

**Half-yearly report on the activity of
RADPOL SA Capital Group**

for the period 01.01.2010-30.06.2010

CZŁUCHÓW, August 2010

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The information contained in the half-yearly consolidated financial statements of RADPOL SA Capital Group cover the reporting period from 01-01-2010 to 30-06-2010 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 consideration of information required by the laws of a non-like, and accounting rules of 29-09-1994. (Journal of Laws, No. 121 pos. 591 with subsequent amendments) and International Accounting Standards and International Financial Reporting Standards.

Any information relating to individual management accounts are included in the following report of RADPOL SA Capital Group

1. Description of RADPOL SA Capital Group indicating the entities to be consolidated

Parent company in RADPOL SA capital group is RADPOL based in Czluchów that was entered on 26-10-2001 in Business Register under number KRS 0000057155 at District Court Gdańsk- Gdansk North, VIII Division of the National Court Register.

The total number of shares of RADPOL SA amounts to 25,691,088 shares of series A, B and D, which nominal value of one share is 0.03 zł (nominal value of all shares amounts to 770,732.64 zł):

- series A shares - 17,651,610 ordinary bearer shares
- series B shares - 6,300,000 ordinary bearer shares
- series D shares - 1,739,478 ordinary bearer shares

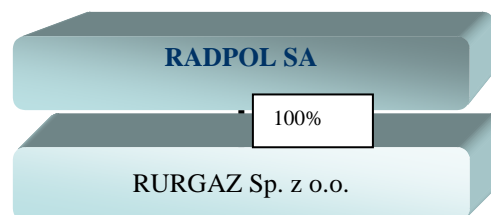
RADPOL SA is engaged in manufacturing of heat-shrinkable cable accessories, electrical wires and cables. Simultaneously, the company specializes in manufacturing of electrical porcelain insulators, such as insulators for medium and low voltage.

The company also offers electrical and lighting equipment, including fuse, porcelain lamp holders and light fittings. The production range also includes other porcelain, made for individual customer orders. RADPOL SA specializes in range of Polyethylene refined based products produced of its own, unique blends of materials suitable for the treatment of crosslinking radiation.

Subsidiary in RADPOL SA Capital Group is RURGAZ o.o. This company is a leader in the production of advanced piping systems made of polyethylene and polypropylene. The main clients of RURGAZ Sp. z o. o. are natural gas supply systems, utility companies and other contractors. The company, like RADPOL SA builds its competitive advantages based on the use of advanced technologies in the production process and providing products that do not have their market competitors such as double-layer tube or pipe RC MultiSafe dedicated to geothermal energy.

The Company's sales policy is focused on the segments in which the most important advantage is the quality of the products, not their price.

Organigramme of RADPOL S.A. Capital Group



2. Effects of changes in the structure of the enterprise

On March 9, 2010, the Company acquired 138 shares of the Company RURGAZ based in Kolonia Prawiedniki, which gives 100% of the share capital and the same number of votes at the General Meeting of Shareholders. The purchase of shares was financed:

- In the part payment of 11,151,845.48 by offsetting receivables of RADPOL SA by virtue of the new issue of 1,739,478 series D shares with a total nominal value of 52,184.34 zł,
- In the remaining part, ie, 16,498,154.68 zł raised loan from a bank acquired from PKO Bank Polski SA based in Warsaw. Shares of the Company RURGAZ Sp. z o. o. were acquired at the price of 200,362.32 zł per share and total purchase price of 27,650,000.16 zł for all 138 shares.

→ On June 1, 2010 a merger of RADPOL SA (Acquiring company) and RADPOL Elektroporcelana SA (The company being acquired) was registered in National Court Register. Registration of the merger was taken by the General Meeting of Shareholders by Resolution No. 17 dated 20 April 2010 on the merger of those companies in mode:

- Article. 492 § 1. 1 of CCC (merger by acquisition) by transferring all assets of the acquiree to the acquiring Company
- Article. 515 § 1 of CCC, ie, without a share capital increase of RADPOL SA, due to the fact that the Issuer owned 100% of the shares being acquired,

- Article. 516 of CCC (simplified merger), ie without making a written report justifying the connection and the Plan of Merger, without examination by an expert.

The aim was the following:

- Optimization of the Group,
- Reduction of operating costs of two entities
- Further integration of operations.

After the merger, RADPOL SA took over the existing operations of the acquired Company, which continues to operate in Ciechów Production Plant, which continues the existing range of production activities of RADPOL Elektroporcelana SA

3. The Board on the feasibility of previously published forecasts of results for the year

RADPOL S.A. did not publish forecasts for 2010.

4. Shareholders owning directly or indirectly through subsidiaries, at least 5% of the total number of votes at a general meeting of the issuer together with the number held by these entities, their percentage of the share capital, number of votes from them and their percentage share in the total number of votes at the general meeting and changes in the structure of ownership of significant blocks of shares of the issuer during the period from the previous report

All shares issued by the RADPOL SA are ordinary bearer shares.

From the date of the report for the first quarter of 2010, ie, from 4 May 2010, the Company has not received any information from the shareholders to change the ownership structure of large blocks of shares of RADPOL SA provided under Art. 69 of the Act on Public Offering, the conditions for introducing financial instruments to an organized system of marketing and public companies.

However, in view of information obtained by RADPOL SA on the number of shares of RADPOL SA held by shareholders on 17 May 2010 (the date of grant of the right to dividends), RADPOL SA forwards the list of its shareholders holding more than 5% of the total number of votes at the general meeting of RADPOL SA compiled in accordance with the best knowledge based on information obtained from: Bank Millennium SA, BRE Bank SA, DM BZ WBK SA, Noble Securities SA, Bank Handlowy in Warsaw SA, ING Bank Śląski SA, Trigon Brokerage SA Poland and Bank Pekao SA.

Name	Number of ordinary shares as at date of half-yearly report issue	Number of votes as at date of half-yearly report issue	% number of votes at the GMS and % share in equity as at date of half-yearly report issue
TAR HEEL CAPITAL R LLC	5 481 029	5 481 029	21,33
Grzegorz J. Bielowski	3 031 572	3 031 572	11,80
Marcin Wysocki	3 031 572	3 031 572	11,80
*BZ WBK AIB AM, including BZ WBK AIB TFI	2 325 679	2 325 679	9,05
*Aviva Investors Poland S.A.	1 938 825	1 938 825	7,55
ING Nationale-Nederlanden OFE	1 814 854	1 814 854	7,06
*PKO Towarzystwo Funduszy Inwestycyjnych S.A. Warsaw	1 452 656	1 452 656	5,65
*Aviva Investors Specjalistyczny Fundusz Inwestycyjny Otwarty Subfundusz Akcyjny	1 303 858	1 303 858	5,08

* identified were the changes in the ownership structure of large blocks of shares of the issuer of the report for the first quarter of 2010.

5. Pledge of shares of the Issuer or the ownership rights to them by managing and supervising entities

RADPOL S.A. Człuchów

Name	Number of shares	Nominal value (0,03 zł per share)	Share in equity (%)	Number of votes at the AGM	Share in total number of shares at the AGM (%)
The Supervisory Board					
Grzegorz Bielowicki	3 031 572	90 947,16	11,80	3 031 572	11,80
Tomasz Firczyk	1 000	30,00	0,004	1 000	0,004
The Board					
Andrzej Sielski	182 203	5 466,09	0,71	182 203	0,71
Grzegorz Malczyk	182 203	5 466,09	0,71	182 203	0,71

From the date of the report for the first quarter of 2010 (ie from 04-05-2010) there were no changes in ownership of the issuer's shares or rights to them by managers and supervisors.

On 17 June 2010, the Supervisory Board of the Issuer adopted a resolution specifying the persons entitled to subscribe for series C shares and the number of shares to which the coverage they are eligible for the third year of the Incentive Scheme. In accordance with this resolution, the relevant persons are:

- Andrzej Sielski, Chairman of the Board - entitled to subscribe for 88,258 series C shares
 - Grzegorz Malczyk, Vice-Chairman of the Board - entitled to subscribe for 88,258 series C shares
- Within three years of the Incentive Program, each of the persons entitled to vote shall be entitled to subscribe for 264,774 series C shares, a total of 529,548 shares.

RURGAZ Sp. z o.o. Kolonia Prawiedniki

Mr Andrzej Pożarowszczyk, which is member of the Board of RURGAZ Sp. z o. o. holds 869,739 shares of RADPOL SA. The total nominal value of these shares amounts to 26,092.17 zł and represents 3.39% of the share capital of RADPOL SA and 869,739 votes at the general meeting (3.39% of the total number of votes).

6. Indication of the proceedings pending before the court, competent authority for arbitration or public authority

There have been no such proceedings.

7. Information about the Issuer or its subsidiary of one or more transactions with related parties, if individually or collectively they are significant and have been included on other than market terms

Not applicable

8. Information about granting guarantees, loan or loan guarantee or grant by the issuer or its subsidiary - a total of one entity or its subsidiary if the aggregate value of existing securities or the guarantee is equivalent to at least 10% of the equity of the issuer

Guarantees or loans of such amounts were not granted.

9. Other information, which the issuer is relevant to the assessment of its financial standing, assets, finances, financial result and their changes, and information that are relevant for assessing the feasibility of the obligations of the issuer

Lack of relevant factors.

Company on the basis of its investment has significantly increased its production capacity and product range. Increasing the production capacity can be implemented through the investment program accomplished in recent years and this year's upgrade of the first electron accelerator with a capacity of 2 MeV to be used on an industrial scale and used for treatment of crosslinking radiation - as the only company in Poland with such devices. Our investments have resulted in an increase in the Company's production capacity - which are gradually being used, and the range of products is being extended. With state-of-the-art machine park in this part of Europe, the Company is actively canvassing demanding Western markets.

The company develops its offer directed at the heating sector and to obtain the necessary certificates to allow the sale of its products in the markets of Western Europe. An important factor in the increase in sales of the Company will also explore new market segments for use in the such trades as: gas products, coal mines, copper mines, automotive and electronics.

Currently, intensive work on the acquisition of new markets - including the building of dynamic exports, which in the perspective of two years to be a very important component of the revenue of RADPOL SA capital group.

The company is actively looking for acquisitions - companies with revenues comparable to the RADPOL SA and is focused on building its competitive advantages based on the use of modern technologies of production. The Company intends to finance the acquisitions both from its own resources and from bank credit.

10. Factors which in the opinion of the issuer will have an impact on the results achieved in view for at least the next quarter

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

- Changes in policy of energy companies - due to the relatively difficult macroeconomic situation and the planned privatization processes, the professional energy sector did not conduct in 2008 and 2009 major renovation works. Privatization of the Polish energy sector (including IPOs ENEA, PGE, Tauron) can positively affect the demand for products of RADPOL SA
- The increased export sales and certification of new products in the markets of Western Europe in the coming years allowing the Company to build a new high-margin products,
- the effects of a merger of RADPOL SA with the subsidiary RADPOL Elektroporcelana SA - reduced operating costs while preserving the operational synergies at the level of market and product
- further integration of the companies in the group - including in particular the benefits of networking sales and purchasing Rurgaz Sp. z o. o.
- New investments of the Company in Rurgaz Sp. z o. o., which today is used at full capacity at the various ranges - in the opinion of the Board, investments in the short term will turn into a dynamic growth in sales and better financial performance of the Company

The priority of the Board of RADPOL SA are primarily investments in new technologies designed to increase the range of the Company's offer, and thus the competitiveness on the Polish and foreign markets. The company has two industrial accelerators, which are the only such facilities in Poland.

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

RADPOL SA plans to conduct further acquisitions which will extend its offer for the broad market of professional power and heat industries.

11. Description of the main threats and risks associated with the remaining months of the year

The main threats and risks faced by companies of RADPOL SA Capital Group:

- 1) The collapse of the construction and renovation industry markets.
- 2) The functioning on a market where competitors are major international companies with a global scale of operations.
- 3) Few convenient locations (a significant distance from the customer, very inactive region).
- 4) Lack of highly qualified and specialized personnel in the nearby of the company (causing difficulties in addition to the staff, those leaving technical schools avoid the return to the region / resettlement in small residential centers in which RADPOL Company Group SA production facilities are located).
- 5) Lack of multi-annual contracts with customers.
- 6) Growing competition of large manufacturers across 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) None software to support production planning such as ERP was implemented.
- 9) Exchange rate risk in relation to the existence of assets and liabilities denominated in foreign currencies but restricted to a large extent by using the so-called 'Natural hedging' involving purchases of import in the currencies in which export sales is implemented.

Vice-Chairman of the Board

Grzegorz Malczyk

Chairman of the Board

Andrzej Sielski

Czuchów, 11.08.2010