

RADPOL SA



**FINANCIAL STATEMENT FOR THE PERIOD
01 JANUARY 2010 TO 31 DECEMBER 2010**

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

CZŁUCHÓW, 28 FEBRUARY 2011

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data in thousands PLN

SELECTED DATA OF FINANCIAL STATEMENT

TITLE	Thousand PLN		Thousand EUR	
	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
I.Net revenues from sales of goods and materials	60 569	52 532	14 978	12 102
II.Profit (loss) from operating activities	11 435	7 302	2 828	1 682
III.Profit (loss) – gross	10 054	6 870	2 486	1 583
IV.Profit (loss) – net	8 003	5 426	1 979	1 250
V.Net cash flows from operating activities	10 751	5 345	2 659	1 231
VI.Net cash flows from investing activities	(21 623)	(3 931)	(5 347)	(906)
VII.Net cash flows from financing activities	8 901	(3 333)	2 201	(768)
VIII.Total net cash flow	(1 971)	(1 919)	(487)	(442)
IX.Total assets	115 122	81 801	29 069	19 912
X.Liabilities and reserves for liabilities	36 382	22 036	9 187	5 364
XI.Long-term liabilities	19 724	7 228	4 980	1 759
XII.Short-term liabilities	16 658	14 808	4 206	3 604
XIII.Shareholders' equity	78 740	59 764	19 882	14 548
XIV.Share capital	772	719	195	175
XV.Number of shares	24 756 526	23 531 575	24 756 526	23 531 575
XVI.Profit (loss) per share (in PLN / EUR)	0,32	0,23	0,08	0,05
XVII.Book value per share (in PLN / EUR)	3,18	2,54	0,80	0,62

The method of converting sums into EURO:

- in order to convert the selected balance sheet items of financial data, the average exchange rate of the NBP on the last day of the year was used,
- items in the profit and loss account and cash flows were calculated using the arithmetic average of the rates prevailing on the last day of each month during the period.

	01.01.-31.12.2010	01.01.-31.12.2009
At the end of period	3,9603	4,1082
Average rate	4,0439	4,3406

in the reporting period occurred:

	01.01.-31.12.2010	01.01.-31.12.2009
Lowest rate	3,8356	3,9170
Highest rate	4,1770	4,8999

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Date

Signature of the person responsible for
accounts

Signature of the manager of the unit

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

Details	Note	Balance on 31.12.2010	Balance on 31.12.2009
ASSETS		83 723	54 764
Tangible assets	25	53 102	51 815
Investment Property		-	-
Intangible assets	26	741	1 018
Goodwill	27	59	59
Shares	28	27 931	281
- Including investments accounted for using the equity method		-	-
Long-term receivables		-	-
Other long-term financial assets		-	-
Deferred tax liabilities	50	779	587
Other assets	29	1 111	1 004
ASSETS		31 399	26 689
Stocks	30	11 173	10 833
Claims for supplies and services	31	11 960	9 852
Claims arising from the current income tax	31	16	-
Other receivables	31	4 449	339
Other financial assets	32	2	-
Cash and cash equivalents	33	3 610	5 530
Accruals	34	189	135
Assets classified as held for sale		-	348
Tangible fixed assets held for sale		-	348
Other assets classified as held for sale		-	-
Total assets :		115 122	81 801

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Liabilities	Note	Balance on 31.12.2010	Balance on 31.12.2009
CAPITAL (FUND)		78 740	59 764
Core capital	35	772	719
Unpaid share capital and own shares		-	(2 753)
Reserve capital from share issue	35	52 359	40 831
Capital reserve from retained earnings	35	492	634
Other reserve capital		13 120	14 418
Reserves	36	3 372	-
Revaluation		-	-
Exchange differences on translation of related units		-	-
Participation in other income of associates		-	-
Accumulated results from previous years and other income	37	622	490
Net profit / loss from previous years		8 003	5 426
LIABILITIES AND RESERVES		19 724	7 228
Deferred tax liabilities	50	2 090	1 797
Provision for retirement and similar	38	719	642
- Including long-term		554	485
Other reserves	38	292	-
- Including long-term		-	-
Interest-bearing loans	39	16 585	4 789
Other financial liabilities	40	38	-
Other non-current liabilities		-	-
LIABILITIES		16 658	14 808
Loans and advances	39	2 920	2 215
Other financial liabilities	40	13	13
Trade payables and services	41	5 412	3 733
Liabilities arising from the current income tax	41	-	195
Other liabilities	41	2 527	2 513
Deferred income	42	5 786	6 139
LIABILITIES AS CLASSIFIED FOR SALE		-	-
Liabilities total :		115 122	81 801

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PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01 JANUARY 2010 TO 31 DECEMBER 2010

Details	Note	PaLA for: 01.01.2010 - 31.12.2010	PaLA for: 01.01.2009 - 31.12.2009
Revenues from sales of products, goods and materials	43	60 569	52 532
Cost of products goods and materials sold	44	(38 566)	(33 346)
PROFIT (LOSS) FROM THE GROSS SALES		22 003	19 186
Cost of sales	44	(3 901)	(3 746)
General and administrative expenses	44	(7 716)	(8 750)
Acquisition costs	44	(72)	(303)
PROFIT (LOSS) FROM SALE		10 314	6 387
Other operating income	45	2 309	2 150
Other operating expenses	46	(1 188)	(1 235)
Profit / loss from the sale of all or part interest in a subsidiary		-	-
PROFIT (LOSS) FOR OPERATING ACTIVITIES		11 435	7 302
Financial income	47	55	116
Financial expenses	48	(1 436)	(548)
Share of profits and losses using equity method		-	-
PROFIT (LOSS) BEFORE TAX		10 054	6 870
Income tax	49	(2 051)	(1 444)
The remaining reduction in profit		-	-
Profit / (loss) from continuing operations		8 003	5 426
Profit (loss) from discontinued operations		-	-
Profit (loss) from sold operations		-	-
PROFIT (LOSS) NET		8 003	5 426

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**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01 JANUARY 2010 TO 31
 DECEMBER 2010**

Details	SoTI for: 01.01.2010 - 31.12.2010	SoTI for: 01.01.2009 - 31.12.2009
PROFIT (LOSS) - NET	8 003	5 426
Revaluation of financial assets held for sale	-	-
Revaluation of fixed assets and HV	3 372	-
Cash flow hedges	-	-
Differences on translation of foreign activity	-	-
Participation in other income of associates	-	-
Effects of treatment of incentive scheme	-	-
Revenue from the acquisition / disposal of minority shares	-	-
Effects of changes in accounting policies	-	-
Errors from previous years	-	-
TOTAL OTHER REVENUE	3 372	-
Income tax on other income in total	(641)	-
TOTAL OTHER INCOME AFTER TRANSACTIONS	2 731	-
TOTAL REVENUE	10 734	5 426

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01 JANUARY 2010 TO 31 DECEMBER 2010

Details	Note	SoCiE for: 01.01.2010 - 31.12.2010	SoCiE for: 01.01.2009 - 31.12.2009
EQUITY AT BEGINNING OF PERIOD		59 764	59 221
Share capital at beginning of period		719	719
Issue of shares		68	-
Redemption of shares		(15)	-
Equity at end of period	35	772	719
Share capital, own shares at beginning of period		(2 753)	(1 859)
Acquired own shares		(12)	(894)
Own shares redeemed		2 764	-
Share capital, own shares at end of period		-	(2 753)
Reserve capital from issuance of shares at beginning of period		40 831	40 831
Issue of shares to settle the purchase of shares in RURGAZ Sp. z o. o.		10 695	-
Issue of shares for settlement of an incentive program		3 583	-
Own shares redeemed		(2 749)	-
Reserve capital from issuance of shares at end of period	35	52 359	40 831
Supplementary capital from retained earnings at beginning of period		634	171
Division of financial results		258	463
Correction in connection with the merger		(400)	-
Supplementary capital from retained earnings at end of period	35	492	634
Reserve at beginning of period		14 418	9 905
Division of financial results		-	4 513
Correction in connection with the merger		(1 298)	-
Reserve at end of period		13 120	14 418
Revaluation reserve at beginning of period		-	-
Revenue from revaluation of tangible fixed assets		4 118	-
Corrections in connection with the merger		(746)	-
Revaluation reserve at end of period	36	3 372	-
Undistributed profit of previous years and other income at beginning of period		5 917	8 838
Incentive scheme expenses		56	227
The effects of errors contained		-	77
Dividends paid		(3 594)	(3 530)
Transfer to other positions on equity		(183)	(4 495)
Corrections regarding RADPOL Elektroporcelana SA		(1 573)	(531)

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Undistributed profit of previous years and other income at end of period	37	622	586
Net result attributable to equity holders of the financial year of the parent company		8 003	5 331
Non-controlling interests		-	616
The result of the financial year attributable to non-controlling interest		-	(123)
Other capital attributable to non-controlling interest		-	(493)
Non-controlling interests		-	-
EQUITY AT END OF PERIOD		78 740	59 764

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STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01 JANUARY 2010 TO 31 DECEMBER 2010

Details	Note	SoCF for: 01.01.2010 - 31.12.2010	SoCF for: 01.01.2009 - 31.12.2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) - net		8 003	5 426
Total adjustments		2 748	(81)
Depreciation		4 297	4 406
Gains (losses) from exchange differences		(52)	102
Interest and participation in profits (dividends)		1 315	448
Profit (loss) from investment activities		3	(324)
Change in reserves	33	929	285
Change in stocks	33	(341)	1 652
Change in receivables	33	(2 632)	(65)
Change in current liabilities excluding financial liabilities	33	1 031	(4 168)
Change in accruals	33	(695)	(469)
Income tax on profit before tax	33	2 051	(578)
Income tax paid	33	(1 904)	(888)
Other adjustments	33	(1 254)	(482)
Net cash flows from operating activities		10 751	5 345
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on acquisition of intangible assets		(10)	(22)
Expenditure on acquisition of tangible fixed assets		(5 188)	(5 148)
Proceeds from the sale of tangible fixed assets		75	2 030
Expenditure on acquisition of financial assets available for sale		(16 500)	(826)
Loans granted		(330)	-
Repayment of loans obtained		330	35
Net cash flows from investing activities		(21 623)	(3 931)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of own shares		(12)	(894)
Proceeds from loans and advances		16 500	5 794
Repayment of loans		(2 656)	(4 241)
Repayment of obligations under finance lease		(23)	(31)
Dividends paid		(3 518)	(3 530)
Interest paid		(1 315)	(222)
Grants received		-	18
Other financial expenses	33	(75)	(227)
Net cash flows from financing activities		8 901	(3 333)
Total net cash flows		(1 971)	(1 919)
BALANCE SHEET MOVEMENTS IN CASH, INCLUDING		(1 920)	(1 913)
- Change in cash in respect of exchange differences		(52)	(6)
CASH AT BEGINNING OF PERIOD		5 524	7 443
CASH AT END OF PERIOD (F / - D), INCLUDING		3 553	5 524
- With reduced availability		184	158

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Signature of the manager of the unit

NOTES TO FINANCIAL STATEMENT AS AT 31 DECEMBER 2010

1. BACKGROUND

Name and address:

RADPOL SA
ul. Batorego 14
77-300 Człuchów

Court register, no of record:

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

Duration of Capital Group:

Duration of the companies included in the Capital Group is not limited.

Reporting periods presented:

The consolidated financial statements includes the financial data for the period from January 1, 2010 to 31 December 2010. and comparative figures for the period from 01.01.2009 to 31.12.2009.

Basic activity:

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

PKD 2229Z - manufacture of other plastic products

2. THE BOARD AND SUPERVISORY BOARD OF THE PARENT COMPANY

Composition of the Board at the balance sheet date:

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

Composition of the Supervisory Board at the balance sheet date:

Grzegorz Jan Bielowski - Chairman of the Board
Zbigniew Piotr Janas - Vice-Chairman of the Board
Tomasz Krzysztof Firczyk - Secretary of the Board
Tomasz Kaplinski - Board Member
Krzysztof Kurowski - Board Member
Leszek Iwaniec - Board Member form 20.04.2010

3. RELATED UNITS

RADPOL SA is the parent company to a company RURGAZ Sp. z o. o. At the date of this report, RADPOL SA had a 100.00% of the capital, and 100.00% of votes.

Significant investor to RADPOL SA Grzegorz Jan Bielowski possesses the balance sheet a total of 13.01% of the share capital and votes at the AGM.

The change to a major investor has been communicated to the public in the current report No 45/2010 on 16.11.2010 and No. 48/2010 on 26/11/2010.

RADPOL SA Capital Group consists of the parent company being RADPOL SA and the subsidiary being RURGAZ Sp. z o. o.

The consolidation included n / dim. Company:

- RADPOL S.A. – full method
- RURGAZ Sp. z o.o. – full method, consolidated from 01.03.2010.

4. LEGAL BASIS OF PREPARATION OF FINANCIAL STATEMENTS

RADPOL S.A.
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These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS as adopted by the European Union (EU). IFRS comprise standards and interpretations adopted by the International Accounting Standards Board ("IASB") and Interpretations Committee International Financial Reporting Standards ("IFRIC").

5. STATEMENT OF COMPLIANCE WITH IFRS

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

6. DATE OF PUBLICATION OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of RADPOL SA on 2/28/2011.

7. FUNCTIONAL CURRENCY AND REPORTING CURRENCY

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

8. BUSINESS ACTIVITY

The consolidated financial statements for the period from 01.01.2010 to 31.12.2010 have been prepared on a going concern in the foreseeable future that the activity of the company shall not be reduced significantly in the area. According to all available information at the date of reporting, there is full reason to apply the rule to continue the preparation of financial statements.

9. MERGER WITH OTHER COMPANIES

On 20 April 2010 at the General Meeting of Shareholders of the company, a Resolution No. 1917 on the merger of RADPOL SA (acquiring company) and RADPOL Elektroporcelana SA (the company being acquired) was taken.

Since RADPOL Elektroporcelana SA was a subsidiary of RADPOL SA and the Issuer has been the sole shareholder of the Company acquired, the connection was made without a share capital increase of RADPOL SA and without the exchange of shares of the acquired Company with the shares in the acquiring company. The combination of companies does not present new facts requiring disclosure of the Articles of Association and therefore Articles of Association of the Issuer has not been changed in connection with the merger of RADPOL SA with RADPOL Elektroporcalana SA.

On June 1, 2010 the merger was registered in the National Court Register.

Merger costs amounted to 36 thousand. zł. From the date of connection to 31.12.2010. net profit from operations of the acquiree was 1775 thousand zł.

Detailed figures for the settlement of merger are presented in the separate financial statements of RADPOL SA prepared as at 31.12.2010. in Note No. 16.

10. PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES AND MEASUREMENT OF FINANCIAL RESULTS, ACCEPTED FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Company's subsidiary RURGAZ Sp. z o. o. keeps accounts in accordance with the rules (policy) of law on accounting. The consolidated financial statements include adjustments not included in the accounts of companies, as to bring the financial statements to comply with IFRS.

Tangible fixed assets.

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

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

Intangible assets.

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

Goodwill

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As a result of the acquisition of control over the subsidiary, in accordance with IFRS 3 in consolidated financial statement, goodwill is determined as the difference between the acquisition cost and the corresponding share in the fair value of net assets acquired. Goodwill is subjected to a test for impairment.

Stocks

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

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

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

Liabilities

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

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

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

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

Cash and cash equivalents

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

Accruals

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

Equity.

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

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

Reserves

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

Revenues, expenses, profit or loss.

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

Earnings per share

Earnings per share is calculated by dividing the net income and weighted average number of shares. Weighted average number of shares is determined as the number of shares issued by company, minus the number of shares bought back by debt to the weighted number of days of existence of shares (or holding of own shares by the parent company). The calculation of diluted earnings per share for 2010 includes shares issued under the incentive program.

11. SIGNIFICANT ACCOUNTING POLICIES

Policies of accounting used to prepare these financial statements are consistent with those applied in preparing the comparative financial statements of the Group. The following outlines changes to standards and new interpretations are effective for annual periods beginning on or after 1 July 2009. All the changes described below have been taken into account in preparing these consolidated financial statements and comparative periods presented.

12. STANDARDS USED FOR THE FIRST TIME

1. Amendment to IAS 32 clarifies how to account for certain pre-emptive rights when issued financial instruments are denominated in currencies other than the functional currency of the issuer. If such instruments are offered to existing shareholders pro rata the issuer in exchange for a fixed amount of cash, it should be classified as equity instruments, even if their exercise price is denominated in a currency other than the functional currency of the issuer. Issued by the IASB on 8 October 2009, approved by the EU on 23 December 2009. The Group uses this change to annual periods beginning on or after 1 February 2010 and later. (Commission Regulation (EU) No. 1293/2009).
2. Amendments to IFRS 2 Share-based Payment, which specifies a transaction account for share-based payments, under which payment to the supplier of goods or services shall be made in cash, incur a liability to another entity owned by group (based payment transactions settled share in cash in the group). Issued by the IASB on 18 June 2009, approved by the EU on 23 March 2010. Groups apply those amendments for annual periods beginning on or after 1 January 2010 and thereafter. (Commission Regulation (EU) No. 244/2010).
3. Amendments to IFRS 1, under which individuals engaged in the oil and natural gas passing to IFRS may be applied to oil and natural gas carrying amounts determined in accordance with previous GAAP. From individuals deciding to apply this exemption, it should be required to price liabilities decommissioning, restoration and similar liabilities with respect to oil and natural gas in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and to take into account data commitment in retained earnings. Amendments to IFRS 1 also apply for a reassessment to determine whether an arrangement contains a lease. Issued by the IASB on 23 July 2009, approved by the EU on 23 June 2010. Groups apply those amendments for annual periods beginning on or after 1 January 2010 and thereafter. (Commission Regulation (EU) No. 550/2010).
4. Amendments to IFRS 7 and IFRS 1 Entities using IFRS for the first time yet to benefit from the exemption from disclosure of comparative information about the fair value and liquidity risk, as provided for in IFRS 7 for comparative periods ending before 31 December 2009. The purpose of the amendments to IFRS 1 is to ensure that the optional exemption also to those units. Issued by the IASB on 28 January 2010, approved by the EU on 30 June 2010. Group applies these amendments for annual periods beginning on or after 1 January 2009 and later. (Commission Regulation (EU) No. 574/2010).
5. IFRIC 19: On 26 November 2009, the Committee on International Financial Reporting Interpretations (IFRIC) issued IFRIC Interpretation 19 "Regulating financial liabilities with equity." The purpose of IFRIC 19 is to provide guidelines for the recognition of the debtor's equity instruments issued by them following the renegotiation of financial commitment to a full or partial settlement of the obligation. Adoption of IFRIC 19 entails the introduction of amendments to International Financial Reporting Standard (IFRS) 1 to ensure consistency between international accounting standards. Issued by the IASB on 26 November 2009, approved by the EU on 23 July 2010. The group shall apply IFRIC 19 and the amendment to IFRS 1 with the launch of its first financial year commencing after 30 June 2010 (Commission Regulation (EU) No. 662/2010).

13. DIFFERENCES BETWEEN IFRS ISSUED BY IASB A AND IFRS ISSUED BY EU

At the date of these consolidated financial statements on 31 December 2010, the differences between IFRS issued by the IASB and IFRS as adopted by the EU have come down to the following standards / interpretations:

1. Amendments to IAS 12 Deferred tax assets: realization of assets, mandatory for annual periods beginning on January 1, 2012 (anticipated date of approval by the EU in the 2nd quarter of 2011).
2. Amendments to IFRS 1, Severe Hyperinflation and the removal of rigid deadlines for applying IFRS for the first time, mandatory for annual periods beginning on 1 July 2011 (expected date of approval by the EU in the 2nd quarter of 2011).
3. Annual amendments to IFRS / IAS 2010, issued May 10, 2010, effective for annual periods beginning on January 1, 2011 (anticipated date of approval by the EU on 1 quarter 2011).
4. Amendments to IFRS 7 Financial Instruments: Disclosures, issued in October 2010, effective for annual periods beginning on or after 1 July 2011 (expected date of approval by the EU 2nd quarter 2011).
5. 9 IFRS Financial Instruments, introducing new requirements on the classification and valuation of financial

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assets, issued on 12 November 2009, effective for annual periods beginning on 1 January 2013 (in the future, this IFRS to replace IAS 39, not specified the anticipated date of approval by the EU) .

14. NEW STANDARDS AND INTERPRETATIONS WHICH HAVE BEEN PUBLISHED BUT WERE NOT IN FORCE AS AT 31 DECEMBER 2010

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

1. IAS 24 Update: On November 4, 2009, the International Accounting Standards Board (IASB) published revised International Accounting Standard (IAS) 24 Disclosure of related party, hereinafter referred to as "revised IAS 24. The amendments introduced in the revised IAS 24 is to simplify the definition of related party and at the same time removing some internal inconsistencies and the exemption of individuals linked to the government from certain disclosure requirements for related party transactions. The adoption of revised IAS 24 entails the introduction of amendments to International Financial Reporting Standard (IFRS) 8 in order to ensure consistency between international accounting standards. Issued by the IASB on 4 November 2009, adopted by the EU on 19 July 2010. Group applies IAS 24 and the amendments to IFRS 8 with the launch of its first financial year starting after 31 December 2010 (Commission Regulation (EU) No. 632/2010).
2. The amendments to IFRIC 14: On 15 November 2009 Interpretations Committee (IFRIC) published a document of prepayment of minimum funding requirements including changes to the IFRIC Interpretations number 14. The purpose of these amendments is to remove the unintended consequences of IFRIC 14 in situations where an entity that is subject to minimum funding requirement to make a prepayment premium in certain circumstances, would be compelled to include them as an expense. If a defined benefit plan, it is subject to minimum funding requirement in accordance with amendments to IFRIC 14 - such prepayment, as well as any other pre-payments, must be treated as an asset. Issued by the IASB on 15 November 2009, adopted by the EU on 19 July 2010. Group applies the amendments to IFRIC 14 with the launch of its first financial year starting after 31 December 2010 (Commission Regulation (EU) No. 633/2010).

According to the preliminary assessment of the application of these standards and interpretations, it will have no material impact on the consolidated financial statements for the period of initial application.

15. CHANGES IN ESTIMATES

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

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

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

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

16. CHANGES IN PRESENTATION

Presentation of data for comparable periods relates to the unitary report of RADPOLSA and was discussed in the separate financial statements in note No. 16

In connection with the merger of RADPOL SA and RADPOL Elektroporcelana SA has changed the presentation of data for the comparable period in relation to published data for the period ending 31.12.2009. As the comparative data presented consolidated data of the acquired companies, the differences to data published in individual reports for the period 01.01.2009 - 31.12.2009 represent individual data of the company being acquired and the differences from the consolidation. As a result, have changed the individual line items, see below:

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**Transformation of statement of financial position as at 31.12.2009
in connection with the merger**

Details	Balance as at	Data published as at	Presentation change as at
	2009-12-31	2009-12-31	2009-12-31
ASSETS	54 764	52 971	1 793
Tangible assets	51 815	43 153	8 662
Investment Property	-	-	-
Intangible assets	1 018	704	314
Goodwill	59	-	59
Shares	281	7 669	(7 388)
- Including investments accounted for using the equity method	-	-	-
Long-term receivables	-	-	-
Other long-term financial assets	-	-	-
Deferred tax liabilities	587	461	126
Other assets	1 004	984	20
ASSETS	26 689	19 734	6 955
Stocks	10 833	6 878	3 955
Claims for supplies and services	9 852	7 504	2 348
Claims arising from the current income tax	-	-	-
Other receivables	339	261	78
Other financial assets	-	-	-
Cash and cash equivalents	5 530	5 014	516
Accruals	135	77	58
Assets classified as held for sale	348	-	348
Tangible fixed assets held for sale	348	-	348
Other assets classified as held for sale	-	-	-
Total assets :	81 801	72 705	9 096

Liabilities	Balance as at	Data published as at	Presentation change as at
	2009-12-31	2009-12-31	2009-12-31
CAPITAL (FUND)	59 764	56 493	3 272
Core capital	719	719	-
Unpaid share capital and own shares	(2 753)	(2 753)	-
Reserve capital from share issue	40 831	40 831	-
Capital reserve from retained earnings	634	234	400
Other reserve capital	14 418	13 120	1 298
Reserves	-	-	-
Revaluation	-	-	-
Exchange differences on translation of related units	-	-	-
Participation in other income of associates	-	-	-
Accumulated results from previous years and other income	490	566	(76)
Net profit / loss from previous years	5 426	3 776	1 650
LIABILITIES AND RESERVES	7 228	4 782	2 446
Deferred tax liabilities	1 797	744	1 053
Provision for retirement and similar	642	426	216

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- Including long-term	485	306	179
Other reserves	-	-	-
- Including long-term	-	-	-
Interest-bearing loans	4 789	3 612	1 177
Other financial liabilities	-	-	-
Other non-current liabilities	-	-	-
LIABILITIES	14 808	11 430	3 378
Loans and advances	2 215	1 113	1 102
Other financial liabilities	13	-	13
Trade payables and services	3 733	2 244	1 489
Liabilities arising from the current income tax	195	156	39
Other liabilities	2 513	1 777	736
Deferred income	6 139	6 140	(1)
LIABILITIES AS CLASSIFIED FOR SALE	-	-	-
Liabilities total :	81 801	72 705	9 096

**Transformation of profit and loss account for the period 01.01.2009 – 31.12.2009
in connection with the merger**

Details	Balance for the period 01.01.2009 - 31.12.2009	Data published as at 2009-12-31	Presentation change as at 2009-12-31
Revenues from sales of products, goods and materials	52 532	35 058	17 474
Cost of products goods and materials sold	(33 346)	(22 834)	(10 512)
PROFIT (LOSS) FROM THE GROSS SALES	19 186	12 224	6 962
Cost of sales	(3 746)	(2 732)	(1 014)
General and administrative expenses	(8 750)	(5 008)	(3 742)
Acquisition costs	(303)	(303)	-
PROFIT (LOSS) FROM SALE	6 387	4 181	2 206
Other operating income	2 150	1 400	750
Other operating expenses	(1 235)	(632)	(603)
Profit / loss from the sale of all or part interest in a subsidiary	-	-	-
PROFIT (LOSS) FOR OPERATING ACTIVITIES	7 302	4 949	2 353
Financial income	116	108	8
Financial expenses	(548)	(270)	(278)
Share of profits and losses using equity method	-	-	-
PROFIT (LOSS) BEFORE TAX	6 870	4 787	2 083
Income tax	(1 444)	(1 011)	(433)
The remaining reduction in profit	-	-	-
Profit / (loss) from continuing operations	5 426	3 776	1 650
Profit (loss) from discontinued operations	-	-	-
Profit (loss) from sold operations	-	-	-
PROFIT (LOSS) NET	5 426	3 776	1 650

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**Transformation of the account of comprehensive income for the period 01.01.2009 – 31.12.2009
in connection with the merger**

Details	Balance for: 01.01.2009 - 31.12.2009	Data published as at 2009-12-31	Presentation change
PROFIT (LOSS) - NET	5 426	3 776	1 650
Revaluation of financial assets held for sale	-	-	-
Revaluation of fixed assets and HV	-	-	-
Cash flow hedges	-	-	-
Differences on translation of foreign activity	-	-	-
Participation in other income of associates	-	-	-
Effects of treatment of incentive scheme	-	-	-
Revenue from the acquisition / disposal of minority shares	-	-	-
Effects of changes in accounting policies	-	-	-
Errors from previous years	-	-	-
TOTAL OTHER REVENUE	-	-	-
Income tax on other income in total	-	-	-
TOTAL OTHER INCOME AFTER TRANSACTIONS	-	-	-
TOTAL REVENUE	5 426	3 776	1 650

**Transformation of statement of changes in equity for the period 01.01.2009 – 31.12.2009
in connection with the merger**

Details	Balance as at 01.01.2009 - 31.12.2009	Data published as at 2009-12-31	Presentation change as at 2009-12-31
EQUITY AT BEGINNING OF PERIOD	59 221	56 914	2 307
Share capital at beginning of period	719	719	-
Equity at end of period	719	719	-
Share capital, own shares at beginning of period	(1 859)	(1 859)	-
Acquired own shares	(894)	(894)	-
Share capital, own shares at end of period	(2 753)	(2 753)	-
Reserve capital from issuance of shares at beginning of period	40 831	40 831	-
Reserve capital from issuance of shares at end of period	40 831	40 831	-
Supplementary capital from retained earnings at beginning of period	171	171	-
Division of financial results	463	63	400
Supplementary capital from retained earnings at end of period	634	234	400
Reserve at beginning of period	9 905	9 905	-
Division of financial results	4 513	3 215	1 298
Reserve at end of period	14 418	13 120	1 298
Undistributed profit of previous years and other income at beginning of period	8 838	7 147	1 691
The effects of changes in accounting policies	246	227	19
The effects of errors contained	58	-	58

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Dividends paid	(3 530)	(3 530)	-
Transfer to other positions on equity	(4 495)	(3 278)	(1 217)
Corrections regarding RADPOL Elektroporcelana SA	(531)	-	(531)
Undistributed profit of previous years and other income at end of period	586	566	20
The net result of the financial year	5 331	3 776	1 555
Non-controlling interests at the beginning of the year	616	-	616
The result of the financial year attributable to non-controlling interest	(123)	-	(123)
Other capital attributable to non-controlling interest	(493)	-	(493)
Non-controlling interests at the end of the year	-	-	-
EQUITY AT END OF PERIOD	59 764	56 493	3 271

**Transformation of report on cash flows for the period 01.01.2009 – 31.12.2009
in connection with the merger**

Details	Balance for the period 01.01.2009 - 31.12.2009	Data as at 2009-12-31	Presentation change as at 2009-12-31
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss)	5 426	3 776	1 650
Total adjustments	(81)	702	(783)
Depreciation	4 406	3 730	676
Gains (losses) on foreign exchange	102	(5)	107
Interest and participation in profits (dividends)	448	221	227
Profit (loss) from investing activities	(324)	(114)	(210)
Change in reserves	285	328	(43)
Change in inventories	1 652	2 091	(439)
Change in receivables	(65)	(578)	513
Change in current liabilities, excluding financial liabilities	(4 168)	(2 332)	(1 836)
Change in accruals	(469)	(737)	268
Income tax on profit before tax	(578)	(1 011)	433
Income tax paid	(888)	(571)	(317)
Other adjustments	(482)	(320)	(162)
Net cash flows from operating activities	5 345	4 478	867
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets	(22)	(22)	-
Acquisition of tangible fixed assets	(5 148)	(5 043)	(105)
Proceeds from sale of fixed assets	2 030	1 780	250
Acquisition of financial assets available for sale	(826)	(826)	-
Received loans granted	35	35	-
Net cash flows from investing activities	(3 931)	(4 076)	145
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of own shares	(894)	(894)	-
Proceeds from borrowing loans and advances	5 794	2 794	3 000
Repayment of loans	(4 241)	(428)	(3 813)
Repayment of finance lease liabilities	(31)	-	(31)
Dividends paid	(3 530)	(3 530)	-
Interest paid	(449)	(222)	(227)
Grants received	18	18	-

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Net cash flows from financing activities	(3 333)	(2 262)	(1 071)
TOTAL NET CASH FLOW	(1 919)	(1 860)	(59)
BALANCE CHANGE IN CASH, INCLUDING	(1 913)	(1 855)	(58)
- change in cash from foreign exchange gains	(6)	(5)	(1)
CASH AT BEGINNING OF PERIOD	7 443	6 867	576
CASH AT END OF PERIOD (F + / - D), INCLUDING	5 524	5 007	517
- restricted cash	158	151	7

16.2 presentation of merger

Report on financial situation

	RADPOL S.A. Book value	RADPOL Elektroporc elana S.A. Book value	RADPOL S.A. + RADPOL El. Book value	Merger corrections	RADPOL S.A. After merger
ASSETS	01.06.2010	01.06.2010	01.06.2010	01.06.2010	01.06.2010
ASSETS	79 911	4 093	84 004	-7 329	76 675
Tangible fixed assets	42 457	3 692	46 149	-	46 149
Investment properties	-	-	-	-	-
Intangible assets	624	273	897	-	897
Goodwill	-	-	-	59	59
Shares	35 319	-	35 319	-7 388	27 931
- including investments accounted for using the equity method	-	-	-	-	-
Long-term receivables	-	-	-	-	-
Other long-term financial assets	-	-	-	-	-
Deferred income tax	443	112	555	-	555
Other fixed assets	1 069	16	1 085	-	1 085
ASSETS	23 119	7 556	30 675	-31	30 644
Stocks	9 226	3 772	12 998	-	12 998
Claims for supplies and services	10 534	2 764	13 298	-31	13 267
Claims arising from the current income tax	-	-	-	-	-
Other receivables	279	56	335	-	335
Other financial assets	2	-	2	-	2
Cash and cash equivalents	2 833	804	3 637	-	3 637
Accruals	244	160	404	-	404
ASSETS CLASSIFIED AS HELD FOR SALE	-	-	-	-	-
Tangible fixed assets held for sale	-	-	-	-	-
Other assets classified as held for sale	-	-	-	-	-
TOTAL ASSETS	103 030	11 649	114 679	-7 360	107 319
LIABILITIES	01.06.2010	01.06.2010	01.06.2010	01.06.2010	01.06.2010
CAPITAL (FUND)	54 898	7 127	62 025	-7 329	54 696
Equity attributable to equity shareholders of the parent company	54 898	7 127	62 025	-7 329	54 696
Core capital	771	2 200	2 971	-2 200	771
Share capital and treasury shares	-2 764	-	-2 764	-	-2 764

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Reserve capital from share issue	40 819	-	40 819	-	40 819
Supplementary capital from retained earnings	417	735	1 152	-	1 152
Capital Revaluation	-	-	-	-4 118	-4 118
Reserve	13 120	3 780	16 900	-	16 900
Retained earnings from previous years	604	-	604	-1 011	-407
Profit (loss) attributable to equity holders of the financial year of the parent company	1 933	412	2 345	-	2 345
Non-controlling interests	-	-	-	-	-
LONG-TERM LIABILITIES	19 534	917	20 451	-	20 451
Deferred income tax	824	111	935	-	935
Provision for pensions and similar benefits	426	216	642	-	642
- including long-term	306	179	485	-	485
Other reserves	-	-	-	-	-
- including long-term	-	-	-	-	-
Interest-bearing loans and borrowings	18 284	542,00	18 826	-	18 826
Other financial liabilities	-	48,00	48	-	48
Other long term liabilities	-	-	-	-	-
CURRENT LIABILITIES	28 598	3 605	32 203	-31	32 172
Loans and advances	2 814	1 274	4 088	-	4 088
Other financial liabilities	-	12	12	-	12
Liabilities from deliveries and services	3 913	1 597	5 510	-31	5 479
Liabilities for current income tax	139	-91	48	-	48
Other liabilities	16 129	813	16 942	-	16 942
Deferred income	5 603	-	5 603,49	-	5 603,49
LIABILITIES CLASSIFIED AS HELD FOR SALE	-	-	-	-	-
TOTAL LIABILITIES	103 030	11 649	114 679	-7 360	107 319

Profit and loss account

PROFIT AND LOSS ACCOUNT	RADPOL S.A.	RADPOL Elektroporc elana S.A.	RADPOL S.A. + RADPOL EL.	Merger corrections	RADPOL S.A. After merger
	Book value	Book value			
	For the period 01.01.2010 to 01.06.2010	For the period 01.01.2010 to 01.06.2010	For the period 01.01.2010 to 01.06.2010	For the period 01.01.2010 to 01.06.2010	For the period 01.01.2010 to 01.06.2010
Revenues from sales of goods and materials	15 542	7 142	22 684	-	22 684
Cost of sold products, goods and materials	-9 562	-4 895	-14 457	-	-14 457
PROFIT (LOSS) INCOME FROM SALES	5 980	2 247	8 227	-	8 227
Cost of sales	-1 116	-460	-1 576	-	-1 576
General and administrative expenses	-2 120	-1 180	-3 300	-	-3 300
Acquisition costs	-64	-	-64	-	-64
PROFIT (LOSS) ON SALES	2 681	607	3 288	-	3 288
Profit on sale of shares in associated companies	-	-	-	-	-
Result on disposal and revaluation of financial assets at fair value through profit and loss account	-	-	-	-	-

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Result on disposal and revaluation of investment properties	-	-	-	-	-
Amortization of negative / (positive) goodwill	-	-	-	-	-
Other operating income	118	145	263	-	263
Other operating expenses	-107	-153	-260	-	-260
PROFIT (LOSS) ON OPERATIONS	2 692	599	3 291	-	3 291
Financial income	58	3	61	-	61
Financial expenses	-390	-83	-473	-	-473
Share of profits and losses were accounted using the equity method	-	-	-	-	-
PROFIT (LOSS) BEFORE TAX	2 360	519	2 879	-	2 879
Current income tax	-327	-94	-421	-	-421
Deferred tax	-99	-13	-112	-	-112
PROFIT (LOSS) from continuing operations	1 933	412	2 345	-	2 345
Profit (loss) from discontinued operations	-	-	-	-	-
Profit (loss) from operations sold	-	-	-	-	-
PROFIT (LOSS)	1 933	412	2 345	-	2 345

17. FINANCIAL RISK MANAGEMENT

The Company's activities in 2010 experienced the following types of financial risks:

- interest rate risk

Interest rate risk stems from the activities of foreign capitals of the Capital Group based on variable interest rates. Due to the fact that the balance sheet date are interest-bearing liabilities of 16,99% of total assets, while the potential fluctuations in interest rates are low, Capital Group does not apply security tools in this regard.

- credit risk

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

- liquidity risk

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

- other price risk

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

- foreign exchange risk

The Company is exposed to foreign exchange risk in relation to sales and purchases settled in foreign currencies. Capital Group does not conduct hedge accounting, and in 2010, no hedging against exchange risks was also conducted.

Company's exposure to various types of risks is presented in a supplementary explanatory memorandum No. 53.

18. SEASONALITY AND CYCLICALITY OF THE BUSINESS ACTIVITY

The company is due to the seasonal nature of activities carried out by customers. Continuous expansion of product offerings has a positive effect on reducing this phenomenon. In 2010 due to the extended winter period, which affects the execution of external work associated with installation and heating grids, there has been some monthly cycle shift compared to the previous year.

19. SEGMENT REPORTING

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

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For the purposes of reporting 4 segments was defined in the Company:

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

RADPOL S.A. CAPITAL GROUP Segments - income and expenses	cable accessories	heat-shrinkable equipment	power cables	electrical porcelain	Others	Total
	01.01.2010	01.01.2010	01.01.2010	01.01.2010	01.01.2010	01.01.2010
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010
External revenue	7 794	26 245	7 795	17 422	1 313	60 569
including:						
- Revenues from sales of products and materials	8 390	27 241	8 084	17 489	755	61 959
- Commercial premiums	(596)	(996)	(289)	(67)	-	(1 948)
- Grants	-	-	-	-	558	558
Cost of sold products and materials	(5 493)	(13 891)	(7 027)	(11 730)	(425)	(38 566)
Segment results in gross sales	2 301	12 354	768	5 692	888	22 003
Cost of sales	-	-	-	-	(3 901)	(3 901)
General and administrative expenses	-	-	-	-	(7 716)	(7 716)
Acquisition costs	-	-	-	-	(72)	(72)
Profit from sales	2 301	12 354	768	5 692	(10 801)	10 314
Other operating income	-	-	-	-	2 309	2 309
Other operating expenses	-	-	-	-	(1 188)	(1 188)
Profit from operations	2 301	12 354	768	5 692	(9 680)	11 435
Financial income	-	-	-	-	55	55
Financial expenses	-	-	-	-	(1 436)	(1 436)
Profit before tax	2 301	12 354	768	5 692	(11 061)	10 054
Income tax	-	-	-	-	(2 051)	(2 051)
Net profit	2 301	12 354	768	5 692	(13 112)	8 003

RADPOL S.A. CAPITAL GROUP Segments - income and expenses	cable accessories	heat-shrinkable equipment	power cables	electrical porcelain	Others	Total
	01.01.2009	01.01.2009	01.01.2009	01.01.2009	01.01.2009	01.01.2009
	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009
External revenue	6 799	20 409	6 255	17 933	1 136	52 532
including:						
- Revenues from sales of products and materials	7 183	21 051	6 443	17 960	460	53 097
- Commercial premiums	(384)	(642)	(188)	(27)	-	(1 241)
- Grants	-	-	-	-	676	676
Cost of sold products and materials	(4 698)	(11 231)	(6 283)	(10 871)	(263)	(33 346)
Segment results in gross sales	2 101	9 178	(28)	7 062	873	19 186
Cost of sales	-	-	-	-	(3 746)	(3 746)
General and administrative expenses	-	-	-	-	(8 750)	(8 750)
Acquisition costs	-	-	-	-	(303)	(303)
Profit from sales	2 101	9 178	(28)	7 062	(11 623)	6 387
Other operating income	-	-	-	-	2 150	2 150
Other operating expenses	-	-	-	-	(1 235)	(1 235)
Profit from operations	2 101	9 178	(28)	7 062	(10 708)	7 302
Financial income	-	-	-	-	116	116
Financial expenses	-	-	-	-	(548)	(548)
Profit before tax	2 101	9 178	(28)	7 062	(11 140)	6 870
Income tax	-	-	-	-	(1 444)	(1 444)

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Net profit	2 101	9 178	(28)	7 062	(12 584)	5 426
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RADPOL S.A. CAPITAL GROUP Segments - other information	cable accessories	heat- shrinkable equipment	power cables	electrical porcelain	Others	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010
Segment assets	6 698	38 507	1 769	10 250	57 898	115 122
Liabilities and reserves for segment	-	-	-	-	36 382	36 382
Expenditure on tangible assets	-	2 802	-	-	836	3 638
Depreciation	341	2 470	232	378	876	4 297
Impairment	414	628	67	363	1 098	2 570
Reversal of impairment	33	126	46	220	116	541

RADPOL S.A. CAPITAL GROUP Segments - other information	cable accessories	heat- shrinkable equipment	power cables	electrical porcelain	Others	Total
	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009	31.12.2009
Segment assets	6 372	36 642	1 808	12 987	23 992	81 801
Liabilities and reserves for segment	-	-	-	-	22 036	22 036
Expenditure on tangible assets	55	2 503	38	105	240	2 941
Depreciation	327	2 380	328	676	695	4 406
Impairment	386	567	84	433	1 265	2 735
Reversal of impairment	-	-	-	82	5	87

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

RADPOL S.A. CAPITAL GROUP Geographical segments - location of customers	Segments' income	
	01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
Domestic sales	46 144	39 879
Export sales	14 425	12 653
Total	60 569	52 532

20. RECOGNITION OF INCENTIVE SCHEME

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

1. The incentive scheme included the Issuer's Management Board members, ie Andrzej Sielski entitled to purchase 264.774 Subscription Warrants and Grzegorz Malczyk entitled to purchase 264.774 Subscription Warrants.
2. Incentive program will continue over the next 3 years
3. condition of acquiring the right to receive shares of the Company is acting as a member of the board of the Issuer for a period of at least 6 months in the last 12 months before determining entitlement to series C shares
4. on the right to determine the C shares will be a day for 1 year after the first quotation of the Company on the Warsaw Stock Exchange SA in the first year of the Incentive Scheme and 2 or 3 years after the first quotation of the Company on the Warsaw Stock Exchange SA of the second and third year of the incentive scheme,
5. the above-mentioned day of establishing the right of series C shares will be calculated on the number of C shares to cover the program to which participant will be entitled, and that the number will be multiplied by the number of complete months served on the board in the last twelve months before the right to determine the number of shares and 7354 - if a participant of the program will perform the function for the full twelve months will be entitled to subscribe for 88.258 series C shares
6. Series C shares will be placed at an issue price equal to the issue price of Series B shares, not less than 5.67 PLN.

In accordance with IFRS 2 Share-based Payment 'own' the fair value of equity instruments granted (in this case the Subscription Warrants) shall be valued at grant date (ie, days binding determine the conditions of the program - in this case, February 13, 2007) and gradually during the vesting period (in this case over 3 years) by authorized persons (in this case

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members of the Board) increase the value of equity and simultaneously charged to pay. In this report, an increase in equity and burden costs for incentive program was recognized.

In accordance with IFRS 2 "Share-based payments", the fair value of equity of instruments granted (in this case the Warrants) shall be valued at grant date (ie the day to determine the conditions of the program - in this case February 13, 2007) and gradually during the vesting period (in this case over 3 years) by eligible persons (in this case members of the Board) increase the value of equity and simultaneously charge salary costs.

In these financial statements the Group recognized an increase in equity of burdens and costs attributable to run an incentive program.

President of the Board of RADPOL SA applied for 264,774 shares of RADPOL SA Series C as warrants under the Incentive Scheme and the Vice President of RADPOL SA applied also by subscription for 264,774 shares of RADPOL SA Series C as warrants under the Incentive Scheme.

Under the terms of the Incentive Scheme, the issue of series C shares is equal to the issue price of series B shares, being 6.80 zł per share.

Series C shares were placed under the Incentive Scheme in accordance with Resolution No. 11/II/2007 of 13 February 2010 of the Ordinary General Meeting of Shareholders of RADPOL SA on the issue of warrants series WA and the exclusion of pre-emptive right of subscription warrants series WA - Resolution No. 12/II/2010 of 13 February 2010 of the Ordinary General Meeting of Shareholders of RADPOL SA on conditional capital increase, the exclusion of subscription rights and Resolution No. 11/5/2007 dated 13 February 2007 of the Supervisory Board of RADPOL SA on the adoption of the Incentive Scheme Rules of RADPOL SA. Those rules were described in the prospectus of the Issuer. According to the above-mentioned resolutions of the General Assembly, it was decided to issue a total of 529,548 warrants, which entitle to subscribe for a total of 529,548 common bearer series C shares with a nominal value of 0.03 zł each and conditional increase of capital of the Issuer an amount of not more than 15886.44 zł through the issuance of not more than 529,548 series C shares.

On 11 February 2011 series C shares were registered in securities depository and introduced to exchange trading.

Series C shares have to participate in dividends from the profit sharing for the year 2010.

21. INFORMATION ON PURCHASE OF OWN SHARES

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

In 2010 RADPOL SA did not acquire any of its shares since the 2010 share price does not fall below 6.00 zlotys, and in accordance with the share buyback program purchase price of shares can not be higher than 6.00 zlotys per share. On 19.02.2010r. EGM of RADPOL SA passed a resolution to discontinue its own 500,884 shares acquired in 2008 and 2009 and reduction of share capital by the amount of 15,026.52 zł. On 20 September 2010, the reduction of share capital was registered in the National Court Register.

22. DIVIDENDS PAID AND PROPOSED FOR PAYMENT

On 20 April 2010 Annual General Meeting of RADPOL SA adopted the resolution No. 15 on the distribution of profit for the year 2009. According to the resolution, the net income was allocated to:

- 3,592,741.50 zł dividend for shareholders, which represents 0.15 zł per share,
- The amount of 183,033.51 zł for the capital reserve of the Company

The day of the dividend was set at 17 May 2010, while the dividend was paid on June 9, 2010.

Of the total of 25,691,088 shares dividend was paid in respect of 23,450,726 shares because:

- 1,739,478 shares of series D, which, in accordance with paragraph 1 point. 4. Resolution No. 2 of the Extraordinary General Meeting of Shareholders of RADPOL SA of 19 February 2010 on the Company's share capital increase by issuing new shares of series D, depriving existing shareholders of pre-emptive rights to series D shares in its entirety, and on making amendments to the Statute of the Company, as well as on the authorization to apply for admission and the introduction of series D shares on the regulated market, and on participation in the dividend from the profit-sharing payments for the year 2010, ie from 1 January 2010,
- 500,884 shares represents shares purchased for redemption in respect of which the dividend was not paid - in the application of Article. 364 par. 2 of the CCC.

Despite the ongoing process of acquisition of professional entities seeking to even further strengthen the market position of RADPOL SA, the Board recommend to the AGM to allocate part of the profit for the year 2010 for a dividend of 0.18 zł per share, ie 20% more than last year last (this gives the total amount of the payment of dividends amounting to 4,629,555.36 pln), and the remainder of the net profit (3,374,042.35) proposes to allocate the increase in capital.

23. COURT CASES

As at 31 December 2010 no lawsuits in court or before public administration authorities have been started concerning obligations or receivables of RADPOL SA and its subsidiary units, posing at least a total value of at least 10 times the equity of RADPOL SA.

24. CHANGES IN ACCOUNTING POLICIES AND ASCERTAINED ERRORS FROM PREVIOUS YEARS AND THEIR INFLUENCE ON EARNINGS AND EQUITY

Not applicable.

25. TANGIBLE FIXED ASSETS

Tangible fixed assets	Status as at 31.12.2010	Status as at 31.12.2009
Land	-	-
The right to perpetual usufruct of land	1 693	1 693
Buildings and structures	20 146	20 437
Machinery	23 527	22 797
Means of transport	1 371	1 221
Other fixed assets	2 727	2 726
Fixed assets under construction	3 638	2 941
TANGIBLE FIXED ASSETS TOTAL:	53 102	51 815

Tangible fixed assets during the period 01.01.2010 - 31.12.2010	Land	The right to perpetua l usufruct of land	Buildings and structures	Machine ry	Means of transport	Other fixed assets
Gross carrying amount at beginning of period	1 693	23 571	39 481	2 345	3 643	3 206
Adoption of fixed assets under construction	-	344	3 188		310	(3 842)
Direct acquisition	-	-	133	530	40	4 539
Decrease due to sales	-	-	(25)	(141)	-	-
Decrease due to liquidation	-	(134)	(361)	(56)	(5)	-
The gross carrying amount at end of period	1 693	23 781	42 415	2 678	3 988	3 903
The value of depreciation at beginning of period	-	3 134	16 684	1 124	917	-
Increase in depreciation for the period	-	574	2 591	363	349	-
Decrease due to sales	-	-	(40)	(141)	-	-
Decrease due to liquidation	-	(73)	(347)	(39)	(5)	-
The value of depreciation at end of period	-	3 635	18 888	1 307	1 261	-
The value of write-downs at beginning of period	-	-	-	-	-	265
The value of write-downs at end of period	-	-	-	-	-	265
Net value at end of period	1 693	20 146	23 527	1 371	2 727	3 638

Tangible fixed assets during the period 01.01.2009 - 31.12.2009	Land	The right to perpetua l usufruct of land	Buildings and structures	Machine ry	Means of transport	Other fixed assets
Gross carrying amount at beginning of period	1 773	23 947	37 717	2 218	3 252	2 606
Adoption of fixed assets under	-	174	3 963	189	410	-

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construction						
Direct acquisition	-	-	-	-	-	5 320
Decrease due to sales	-	-	-	-	-	(4 499)
Decrease due to liquidation	-	(436)	(12)	-	-	(218)
Transfer to assets held for sale	(80)	(108)	(45)	(62)	-	-
Reduction and an increase due to revaluation	-	(15)	(2 142)	-	(19)	(3)
Gross carrying amount at end of period	1 693	23 571	39 481	2 345	3 643	3 206
The value of depreciation at beginning of period	-	2 960	13 943	795	628	-
Increase in depreciation for the period	-	355	3 096	370	308	-
Reclassifications	-	(126)	(12)	-	-	-
Decrease due to sales	-	(44)	(44)	(41)	-	-
Decrease due to liquidation	-	(11)	(299)	-	(19)	-
The value of depreciation at end of period	-	3 134	16 684	1 124	917	-
The value of write-downs at beginning of period	-	-	-	-	-	265
The value of write-downs at end of period	-	-	-	-	-	265
Net value at end of period	1 693	20 437	22 797	1 221	2 726	2 941

26. INTANGIBLE ASSETS

Intangible assets	Status as at 31.12.2010	Status as at 31.12.2009
Patents and licenses	335	451
Development costs	406	553
Other intangible assets	-	14
INTANGIBLE ASSETS TOTAL:	741	1 018

Intangible assets in the period 01.01.2010 - 31.12.2010	Patents and licenses	Development costs	Other intangible assets
Gross carrying amount at beginning of period	908	924	115
Direct purchase	10	-	-
Gross carrying amount at end of period	918	924	115
The value of depreciation at beginning of period	457	371	101
Increase in depreciation for the period	126	147	14
The value of depreciation at end of period	583	518	115
The value of write-downs at beginning of period	-	-	-
The value of write-downs at end of period	-	-	-
Net value at end of period	335	406	-

Intangible assets in the period 01.01.2009 - 31.12.2009	Patents and licenses	Development costs	Other intangible assets
Gross carrying amount at beginning of period	886	924	115
Acquisition	22	-	-
Gross carrying amount at end of period	908	924	115
The value of depreciation at beginning of period	315	222	82
Increase in depreciation for the period	142	149	19
The value of depreciation at end of period	457	371	101
The value of write-downs at beginning of period	-	-	-

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The value of write-downs at end of period	-	-	-
Net value at end of period	451	553	14

27. GOODWILL

Goodwill	31.12.2010			31.12.2009		
	Value	Impairment	Carrying value	Value	Impairment	Carrying value
RADPOL Elektroporcelana S.A.	59	-	59	59	-	59
GOODWILL TOTAL:	59	-	59	59	-	59

Impairment of goodwill has not occurred. Net profit on operations of the acquired company for the period 01.01.-31.12.2010 was 2 187 PLN thousand, in the previous year - 1 682 tys.zł.

28. STOCKS AND SHARES

In 2010, under a contract of 16.11.2009 (as amended late), RADPOL SA acquired 100% shares in RURGAZ Sp. z o. o. z /s based in Kolonia Prawiedniki near Lublin. Taking control over the company occurred on 01.03.2010. Profit from occasional acquisitions was discussed in Note No. 46

Shares	Location	Value without diminishing the value of write-downs		% of shares held /% of votes held		Valuation method
		31.12.2010	31.12.2009	31.12.2010	31.12.2009	
Unimor Radiocom Sp. z o.o.	Gdańsk	4	4	0,03	0,03	Purchase price
GZE Unimor S.A.	Gdańsk	14	14	0,10	0,10	Purchase price
RURGAZ Sp.z o.o.	Kolonia Prawiedniki	27 927	277	100,00	0,00 / 0,00	Purchase price
Total gross value		27 945	295			

Impairments Shares	31.12.2010			31.12.2009		
	Value of write-downs at the beginning of period	Changes during period	Value of write-downs at the end of period	Value of write-downs at the beginning of period	Changes during period	Value of write-downs at the end of period
Unimor Radiocom Sp. z o.o.	4	-	4	4		4
GZE Unimor S.A.	10	-	10	10		10
RURGAZ Sp.z o.o.	-	-	-	-	-	-
Total impairments	-	-	14	14	-	14

29. OTHER ASSETS

Other current assets	Balance on 31.12.2010	Balance on 31.12.2009
Development work	948	804
Materials testing	141	178
Certifications	12	20
Server warranty	10	
ISO Certificate		2
TOTAL OTHER ASSETS:	1 111	1 004

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30. STOCKS

Stocks	31.12.2010			31.12.2009		
	Value	Impairment	Carrying value	Value	Impairment	Carrying value
Materials	2 578	(424)	2 154	1 696	(387)	1 309
Semi-finished products and work in progress	4 313	(3)	4 310	3 836	(9)	3 827
Manufactured goods	4 362	(779)	3 583	5 338	(847)	4 491
Goods	1 279	(295)	984	1 387	(232)	1 155
Advances in delivery	142	-	142	51	-	51
TOTAL STOCKS:	12 674	(1 501)	11 173	12 308	(1 475)	10 833

The age structure of inventories (gross)	31.12.2010				31.12.2009			
	to 6 months	6 - 12 months	12 - 24 months	over 24 months	to 6 months	6 - 12 months	12 - 24 months	over 24 months
Materials	1 687	453	208	230	1 079	147	225	245
Semi-finished products and work in progress	4 306	2	5	-	3 818	6	9	3
Manufactured goods	2 879	558	617	308	3 099	1 429	616	194
Goods	671	198	308	102	707	443	191	46
Advances in delivery	142	-	-	-	51	-	-	-
TOTAL STOCKS:	9 685	1 211	1 138	640	8 754	2 025	1 041	488

31. DUES

Short-term receivables	As at 31.12.2010	As at 31.12.2009
Receivables from related parties	4 103	-
Claims for supplies and services	2	
Other receivables	4 101	
Receivables from other entities	12 322	10 191
Claims for supplies and services	11 960	9 852
Claims arising from the current income tax	16	-
Other receivables	346	339
including:		
- Receivables from other taxes, duties and social security	104	77
- Debtors sought in court		
- Other receivables	242	262
TOTAL SHORT-TERM RECEIVABLES:	16 425	10 191

Short-term receivables	31.12.2010			31.12.2009		
	Value	Impairment	Carrying value	Value	Impairment	Carrying value
Claims for supplies and services	12 689	(729)	11 960	10 791	(939)	9 852
Claims arising from the current income tax	16	-	16	-	-	-
Claims of other taxes, duties and social security	162	-	162	53	-	53
Other receivables	4 362	(75)	4 287	342	(56)	286
TOTAL CHARGES:	17 229	(804)	16 425	11 186	(995)	10 191

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Impairment charges	As at 31.12.2010	As at 31.12.2009
Depreciation at beginning of period	995	943
Creation	134	88
Termination	(93)	(16)
Usage	(232)	(20)
CHARGES AT THE END OF THE PERIOD:	804	995

Claims of supplies and services - the age structure	As at 31.12.2010	As at 31.12.2009
Claims for supplies and services (gross) forward		
a) to 1 month	5 719	4 448
b) from 1 month to 3 months	4 123	3 456
c) from 3 months to 6 months		192
d) over 6 months		23
Trade receivables and timely service, total (gross)	9 842	8 119
Claims of supplies and services	2 847	2 672
Impairment of trade receivables and services	(729)	(939)
Total charges for supplies and services	11 960	9 852

Claims for overdue supplies and services - the age structure	31.12.2010				31.12.2009			
	to 3 months	3 - 6 months	6 - 12 months	over 12 months	to 3 months	3 - 6 months	6 - 12 months	Over 12 months
Receivables for overdue supplies and services (gross)	2 064	30	54	699	1 668	60	21	923
Impairment of trade receivables and services	-	(3)	(27)	(699)	-	(6)	(10)	(923)
Total receivables for overdue supplies and services (net)	2 064	27	27	-	1 668	54	11	-

32. OTHER SHORT-TERM FINANCIAL ASSETS

Other current financial assets	31.12.2010			31.12.2009		
Details	Value	Impairment	Carrying value	Value	Impairment	Carrying value
Loans granted	2	-	2	-	-	-
Assets held to maturity	-	-	-	-	-	-
Assets available for sale	-	-	-	-	-	-
Assets at fair value through profit and loss account	-	-	-	-	-	-
TOTAL OTHER SHORT-TERM FINANCIAL ASSETS:	2	-	2	-	-	-

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33. CASH

Cash and cash equivalents	Status on 31.12.2010	Status on 31.12.2009
Cash on account	8	13
Cash at bank	3 602	5 517
Other cash and cash equivalents	-	-
TOTAL CASH:	3 610	5 530
- Including cash of reduced availability	184	158

Explanation of the discrepancies between the balance sheet changes and the values reported in the statement of cash flows	For finished period 31.12.2010	For finished period 31.12.2009
Net change in reserves	662	285
Correction in connection with the merger reserve for deferred corporation tax on the difference of values from the revaluation of fixed assets to fair value.	267	-
Change in provisions in the SPP	929	285
Net change in inventories	(341)	1 629
Correction in connection with the merger regarding the value of stocks purchased from a subsidiary	-	23
The change in inventories in the SPP	(341)	1 652
Net change in receivables	(6 234)	(65)
Reviewed claims regarding the capital increase	3 602	-
Change in receivables in the SPP	(2 632)	(65)
Net change in current liabilities excluding financial liabilities	1 498	(5 636)
Reviewed commitments from the loan	(330)	-
Interest on loans	(2)	-
Income tax on profit before tax and income taxes reported in the statement of cash flows from operating activities	(147)	1 466
Other	12	2
Change in current liabilities, except for financial liabilities in the SPP	1 031	(4 168)
Net change in accruals	(706)	(469)
Correction regarding settlements m / o RADPOL Elektroporcelana SA	11	-
Change in accruals in the SPP	(695)	(469)

Explanation of "other" section in the statement of cash flows	For finished period 31.12.2010	For finished period 31.12.2009
Other flows from operating activities		
Remission of technological credit	(1 341)	(529)
Grants received shown in the Income Statement	-	(18)
Depreciation charged to other operating expenses	22	-
Incentive Program	56	227
Profit from the occasional purchase of shares	-	(162)
Others	9	-
Total other adjustments	(1 254)	(482)
Other cash flows from investing activities		
Total other investment expenses		
Other flows from financing activities		

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Costs of share issue for shareholders of RURGAZ Ltd.	(75)	-
Total other financial expenses	(75)	-

34. ACCRUALS

Active accruals	Status at 31.12.2010	Status at 31.12.2009
Property insurance	7	17
Communications insurance	13	13
Subscription	1	5
ISO Certificate	1	7
Development work	115	20
Study of materials	43	23
Certifications	-	42
Rents	9	8
Others	189	135
TOTAL ACCRUALS:		

35. EQUITY

Shareholders' equity	Number of shares issued as at 31.12.2010	Number of shares issued as at 31.12.2009	Number of shares confirmed for issue as at 31.12.2010	Number of shares confirmed for issue as at 31.12.2009
Series A	23 450 726 *	17 651 610	-	-
Series B	-	6 300 000	-	-
Series C	- **	-	-	-
Series D	1 739 478***	-	-	-
Total:	25 190 204	23 951 610,00	-	-

* Resolution No. 3 of the Extraordinary General Meeting of 19-02-2010 - unification of designations of series A and B

** Issue in order to settle incentive plan (at balance sheet date the shares are taken up and paid, issued on 02/11/2011)

*** Resolution No. 2 of the Extraordinary General Meeting of Shareholders dated 19-02-2010. Registration in KRS 02-04-2010

Core capital - nominal value	Status at 31.12.2010	Status at 31.12.2009
Series A	704	530
Series B	-	189
Series C *	16	-
Series D	52	-
Core capital at the end of period	772	719

* Issuance in order to settle incentive plan (at the balance sheet date the shares are taken up and paid, issued on 02/11/2011)

Major shareholders	Number of shares	Number of votes	Nominal value of shares	Share in core capital
Marcin Wysocki	3 031 572	3 031 572	90 947,16	12,03%
BZ WBK AIB AM S.A., including Arka BZ WBK FIO 1.815.669 shares and number of votes (share of 7,21%) with nominal value of 54.470,07 pln	2 325 679	2 325 679	69 770,37	9,23%
Aviva OFE Aviva BZ WBK	2 086 614	2 086 614	62 598,42	8,28%

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Aviva Investors Poland S.A., including Aviva Inwestors Specjalistyczny Fundusz Inwestycyjny Otwarty Subfundusz Akcyjny 1.303.858 shares and number of votes (share of 5,18%) with nominal value of 39.115,74 pln	1 938 825	1 938 825	58 164,75	7,70%
ING Nationale Nederlanden OFE	1 814 854	1 814 854	54 445,62	7,20%
GJB Assets Management Limited	1 775 118	1 775 118	53 253,54	7,05%
PKO TFI S.A.	1 452 656	1 452 656	43 579,68	5,77%
Grzegorz J. Bielowski	1 285 572	1 285 572	38 567,16	5,10%
Other shareholders	9 479 314	9 479 314	284 379,42	37,63%
Radpol S.A. (own shares)	-	-	-	-
Total:	25 190 204	25 190 204	755 706,12	100,00%

* Data in table do not include volumes resulting from the issuance of shares to settle incentive plan.

The change to a major investor has been communicated to the public in the current report No 45/2010 on 16.11.2010 and No. 48/2010 on 26/11/2010.
Information about the redemption of own shares is given in Note No. 21

Capital - capital reserve allocation	Status at 31.12.2010	Status at 31.12.2009
From division of shares	491	633
From issue of series A shares	38 083	40 832
From issue of series C shares *	3 583	-
From issue of series D shares	10 695	-
CAPITAL AT THE END OF THE PERIOD:	52 852	41 465

* Issuance in order to settle incentive plan (the balance sheet date the shares are taken up and paid, issued on 02/11/2011)

Earnings per share and diluted earnings per share	Status at 31.12.2010	Status at 31.12.2009
Net profit for the year (in thous. zł)	8 003	5 426
Weighted average number of ordinary shares	24 756 526	23 531 575
Earnings per share (in thous. zł)	0,32	0,23
Predicted weighted average number of ordinary shares	24 757 944	23 531 575
Diluted earnings per ordinary share (in PLN)	0,32	0,23

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

The calculation of diluted earnings per share for 2010 includes shares issued under the incentive program.

Book value per share and diluted book value per share	Status at 31.12.2010	Status at 31.12.2009
Book value	78 740	59 765
Weighted average number of ordinary shares	24 756 526	23 531 575
Book value per share (in PLN)	3,18	2,54
Predicted weighted average number of ordinary shares	24 757 944	23 531 575
Diluted book value per ordinary share (in PLN)	3,18	2,54

The book value per share was determined by dividing the equity attributable to equity shareholders of the Parent Company and the number of ordinary shares existing at the end of the period taking into account the own shares purchased to redemption.

The calculation of diluted book value per share for 2010 includes shares issued under the incentive program.

37. REVALUATION

Revaluation reserve capital	Status at 31.12.2010	Status at 31.12.2009
Relates to the revaluation of fixed assets acquired in the merger	3 372	-
Revaluation reserve	3 372	-

38. RETAINED EARNINGS OF THE PREVIOUS YEAR

Retained earnings from previous years	Status at 31.12.2010	Status at 31.12.2009
The effects of changes in accounting policy in earlier periods	339	263
Incentive program costs	283	227
RETAINED RESULT OF THE PREVIOUS YEAR	622	490

39. PROVISIONS FOR LIABILITIES

Reserves	Status at 31.12.2010	Status at 31.12.2009
Long-term		
Provisions for retirement and other employee benefits	554	485
LONG-TERM RESERVES TOTAL:	554	485
Short-term		
Provisions for retirement and other employee benefits	165	157
Provisions for litigation	60	-
Other reserves	232	-
SHORT-TERM RESERVES TOTAL	457	157

40. LOANS

Loans and advances on 12/31/2010	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
PKO BP S.A.	16 500	13 500	PLN	WIBOR 3M + margin 2,5 p.p.	31.12.2016
Technological loan at BGK	6 676	2 627	PLN	WIBOR 3M + margin 2,2 p.p.	30.09.2013
Deutsche Bank	1 500	458	PLN	WIBOR1m+2,5pt	02.07.2012
Total loans and advances	24 676	16 585	-	-	-
Short-term					
PKO BP S.A.	16 500	2 000	PLN	WIBOR 3M + margin 2,5 p.p.	31.12.2011
Technological loan at BGK	6 676	629	PLN	WIBOR 3M + margin 2,2 p.p.	31.12.2011
Deutsche Bank	1 500	291	PLN	WIBOR1m+2,5pt	31.12.2010
Total loans and advances	24 676	2 920	-	-	-

Loans and advances as at 31.12.2009	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					

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Technological loan at BGK	6 676	3 612	PLN	WIBOR 3M + Variable, at the date of the contract was 2,2 p.p.	30.09.2013
Deutsche Bank	1 500	750	PLN	WIBOR1m+2,5pt	02.07.2012
Deutsche Bank	1 000	42	PLN	WIBOR1m+1,5pt	31.01.2011
Bank Spółdzielczy	500	385	PLN	Variable, at the date of the contract was 8,9%	27.01.2011
Total Long-term loans and advances	9 676	4 789	-	-	-
Short-term					
Technological loan at BGK	6 676	1 113	PLN	WIBOR 3M + margin 2,2 p.p.	do 31.12.2010
Deutsche Bank	1 500	500	PLN	WIBOR1m+2,5pt	do 31.12.2010
Deutsche Bank	1 000	500	PLN	WIBOR1m+1,5pt	do 31.12.2010
Bank Spółdzielczy	500	60	PLN	Variable, at the date of the contract was 8,9%	do 31.12.2010
Bank Spółdzielczy	100	42	PLN	Variable, at the date of the contract was 8,9%	do 31.12.2010
Total short-term loans and advances	9 776	2 215	-	-	-

41. OTHER LIABILITIES

Other financial liabilities	As at 31.12.2010	As at 31.12.2009
Long-term	38	-
Liabilities from finance leases	38	-
Short-term	13	13
Liabilities from finance leases	13	13

Finance leases	Aim of financing	Agreement number	Date of agreement	Date of repayment	The value of the leased asset by the contract
As at 31.12.2010					
Raiffeisen Leasing Polska S.A.	Forklift	N1224U	04.02.2010	31.05.2013	61
As at 31.12.2009					
Deutsche Leasing Polska S.A.	Forklift	104148	30.01.2007	15.01.2010	66

42. CURRENT LIABILITIES

Short-term liabilities	As at 31.12.2010	As at 31.12.2009
Liabilities to related parties	5	-
Liabilities from deliveries and services	5	-
Other liabilities	-	-
Commitments to other units	7 934	6 441
Liabilities from deliveries and services	5 407	3 733

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Liabilities for current income tax	-	195
Other liabilities	2 527	2 513
including:		
- Liabilities from other taxes, duties and social security	1 107	1 584
- Advances received on account	397	-
- Commitments from wages	640	621
- Social Fund	280	246
- Other liabilities	103	62
TOTAL LIABILITIES:	7 939	6 441

Liabilities from deliveries and services – age structure	As at 31.12.2010	As at 31.12.2009
Trade payables and timely services	2 593	1 687
a) to 1 month	2 260	1 553
b) from 1 month to 3 months	333	131
c) from 3 months to 6 months	-	3
d) over 6 months	-	-
Trade payables and overdue service	2 819	2 046
a) to 3 months	2 624	1 975
b) from 3 months to 6 months	90	35
c) over 6 months to 12 months	87	17
d) over 12 months	18	19
Total liabilities of supplies and services	5 412	3 733

43. DEFERRED INCOME

Deferred income	As at 31.12.2010	As at 31.12.2009
Grants	5 088	5 647
Commercial Premiums	660	473
Expenses for fiscal year	38	19
Other prepayments	5 786	6 139

44. REVENUES FROM SALES

Revenues from sales	For finished period 31.12.2010	For finished period 31.12.2009
Sales of products	54 167	46 399
Revenues from sales of services	232	176
Revenues from sales	7 050	6 168
Revenues from sales of materials	510	354
Grants	558	676
Bonuses awarded from sales	(1 948)	(1 241)
TOTAL REVENUES FROM SALES	60 569	52 532

45. OPERATING COSTS

Costs by type	For finished period 31.12.2010	For finished period 31.12.2009
Depreciation	4 297	4 403
Materials and energy	20 830	18 916
External services	4 551	4 321
Taxes and fees	1 159	1 118
Salaries	11 812	12 108
Employee benefits	2 620	2 586
Other costs	537	553
Value of goods and materials	3 990	3 077
TOTAL COSTS BY TYPE	49 796	47 082
Corrections:		
Change in stock	(790)	189
Cost of products and services for own needs	331	748
TOTAL OPERATING EXPENSES	50 255	46 145

46. OTHER OPERATING INCOME

Other operating income	For finished period 31.12.2010	For finished period 31.12.2009
Profit on sale of fixed assets	-	324
Release of provisions	125	58
Reversal of impairment, including:	541	87
- receivables from deliveries and services	116	5
- inventories	425	82
Write-off of overdue obligations	5	20
Income from leases	132	175
Compensation received from insurers	11	525
40% waiver of the judicial system	-	14
Obtained a refund of VAT	-	116
The refund resulting from property tax	22	-
Surplus inventory	82	105
Redemption of loan	1 341	529
Profit from the occasional purchase of shares	-	162
Other	50	35
TOTAL OTHER OPERATING INCOME	2 309	2 150

47. OTHER OPERATING COSTS

Other operating expenses	For finished period 31.12.2010	For finished period 31.12.2009
Loss on sale of fixed assets	3	108
Creation of reserves	264	96
The creation of write-downs, including:	606	545
- receivables from deliveries and services	155	78
- inventories	451	467
Inventory shortages	47	131
The costs of leased facilities	49	123
Liquidation of financial assets	80	152

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Other	139	80
TOTAL OTHER OPERATING COSTS	1 188	1 235

48. FINANCIAL INCOME

Financial income	For finished period 31.12.2010	For finished period 31.12.2009
Interest	55	111
Solution impairment of financial assets other than receivables and services	-	5
TOTAL FINANCIAL INCOME	55	116

49. FINANCIAL EXPENSES

Financial expenses	For finished period 31.12.2010	For finished period 31.12.2009
Interest	1 399	517
The surplus of foreign exchange losses over gains	37	30
Other	-	1
TOTAL FINANCIAL EXPENSES	1 436	548

50. CURRENT INCOME TAX

Income tax	For finished period 31.12.2010	For finished period 31.12.2009
Current income tax	1 674	977
Deferred income taxes	377	467
TOTAL INCOME TAX	2 051	1 444

Income tax - explaining the differences between the tax calculated at the rate applicable and the tax has been demonstrated	For finished period 31.12.2010	For finished period 31.12.2009
PROFIT BEFORE TAX	10 054	6 870
Income tax at the rate applicable at the time (19%)	1 910	1 305
Income tax for previous years included in the current reporting period	-	-
The tax on permanent differences between profit balance sheet and the tax base:		
Grants Received	(106)	(127)
Payments related expenses	19	30
Costs of representation	17	16
Expenditure for the Supervisory Board	2	15
Incentive plan expenses	11	43
Redemption of technological loan	(255)	(100)
Depreciation	-	23
Negative goodwill	-	(31)
Depreciation and amortization from the revaluation of assets to fair value	-	18
The net value of fixed assets sold subject to revaluation	-	21
A copy of the Social Fund	22	-
Other	4	6
The tax on temporary differences between the balance sheet profit and the tax base:	51	(242)
The difference in depreciation	(74)	-

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Provision for VAT on duty	-	(6)
Salaries and social security contributions in comparison to previous years	16	(261)
A copy of the charges in the execution	(11)	10
Part of the capital lease	-	(6)
Write-downs and provisions	121	16
Exchange differences, revaluation	(14)	5
Accrued interest	13	-
Other	-	-
Income taxes recognized in financial statements	1 674	977
Effective tax rate	16,65%	14,23%

51. DEFERRED INCOME TAX

Deferred income tax	As at 31.12.2010	As at 31.12.2009
Deferred income of OPDOP	Value	Value
Balance sheet valuation of inventory	10	11
Impairment of inventories	267	269
Impairment charges	109	57
Negative unrealized foreign exchange differences and interest	19	6
Impairment fixed assets	4	4
Provisions for staff matters	136	122
Provision for audit	7	6
Provisions for litigation	12	-
Costs of awarded bonuses for sales performance	125	90
Costs of additional payment of wages	44	
Unpaid salary + Social Security	37	22
Lease Commitments	9	-
ODPD ASSETS TOTAL:	779	587
Deferred OPDOP	Value	Value
Difference in depreciation of fixed assets	1 693	1 459
The difference in amortization of intangible assets	56	28
Positive unrealized foreign exchange differences and interest	20	5
Perpetual usufruct	321	305
RESERVE FOR ODPD TOTAL:	2 090	1 797

52. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties included in consolidation for the year	As at 31.12.2010	As at 31.12.2009
Net sales (without PTiU)	4	-
Net purchases (no PTiU)	928	-
Short-term receivables	2	-
Current liabilities	5	-
Advances received	376	-

Transactions and balances with related entities are not consolidated for financial year	As at 31.12.2010	As at 31.12.2009
Short-term receivables	4 101	-
Advances paid	500	-

53. OFF-BALANCE SHEET LIABILITIES AND CHARGES (CONDITIONAL)

Guarantees and sureties granted	As at 31.12.2010	As at 31.12.2009
Affiliates	-	-
Warranties and guarantees repayment of loans	-	-
Guarantees of performance of contracts	-	-
Other entities	6 996	7 051
Warranties and guarantees of repayment of loans	-	-
Guarantees of performance of contracts	6 996	7 051
Other guarantees and sureties	-	-
TOTAL GUARANTEES AND SURETIES GIVEN	6 996	7 051

Under the heading "guarantees for the proper performance of contracts" included are promissory notes transferred to the secure execution of grant agreements. This is the value of off-balance sheet liabilities, the amount of contingent liabilities of the balance-sheet commitments has not been demonstrated in the note.

On 22.12.2009 Board of Directors of the parent company received from the Trade Union "Solidarność" acting in the Company, a notice of entry of ZZ "Solidarność" in a labor dispute with the Company. The dispute concerned:

- introduction of collective bargaining agreements until 31.03.2010
- implementation of annex under § 16 of the Rules of reward - bonuses regulations
- compensating wrongly undervalued incentive awards for 2009,
- converting the hourly pay for a fixed salary,
- annual bonus payment of profit,
- increase of allowances for night work in the second amendment,
- restore the internship allowance,
- pay increases for employees of the Company pursuant to § 18 of the Rules of remuneration.

According to the Board payment of awards in recent times have not been dumped and there is no likelihood of any payments for the periods in history. Management states that in the course of ongoing negotiations, it is seeking to end a dispute with a view to the interests of both parties. Any negotiated salary increase will be entirely related to future periods.

Information about the collective dispute, the Company distributed to the public in the current report No. 39/2009 on 12/22/2009.

As a result of the June 2010 mediation, and as a result of legal events behind it, carrying a certain legal consequences (a combination of employers), in the opinion of the Board of Radpol SA industrial action has expired and no longer exists. Of paramount importance

in that case was a mediation meeting on June 8, 2010, in the course of which extremely important and constructive discussions of the parties was carried out, as well as the legal opinion was presented regarding the dispute made by a solicitor Kazimierz Muchowski. The meeting has been completed

and the document titled "Declaration of Employer" was signed by the Parties. The above fact was issued on 22 June 2010 to the Department of Social Dialogue and Partnership Ministry of Labour and Social Policy.

Ministry of Labour and Social Policy does not share the position of the Company on the expiration (end industrial action). By the end of 2010, there was an exchange of correspondence between the Company and the Ministry of the foregoing.

Notwithstanding the foregoing, the Board believes that entry was marred by legal defect and a labor dispute can not be removed resulting in the annulment proceedings involving that industrial action was initiated in violation of Article. 4 of the collective disputes.

Guarantees and sureties received	As at 31.12.2010	As at 31.12.2009
From related entities	-	-
Warranties and guarantees for repayment of loans	-	-
Guarantees performance of contracts	-	-
From other companies	361	-
Warranties and guarantees repayment of loans	-	-
Guarantees performance of contracts	361	-
Other guarantees and sureties	-	-
TOTAL RECEIVED WARRANTIES AND GUARANTEES	361	-

54. FINANCIAL INSTRUMENTS

Financial instruments by category	As at 31.12.2010	As at 31.12.2009
Financial assets	20 037	15 721
Assets at fair value through profit or loss	-	-
Loans and receivables measured at amortized cost	2	-
Receivables valued at face value	16 425	10 191
Assets held to maturity	-	-
Assets available for sale	-	-
Cash	3 610	5 530
Financial liabilities	27 495	13 458
Liabilities at fair value through profit or loss	-	-
Liabilities valued at amortized cost	19 556	7 017
Trade payables valued at face value	7 939	6 441

Financial instruments - interest rate risk	31.12.2010			31.12.2009		
Details	Required up to 1 year	Required from 1 year to 5 years	Required above 5 years	Required up to 1 year	Required from 1 year to 5 years	Required above 5 years
Fixed rate:						
Loans granted	-	-	-	-	-	-
Assets held to maturity	-	-	-	-	-	-
Loans and borrowings	-	-	-	-	-	-
Other interest-bearing liabilities	-	-	-	-	-	-
Floating rate:						
Loans granted	2	-	-	-	-	-
Assets held to maturity	-	-	-	-	-	-
Loans and advances	2 920	16 585	-	2 215	4 789	-
Other interest-bearing liabilities	13	38	-	13	-	-

Financial instruments - currency risk	31.12.2010			31.12.2009		
Details	Currency	Amount in currency	Transfer into PLN	Currency	Amount in currency	Transfer into PLN
Long-term						
Receivables	-	-	-	-	-	-
Loans granted	-	-	-	-	-	-
Assets held to maturity	-	-	-	-	-	-
Assets measured at fair value through profit and loss account	-	-	-	-	-	-
Loans and borrowings	-	-	-	-	-	-
Assets measured at fair value through profit and loss account	-	-	-	-	-	-

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Other liabilities	-	-	-	-	-	-
Short-term						
Receivables	EUR	376	1 491	EUR	173	712
Receivables	USD	123	364	USD	-	-
Loans granted	-	-	-	-	-	-
Assets held to maturity	-	-	-	-	-	-
Assets available for sale	-	-	-	-	-	-
Assets measured at fair value through profit and loss account	-	-	-	-	-	-
Cash and cash equivalents	EUR	348	1 380	EUR	82	333
Cash and cash equivalents	USD	196	580	USD	16	47
Loans and borrowings	-	-	-	-	-	-
Other liabilities	EUR	433	1 713	EUR	38	157
Other liabilities	USD	-	-	USD	14	39

Financial instruments - credit risks	31.12.2010			31.12.2009		
	exposures <3% balance	3%< exposures <20% balance	exposures > 20% balance	exposures <3% balance	3%< exposures <20% balance	exposures > 20% balance
Credit risk exposures, which in terms of a single counterparty are more than:						
Receivables	11 439	4 986	-	8 713	1 478	-
Loans granted		-	2	-	-	-
Assets held to maturity	-	-	-	-	-	-
Assets available for sale	-	-	-	-	-	-
Assets measured at fair value through profit and loss account	-	-	-	-	-	-

55. REMUNERATION OF KEY PERSONNEL AND ENTITIES ENTITLED TO AUDIT FINANCIAL STATEMENTS.

Remuneration of key management personnel of the Company without Supervisory Board	31.12.2010			31.12.2009		
	Basic remuneration	Bonuses	Other	Basic remuneration	Bonuses	Other
Board Members	-	-	-	-	-	-
- Andrzej Sielski	312	-	-	279	136	15
- Grzegorz Malczyk	252	-	-	231	69	15

Remuneration of Supervisory Board members received in the Parent Company	For finished period 31.12.2010	For finished period 31.12.2009
Supervisory Board Members	-	-
- Grzegorz Bielowicki	36	39
- Tomasz Firczyk	28	28
- Zbigniew Janas	28	28
- Tomasz Kapliński	28	25
- Marcin Kowalczyk	-	28
- Krzysztof Kurowski	23	23
- Leszek Iwaniec	17	-

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Salaries of key staff members of the Parent Company received in subsidiaries and associates	For finished period 31.12.2010	For finished period 31.12.2009
Board Members	-	-
- Andrzej Sielski	13	26
- Grzegorz Malczyk	30	72
	-	-
Supervisory Board Members	-	-
- Grzegorz Bielowicki	13	20
- Tomasz Firczyk	13	20
	-	-

Remuneration of entities entitled to audit the financial statements	For finished period 31.12.2010	For finished period 31.12.2009
For the performance review and audit of financial statements	56	66
For other services	8	54
Total remuneration	64	120

56. EMPLOYMENT

Average employment	For finished period 31.12.2010	For finished period 31.12.2009
Blue-collar workers	247	263
White-collar workers	119	124
Total average number	365	387

57. DIFFERENCES BETWEEN DATA DISCLOSED IN FINANCIAL STATEMENTS AND PREVIOUSLY PREPARED AND PUBLISHED FINANCIAL STATEMENTS

Differences between the data presented in the financial statements and previously published financial data	31.12.2009	
	Net result	Equity
Values derived from published reports	3 776	56 493
Changing the presentation in connection with the merger of RADPOL Elektroporcelana SA *	1 650	3 272
The values shown in this report	5 426	59 765

* Detailed data in note number 16.

58. EVENTS AFTER THE BALANCE SHEET DATE

In accordance with IAS 10, the events after the balance sheet date include all events that took place after that date to the date of approval of financial statements for publication. After the balance sheet date there has been no significant events that should be included in the consolidated financial statements.

28 February 2011

Date

Signature of the person responsible for accounts

Signature of the manager of the unit