which the list of shareholders entitled to dividends shall be done
- Define the date of dividend
- Establish the rules for redemption of shares of the Company,
- Create capital to cover losses and expenses,
- Decide on the use of capital reserve
- Appoint and dismiss Board and Supervisory Board,
- Determine the principles of remuneration of Supervisory Board Members,
- Change the object of the Company.

c) The rights of the shareholders.

The rights of shareholders and:

- The right to request the convening of the Extraordinary General Meeting and put certain issues on the agenda of this meeting - this right is granted to a shareholder or shareholders who represent at least 1 / 20 of share capital, ie they have at least 1,197,581 shares of RADPOL SA

- The right to participate in the General Meeting - have only those who are shareholders of RADPOL SA 16 days before the date of the general meeting (record date) and who provide the Company with a certificate of right to participate in the general meeting,

- Exercising voting rights at the General Meeting - one share gives right to one vote at general meetings. Shareholder, may exercise the right to vote in person or by proxy and the shareholder who is not a natural person can vote by a person authorized to make declarations on its behalf or by proxy,

- Equal treatment for all shareholders - RADPOL SA publishes information on convening the meeting in the Court and the Economic and make public a report of the current date, place and agenda and draft resolutions of the General Meeting on the dates specified by law. Furthermore, information about the Company's general meeting can be found at:

www.radpol.com.pl,

- The right to request specific matters in the agenda of the next general meeting - this right is granted to a shareholder or shareholders who represent at least 1 / 20 of share capital, ie has at least 1,197,581 shares of RADPOL SA

- The right to submit draft resolutions relating to matters on the agenda or matters which are to be placed on the agenda - this right to a shareholder or shareholders who represent at least 1 / 20 of share capital, ie they have at least 1,197,581 shares of RADPOL SA

In addition, each shareholder at the general meeting may submit draft resolutions on matters on the agenda,

- The right to ask questions - each shareholder has the right to ask questions concerning matters contained in the agenda. Board members and at least two board members participate in the deliberations of the general meeting to answer questions asked by shareholders. If at this meeting financial affairs of the Issuer are discussed, there always is an auditor present.

9. Composition and changes that have occurred there over the last year, and a description of the governing bodies, supervising or administering the issuer and their committees.

a) Board of RADPOL SA

Board of RADPOL SA may consist of 1 to 3 persons appointed for the joint three-year term by the General Meeting. In 2009, the Board was composed of a double act:

- Chairman of the Board - Andrzej Sielski, as of 01-01-2009 - still,
- Vice Chairman of the Board - Grzegorz Malczyk, from 01-01-2009 - still.

Board conducts the Company and operates under the Commercial Companies Code, the Statute of RADPOL SA, resolutions of the Supervisory Board and the General Meeting, the Rules of the Board and generally applicable laws.

Board held 15 meetings in 2009 and took resolutions without formal meetings by voting.

During the year, in addition to conducting the Company's activities, the Board also dealt with:

- Creating RADPOL Capital Group SA,
- Making investments.

b) The Supervisory Board of RADPOL SA

The Supervisory Board of RADPOL SA may consist of from 3 to 7 persons appointed for the joint three-year term by the General Meeting. In 2009 the Supervisory Board has acted in the following composition:

- Chairman of the Board - Grzegorz J. Bielowski, from 01-01-2009 - still,
- Vice Chairman of the Supervisory Board - Zbigniew Janas, from 01-01-2009 - until present,
- Secretary of the Supervisory Board - Tomasz Firczyk, from 01-01-2009 - until present,
- Supervisory Board - Tomasz Kapliński, from 01-01-2009 - until present,
- Supervisory Board - Marcin Kowalczyk, from 01-01-2009 until 02-12-2009
- Supervisory Board - Krzysztof Kurowski, from 01-01-2009 - until present.

The Supervisory Board exercises permanent supervision over the activities of companies in all areas of business. Rights and obligations of the Council shall define the relevant provisions of law, particularly the Commercial Companies Code and the Statute of RADPOL SA. Manner of convening and holding of meetings and adopting resolutions of the Supervisory Board is set out in rules of RADPOL SA. The Supervisory Board shall meet at meetings at least once per quarter in the fiscal year. Supervisory Board meetings shall be convened by the President on their own initiative or at the request of any member of the Board or at the request of the issuer, expressed in writing. Council meeting may take place without a formal convocation, if all members of the Supervisory Board participate in it. Resolutions of the Supervisory Board are passed by simple majority. The Supervisory Board may delegate its members to comply with each individual supervisory activities. At each meeting of the Supervisory Board in 2009, the Board was invited, which presents, inter alia, financial situation and the course of the Company's investment works.

The Supervisory Board has cooperated with the Board of the Company on:

- The timing and agenda of general meeting
- Preparation of draft resolutions and the opinion of the meeting,
- Works related to the acquisition process,
- The choice of an auditor to review financial statements and audit financial statements of the Company.

c) Committees

On 9 December 2009 the Supervisory Board adopted a resolution by which the full duties of the Audit Committee are transferred to the whole Board.

10. Description for the appointment and dismissal of managers and their powers, in particular the right to decide whether to issue or buy back shares.

Board of RADPOL SA appoints and dismisses the general meetings of the issuer.

In accordance with Resolution No. 20 of Shareholders Meeting of 27 April 2009 on the amendment of Resolution No. 16 of the General Meeting of Shareholders of RADPOL SA based in Człuchów of 21 April 2008 on the authority of the Board to acquire own shares for redemption, the Board of RADPOL SA is required and authorized to take all factual and legal actions necessary to acquire own shares of the Company in accordance with the contents of this resolution. In accordance with this resolution the General Meeting of 28 September 2009, the Board adopted a resolution on an amendment to the share buyback program, according to which the share acquisition will be completed no later than on 31 December 2011.

The Company may acquire no more than 2 371 209 own shares, but in any case, acquired own shares will give the right to exercise no more than 9.9% of the total number of votes at the general meeting. The total amount of funds allocated for the purchase of own shares is not more than 14 227 254.00 PLN and a purchase price per share will not be higher than 6.00 PLN and can not be less than 1 grosz per share.

Number of own shares purchased on 31 December 2009 amounts to a total of 500,884 units, representing 2.09% of share capital of RADPOL SA

11. Description of the main features of the issuer's internal control and risk management in relation to the process of preparing financial statements and consolidated financial statements.

The system of internal control and risk management in relation to the financial reporting process is implemented in the Company by the procedures in force concerning drawing up and approving financial statements. The financial statements are compiled by financial and accounting services under the supervision of the Chief Accountant of the Company, and the final content is approved by the Board. The financial statements approved by the Board shall be verified by an independent auditor - the auditor elected by the Supervisory Board. Then, the Supervisory Board assesses the Company's audited financial statements for compliance with the books and documents as well as to the facts and the result of this assessment is transferred to shareholders in report handed in to the General Meeting.

Statutes of RADPOL SA and Regulations of the Board are available on the website of the Issuer: www.radpol.com.pl

Vice-Chairman

Grzegorz Malczyk

Chairman

Andrzej Sielski

Człuchów, 2010-02-26