

**Report of the activity of RADPOL SA Capital Group  
for 2010 for the period 01.01.2010-31.12.2010**

**CZŁUCHÓW, 28.02.2011**

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  - b) remuneration of the entity authorized to audit financial statements, paid or payable for the year separately for: a study of the annual financial statements and other attestation services, including checking accounts, tax consultancy services, other services,
  - c) the information specified in points. b must be given also for the previous financial year
  - d) the obligation referred to in point a-c is deemed to be met by an indication of the inclusion of information in financial statements

#### **Appendix 1 - Statement on the application of corporate governance**

1. Indication of a set of corporate governance to which the issuer, and places where the text of the Statement of Principles is publicly available
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11. Description of the main features of the issuer's internal control and risk management in relation to the process of preparing financial statements and consolidated financial statements

The information contained in the annual consolidated financial statements of RADPOL SA Capital Group cover the reporting period from 01-01-2010 to 31-12-2010 and have been prepared in accordance with the Decree of the Minister of Finance dated 19-02-2009 on current and periodic information disclosed by issuers of securities and the consideration of information required by the laws of a non-member state, and accounting rules of 29-09-1994. (Journal of Laws, No. 121 pos. 591 with subsequent amendments) and International Accounting Standards and International Financial Reporting Standards.

### 1. Description of the RADPOL SA Capital Group indicating the entities to be consolidated and a description of changes in the organization of the group, together with the reasons for it

The parent company of RADPOL SA SA Capital Group is RADPOL SA based in Człuchów created on 26-10-2001. Business Register under number KRS 0000057155 District Court Gdańsk- Gdansk North, VIII Division of the National Court Register.

Shares of RADPOL S.A.	Number	Type	Nominal value	% share in capital
Series A	23 450 726	Ordinary bearer shares	703 521,78 zł	91,18
*Series C	529 548	Ordinary bearer shares	15 886,44 zł	2,06
Series D	1 739 478	Ordinary bearer shares	52 184,34 zł	6,76
Total Series A, C i D	25 719 752		771 592,56 zł	100,00

On 31-12-2010 \* the shares of series C are covered, but they have not yet been issued to Shareholders. On 11 February 2011 C-series shares were registered with the National Securities Depository and introduced to exchange trading. RADPOL SA manufactures technologically advanced products of crosslinked heat-shrinkable cable accessories, electrical wires and cables, and average production of insulators and low voltage. It specializes in range of Polyethylene refined products based on its own, unique blends of materials suitable for the treatment of crosslinking radiation.

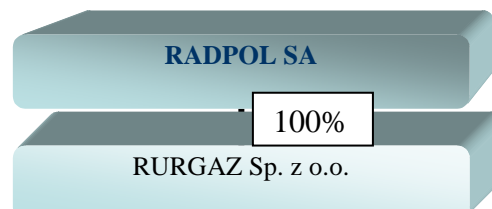
In addition, the Company provides electrical and lighting equipment, including fuses, porcelain lamp holders and light fittings. Much of the engagement of the Company is located in the production mix and other porcelain, made for individual customer orders.

A subsidiary of RADPOL SA Capital Group is RURGAZ Ltd. based in Kolonia Prawiedniki entered into the register of entrepreneurs under the number KRS 0000105385 District Court in Lublin, XI Commercial Division of the National Court Register on 10 April 2002.

RURGAZ Sp z o. o. specializes in production of modern pipes RC MultiSafe Structural and fittings of polypropylene PE 100 to transport natural gas, water and sewerage pipes for the construction of drainage networks.

As at 31.12.2010., RADPOL SA had a total of 138 shares of the Company RURGAZ Ltd. with the nominal value of 665.00 zł each, representing 100% of share capital and 100% of votes at the Annual General Meeting of RADPOL Elektroporcelana SA:

#### Organigramme of RADPOL S.A. Capital Group



## 2. Subject matter and scope of activities

RADPOL SA manufactures high-tech cross-linked heat-shrinkable products produced on the basis of cross-linking technology products for electron accelerators and produces cable accessories. It also specializes in range of Polyethylene refined based products based on its own, unique blends of materials suitable for the treatment of crosslinking radiation. The principal activities of the Company are: 2229Z - manufacture of other plastic products.

RURGAZ Sp z o.o. is a subsidiary to RADPOL SA. It is one of the largest producers of pipes made of polyethylene and polypropylene in Poland. The manufacturing process uses advanced technology and offers in its range of products such as double-layer pipes and RC MultiSafe tubing for geothermal energy. The principal activities of the unit are: PKD 2221Z - manufacture of rubber plates, sheets, tubes and plastic. In 2010 we completed implementation of the new diameter PE pipes and fittings(560 and 630 mm) and PP (600 mm).

## 3. Entities of the Group - basic information

### 3.1. Composition of the managing and supervisory boards of RADPOL SA Capital Group in the fiscal year 2010

#### RADPOL S.A. in Człuchów – parent company

##### The Supervisory Board

The Supervisory Board of Radpol SA acted in 2010 in the following composition

Name	Function	From	Until
Grzegorz Jan Bielowicki	President	01-01-2010	At present
Zbigniew Janas	Vice-President	01-01-2010	At present
Tomasz Firczyk	Secretary	01-01-2010	At present
Tomasz Kapliński	Member of the Supervisory Board	01-01-2010	At present
Krzysztof Kurowski	Member of the Supervisory Board	01-01-2010	At present
Leszek Iwaniec	Member of the Supervisory Board	20-04-2010	At present

##### The Board

The Board of Radpol SA acted in 2010 in the following composition

Name	Function	From	Until
Andrzej Sielski	President	01.01.2010	At present
Grzegorz Malczyk	Vice-President	01.01.2010	At present

#### RURGAZ Sp z o.o. Kolonia Prawiedniki – subsidiary

##### The Supervisory Board

The Supervisory Board of RURGAZ Sp z o.o. was established by Resolution No. 12 of the General Meeting of Shareholders, held on 24.06.2010. Composition of the Supervisory Board of RURGAZ Sp z o.o. registered on 29.07.2010 by the District Court in Lublin, is as follows:

Greg Bielowicki - President of the Supervisory Board,

Thomas Firczyk - Member of the Supervisory Board,

Dorota Kania - Member of the Supervisory Board.

##### The Board

The Board of Rurgaz acted in 2010 in the following composition

Name	Function	From	Until
Andrzej Pożarowski	Członek Zarządu	01.01.2010	At present
Andrzej Sielski	Członek Zarządu	13.01.2010	At present
Dariusz Taras	Członek Zarządu	01.01.2010	09.03.2010

### 3.2. Holdings of shares and shares in the RADPOL SA Capital Group by managing and supervising entities

#### The Board of RADPOL S.A.

Name	Number of shares and % share in capital of Radpol SA at the end of 2010	Number of shares and % share in capital of Radpol SA at the date of report issue	Number of shares and % share in capital of Rurgaz at the end of 2010	Number of shares and % share in capital of Rurgaz at the date of report issue
<b>Andrzej Sielski</b>	182 203 (0,72%) Nominal value of 5 466,09 zł	446 977 (1,74%) Nominal value of 13 409,31 zł	-	-
<b>Grzegorz Malczyk</b>	182 203 (0,72%) Nominal value of 5 466,09 zł	446 977 (1,74%) Nominal value of 13 409,31 zł	-	-

#### The Supervisory Board of RADPOL S.A.

Name	Number of shares and % share in capital of Radpol SA at the end of 2010	Number of shares and % share in capital of Radpol SA at the date of report issue	Number of shares and % share in capital of Rurgaz at the end of 2010	Number of shares and % share in capital of Rurgaz at the date of report issue
<b>Grzegorz J. Bielowski</b>	1 285 572 (5,10%) Nominal value of 38 567,16 zł	1 285 572 (4,99%) Nominal value of 38 567,16 zł	-	-
<b>Tomasz Firczyk</b>	1 000 (0,00%) Nominal value of 30,00 zł	1 000 (0,00%) Nominal value of 30,00 zł	-	-

Board member of the Subsidiary RURGAZ Ltd. at the date of registration of series D shares held 869 739 shares of series D of the Issuer. The total value of these shares amounted to 26092.17 zł and were valued at the date of report issue 3.38% of the share capital of RADPOLSA and 869 739 votes at a general meeting (3.38% of the total number of votes).

These data include information according to the received date of signing statements to notices of the change in the total number of votes in RADPOL SA.

#### 4. Characteristics of the structure of assets and liabilities of the consolidated balance sheet

Significant increases in total assets and liabilities of RADPOL SA Capital Group have influenced the purchase of the company RURGAZ Sp. Ltd. in 2010, which balance sheet items were subject to consolidation as at 31.12.2010. Asset side of the dominant position of the balance sheet are assets, which represent 56.73% of total assets. In their structure the main heading are tangible assets (96.50% of the item.) The change in value of tangible fixed assets between 2009 and 2010 had the greatest impact on the company's previously mentioned acquisition of RURGAZ Sp. Ltd., whose assets increased the value of the assets of the Group. However, in current assets - accounted for the greatest part were trade receivables and services (44.74%) and stocks (26.23%).

On the liabilities side is the dominant position of equity representing 59.17% of total assets. The increase in equity value due, inter alia, achieved in 2010 earnings, which rose in comparison to 2009 by as much as 164.95% and the issue of series D shares.

An increase of 268.45% in the long-term loans over the previous year was due to take out a loan to finance the acquisition of the company RURGAZ Sp. z o. o.

The share of short-term liabilities in total liabilities amounted to 24.68% at the end of 2010. The biggest item was the commitments for supplies and services, whose share in current liabilities amounted to 53.58%. Proportion of debt in the financing of the assets of the group is at a safe level.

**Balance sheet of Radpol SA Capital Group**

<b>Report on the financial position - Assets</b>			
<b>Details</b>	<b>Balance as at 31.12.2010</b>	<b>Balance as at 31.12.2009</b>	<b>Change indicator</b>
<b>ASSETS</b>	<b>81 738</b>	<b>54 764</b>	<b>49%</b>
Tangible fixed assets	78 518	51 815	52%
Investment properties	-	-	-
Intangible assets	778	1 018	(24)%
Goodwill	59	59	0%
Shares	4	281	(99)%
- including investments accounted for using the equity method	-	-	-
Long-term receivables	-	-	-
Other long-term financial assets	-	-	-
Deferred income tax	892	587	52%
Other fixed assets	1 111	1 004	11%
<b>ASSETS</b>	<b>62 054</b>	<b>26 689</b>	<b>133%</b>
Stocks	16 276	10 833	50%
Claims for supplies and services	27 766	9 852	182%
Claims arising from the current income tax	16	-	-
Other receivables	5 783	339	1606%
Other financial assets	4 286	-	-
Cash and cash equivalents	7 712	5 530	39%
Accruals	215	135	59%
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>-</b>	<b>348</b>	<b>-</b>
Tangible fixed assets held for sale	-	348	-
Other assets classified as held for sale	-	-	-
<b>Total Assets:</b>	<b>143 416</b>	<b>81 801</b>	<b>75%</b>

Report on the financial position - Liabilities			
Details	Balance as at 31.12.2010	Balance as at 31.12.2009	Change indicator
<b>CAPITAL (FUND) TOTAL</b>	<b>84 862</b>	<b>59 764</b>	<b>42%</b>
Equity attributable to shareholders of the parent company	84 862	59 764	42%
Core capital	772	719	7%
Share capital and treasury shares	-	(2 753)	-
Reserve capital from share issue	52 359	40 831	28%
Supplementary capital from retained earnings	493	634	(22)%
Reserve capital	-	-	-
Other capital reserve	13 120	14 418	(9)%
Revaluation reserve	3 372	-	-
Capital for hedge accounting	-	-	-
Currency translation differences of related entities	-	-	-
Participation in other comprehensive income of associates	-	-	-
Retained earnings from previous years and other income	622	585	6%
Profit (loss) attributable to shareholders of the parent company	14 124	5 331	165%
Equity of non-controlling shareholders	-	-	-
<b>LIABILITIES AND RESERVES</b>	<b>23 159</b>	<b>7 228</b>	<b>220%</b>
Deferred income tax	4 392	1 797	144%
Provision for pensions and similar benefits	792	642	23%
- including long-term	567	485	17%
Other reserves	292	-	-
- including long-term	-	-	-
Interest-bearing loans and borrowings	17 645	4 789	268%
Other financial liabilities	38	-	-
Other long term liabilities	-	-	-
<b>CURRENT LIABILITIES</b>	<b>35 396</b>	<b>14 808</b>	<b>139%</b>
Loans and advances	5 180	2 215	134%
Other financial liabilities	13	13	0%
Liabilities from deliveries and services	18 966	3 733	408%
Liabilities for current income tax	159	195	(18)%
Other liabilities	2837	2 513	13%
Deferred income	8 241	6 139	34%
<b>LIABILITIES CLASSIFIED AS HELD FOR SALE</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities:</b>	<b>143 416</b>	<b>81 801</b>	<b>75%</b>

## **5. Description of the structure of the major capital investment or major capital investments made within RADPOL SA Capital Group**

### **RADPOL S.A. in Człuchów**

In 2010, the Company RADPOL SA purchased under the contract, the shares of RURGAZ Ltd. for a total purchase price of 27,650,000.16 zł for all 138 shares.

Acquisition of shares was funded in part by the payment of 11,151,845.48 pln by offsetting receivables of the Company in respect of newly issued Series D shares. In the rest of the acquisition of the shares, it was financed by bank loans amounting to 16,500,000.00 PLN .

At the end of 2010, the Board took a total of 529,548 shares of series C. The issue price of shares of series C is 6.80 zł per share (3,600,926.40 zł for all the shares).

### **RURGAZ Sp z o.o. in Kolonia Prawiedniki**

In 2010, there were no such investments and equity investments.

## **6. Major events that have a significant impact on the business and financial results of RADPOL SA Capital Group in the financial year or whose impact is possible in the next years**

### **6.1 RADPOL S.A. Człuchów**

#### **6.1.1 Extraordinary General Meeting of Shareholders on 19 February 2010**

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

At the General Meeting, RADPOL SA has taken:

1) a resolution to increase share capital by issuing new shares of series D, deprive existing shareholders of preemptive rights in the whole series D shares and make changes in the Articles of Association and authorize to apply for admission and the introduction of Series D shares to trading on a regulated market - in accordance with the resolution issued 1,739,478 shares of Series D with the nominal value of 0.03 zł and issue price of 6.22 zł. Shares were offered in the private subscription in RURGAZ Sp. z o. o. as a partial settlement of the transaction.

2) a resolution on redemption of shares and share capital reduction and making changes in the Statute - 500,884 shares have been canceled with a nominal value of 0.03 zł and share capital was reduced by the amount of 15,026.52 zł. Shares of RADPOL SA were acquired by the Company pursuant to Resolution No. 16 of the Annual General Meeting of RADPOL SA of 21 April 2008 on the authority of the Management Board to acquire own shares for redemption and resolution of the Board No 1 / 2008 of 7 July 2008 on the launch of share buy back program and the Board Resolution No. 3/IX/2009 of 28 September 2009 on the revision of the share buyback program. Reduction of share capital took place in the way of an amendment of the Company with the requirements set out in Article. 456 § 1 of the CCC,

#### **6.1.2 Acquisition of RURGAZ Sp. z o. o.**

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

- in the part payment of 11,151,845.48 zł by offsetting receivables of RADPOL SA by virtue of the new issue of 1,739,478 shares of series D with a total nominal value of 52,184.34 zł,

- the remainder, ie 16.5 million zł of contracted bank loan from PKO Bank Polski S.A based in Warsaw. Shares of the Company RURGAZ Sp. z o. o. were acquired at the price of 200,362.32 zł per share and the total selling price of 27,650,000.16 zł for all 138 shares.

#### **6.1.3 General Meeting of Shareholders on 20 April 2010**

The General Assembly was convened to consider and approve the annual reports, adopt the resolution on distribution of profit for the year 2009, giving members of the Company vote of approval for their duties in 2009, to amend the Rules of the AGM and the resolution of the Company's merger with the company RADPOL Elektroporcelana SA.

GM has taken:

1) Resolution on the approval of the Supervisory Board' Report of RADPOL SA - audit of financial statements for the period from 01.01.2009 to 31.12.2009, and the consolidated report of the Capital Group for the period from 01.01.2009 to 31.12.2009

- 2) a resolution approving the Report on the activity of the Company for the period from 01.01.2009 to 31.12.2009
- 3) a resolution approving the Report on the activity of the Capital Group for the period from 01.01.2009 to 31.12.2009
- 4) a resolution approving the financial statements for the period from 01.01.2009 to 31.12.2009
- 5) a resolution approving the consolidated financial statements of the Company for the period from 01.01.2009 to 31.12.2009
- 6) Resolution on granting votes of approval to the Board of the Company for the performance of their duties in 2009
- 7) Resolution on granting votes of approval to the Supervisory of the Company Board for the performance of their duties in 2009
- 8) the allocation of profit for 2009
- 9) resolution amending the Rules of Procedure of the General Meeting of RADPOL SA
- 10) resolution on a merger of RADPOL SA located in Czulchów and RADPOL Elektroporcelana SA based in Ciechów
- 11) Resolution on changes in the composition of the Supervisory Board.

#### **6.1.4 Merger of RADPOL SA and RADPOL Elektroporcelana SA**

On June 1, 2010 in the National Court Register merger of RADPOL SA (acquiring company) and RADPOL Elektroporcelana SA (the company being acquired) was registered.

Registration of the merger was taken by the General Meeting of Shareholders by the Resolution No. 17 dated 20 April 2010 on the merger of those companies in mode:

- Article. 492 § 1. 1 of CCC (merger by acquisition) by transferring all assets of the acquiree to the acquiring Company
- Article. 515 § 1 of CCC, ie, without a share capital increase of RADPOL SA, due to the fact that the Issuer owned 100% of the shares being acquired,
- Article. 516 of CCC (simplified merger), ie without making a written report justifying the connection and the Plan of Merger, without examination by an expert.

The aim was:

- optimization of the Group,
- reduction of the operating costs of two entities
- further integration of operations.

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

#### **6.2 RURGAZ Sp. z o. o.**

##### **6.2.1. Changing the main shareholder**

A detailed description in the item. 6.1.2.

#### **7. Discussion of the size of basic economic and financial figures, as disclosed in the annual consolidated financial statements, in particular the description of the factors and events, including those of the unusual character, having a significant impact on RADPOL SA Capital Group and achieved gains or losses in the financial year and also to discussion on the development prospects of the Group's activities, at least in the coming year**

A key factor influencing the outcome of RADPOL SA Capital Group in 2010 was much a better than expected situation for the Group in key sectors such as power or heating branches and consolidation from March 1 of financial performance of the acquired Company RURGAZ Sp. z o. o.. Very good individual results of RADPOL SA in conjunction with the consolidated results of RURGAZ helped to increase net profit by 160% compared to last year. Consolidated revenues rose from 52.5 million to 112.4 million zł. At the same time, despite the modernization of the machinery - a renovation of the first accelerator - EBITDA of the Group RADPOL SA was increased (operating profit plus depreciation) to the level of 22.956 million to 11.708 million zł in 2009.

Plans of RADPOL SA Capital Group involve, among others:

- a / intense increase of capacity utilization of newly constructed accelerator;
- b / increasing market innovative products to the construction of pre-insulated district heating network, especially for export to countries known as the "old EU";
- c / increasing sales of products for electric power industry produced in much larger quantities and mix with the opening of a second accelerator;
- d / significant increase in production capacity in the subsidiary RURGAZ through expansion of the Department;
- e / launch a new range of PE pipe with a greater diameter pipe manufactured to size 1000 mm;
- f / increase in operating profitability in the Department of Ciechów producing ceramic insulators, through the liquidation process, the joint stock company, currently operates as a production plant;
- g / continued integration of the Companies / Plants in the group, which will result in synergies such as improved purchasing, logistics, sales, and optimization of the cost of business.

The following table shows the profit and loss account of RADPOL SA Capital Group

Profit and loss account (calculation variant)			
CONSOLIDATED CONSOLIDATED			
Details	PaLa for: 01.01.2010 - 31.12.2010	PaLa for: 01.01.2009 - 31.12.2009	Change indicator
Revenues from sales of goods and materials	112 394	52 532	114%
Cost of sold products, goods and materials	(83 267)	(33 346)	150%
<b>PROFIT (LOSS) OF INCOME FROM SALES</b>	<b>29 127</b>	<b>19 186</b>	<b>52%</b>
Cost of sales	(6 208)	(3 746)	66%
General and administrative expenses	(9 587)	(8 750)	10%
Acquisition costs	(72)	(303)	(76%)
<b>PROFIT (LOSS) ON SALES</b>	<b>13 260</b>	<b>6 387</b>	<b>108%</b>
Other operating income	5 916	2 150	175%
Other operating expenses	(1 683)	(1 235)	36%
Profit / loss on sale of all or part of shares in subsidiaries jednostach	-	-	-
<b>PROFIT (LOSS) ON OPERATIONS</b>	<b>17 494</b>	<b>7 302</b>	<b>140%</b>
	882	116	660%
<b>EBITDA</b>	<b>22.956</b>	<b>11.708</b>	<b>96%</b>
	-	-	-
Financial income	882	116	660%
Financial expenses	(1 532)	(548)	180%
Share of profits and losses were accounted using the equity method	-	-	-
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>16 844</b>	<b>6 870</b>	<b>145%</b>
Income tax	(2 720)	(1 444)	88%
Other reductions in profit	-	-	-
<b>PROFIT (LOSS) from continuing operations</b>	<b>14 124</b>	<b>5 426</b>	<b>160%</b>
Profit (loss) from discontinued operations	-	-	-
Profit (loss) from sold operations	-	-	-
<b>PROFIT (LOSS)</b>	<b>14 124</b>	<b>5 426</b>	<b>160%</b>
including non-controlling profit shareholders	-	95	-
Profit attributable to shareholders of the parent company	<b>14 124</b>	<b>5 331</b>	<b>165%</b>

## 8. Current and projected financial situation of RADPOL SA Capital Group

Cumulatively, for 2010 RADPOL SA Capital Group recorded 14,124 thousand. zł net profit, and its growth was due to the upturn in the domestic market - where RADPOL SA Capital Group for many years remained dominant in its sector of business activity and in different market niches - and the consistent development of foreign sales. Revenues of RADPOL SA Group for 2010 amounted to 112,394 thousand. zł.

In 2009, the Company RADPOL SA in Człuchów strengthened its market position in the country - which led to the withdrawal from the market of our biggest competition - and abroad - where the Company multiplied the volume of its export sales. These activities were caused by the dynamic improvement in the past year. In 2010, this investment has been made, and technological and organizational measures have been taken to increase production efficiency with particular emphasis on expanding the production of heat-shrinkable products including activities related to the acquisition of new export markets - including attracting new markets for heating products in Germany and Kazakhstan. In 2010, there was also the merger of RADPOL SA and RADPOL Elektroporcelana SA, which in the short time allowed to reduce general and administrative expenses of those companies. The company has also made acquisition of 100% of shares of RURGAZ and over the next year it will allow it to offer complete solutions dedicated to the heating market.

RADPOL SA in the second consecutive year won a major tender for a comprehensive supply of equipment to Belarus confirming the highest quality of the Company's products and earning more valuable references in the Eastern European energy sector.

RADPOL SA consistently implements the development strategy of the product offer for the professional energy sector, because the need for infrastructure investments will be one of the engines of growth of its sales.

The Company due to completed investment and acquisitions will increase the scale of operations several times over the next few years. In addition to the events described above in 2010, the Company RADPOL SA worked on the development of its Capital Group, based on acquisitions of new operators similar to the Company's markets.

Company on the basis of expanded production capacity rapidly increases its revenues and generated earnings. Not only increases the sales volume, but also its profitability by focusing on high-margin ranges such as accessories for specialized applications. Through acquisitions, the company carried out continuously increasing complexity of its offer for key sectors such as electric power and heat.

Also the subsidiary RURGAZ Sp z o. o. in 2010 intensified domestic sales (after the global financial crisis in 2009) and slowly began to return to service our partners in foreign markets, especially the Baltic countries (Lithuania, Estonia) and the Czech Republic and Slovakia. This is reflected in the revenues of the company, which noted an increase in domestic sales in the market for more than 38% and 4-fold increase in exports.

Board of RADPOL SA as the new owner RURGAZ Ltd. has set the Company a new strategy of investing in production of capacity pressure pipes, polyethylene pipe system and the development of structural polypropylene. Company's activities aimed at increasing participation in the sale of PE and PP by activation of marketing activities, development of distribution networks and improving the availability of both domestic and external markets. Implementation of these activities accounted for in a timely manner due to start EU earmarked funds used for the construction of technical infrastructure, roads, construction and modernization.

Taking into account the financial and economic results obtained in 2010 and the action taken, RADPOL SA expects to achieve in 2011 and subsequent years a stable solid revenue growth, improve profitability and thereby ensure the stable development of the Group. In subsequent years, after completion of investment and development. Board of RADPOL SA provides a significant increase in revenues of RADPOL SA Capital Group which increases the sales value for the Shareholders of the Group.

## **9. Description of significant risks and threats, identifying the extent to which RADPOL SA Capital Group is exposed to**

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

- 1) slowing market growth in renovation and construction industries in the segment of the construction of heating and energy networks, cables and overheads,
- 2) The functioning of a market where competitors are major international companies on a global scale of operations,
- 3) Lack in the immediate environment of highly qualified and specialized personnel (causing difficulties in addition to the staff, those leaving technical schools avoid the return / resettlement in small residential centers in which a production of RADPOL SA is located)
- 4) Lack of multi-annual contracts with customers
- 5) Growing competition of large manufacturers across the industry (prices, discounts, payment terms and the complexity of supply, rapid growth in capacity, rapid promotion of products)
- 6) Foreign competition (China). Excess production capacity from foreign producers,
- 7) Foreign exchange risk in relation to the existence of assets and liabilities denominated in foreign currencies but restricted to a large extent by using the so-called natural hedging purchases involving import and domestic currencies in which export sales is realized.

## **10. Indication of the proceedings pending before the court, competent authority for arbitration or a public authority, including information in:**

- a) Proceedings concerning the obligations or debts of the issuer or its subsidiary, whose value is at least 10% of the equity of the issuer, stating: object of the proceedings, the amount in dispute, the date of opening of proceedings, the parties that brought the case and the position of the issuer
- b) Two or more proceedings regarding the obligations and debts, which total value is at least 10% of the equity of the issuer, stating the total amount of proceedings separately in the group liabilities and claims, together with the position of the issuer in this case, and, for most procedures commitment and group claims - an indication of their location, the amount in dispute, the date of initiation of proceedings and the parties initiated the proceedings

There are no pending proceedings.

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

RADPOL SA Capital Group specializes in the manufacture of products of refined polyethylene based on its own, unique blends of materials suitable for the treatment of crosslinking radiation, production of pipes, wiring accessories and insulators and the production of polyethylene pipes in large diameters for gas, water and sanitation.

### RADPOL S.A. Człuchów

#### 11.1 Pipes and heat-shrinkable fittings (made from refined polyethylene)

Production of heat-shrinkable products designed for the isolation and sealing of cable wires, connectors, cable terminals, etc.:

- thin-walled tubing (RC)
- thicker tubing (RP) and thick-walled tubing (RG and RD)
- kits joints and terminations of low voltage (LV) and medium-to 1kV (sn) above 1kV,
- heat-shrinkable fitting: caps, panels, etc.
- equipment for heat shrinkable markets, connectors, pre-insulated pipes.

#### 11.2. Cable accessories

- products of nonferrous metals (aluminum and copper),
- mainly connectors and cable terminals - designed to connect and terminate wiring
- products of plastics (polyethylene, polypropylene, polyamide), such as brackets and cable clamps, cable glands - designed for mounting and sealing pin power cables.

#### 11.3. Wires and cables

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

RADPOL SA also performs custom-made products with untypical dimensions, also leads presentations and training for contractors and installers.

#### 11.4. Insulators

In the commercial offer RADPOL SA has above all a wide range of electrical porcelain insulators, including insulators medium and low voltage. They are insulators with linear substation (supporting and relief), and traction apparatus (transformer bushings and ceramic shields). We also offer electrical and lighting equipment, including fuses, porcelain lamp holders and light fittings.

#### 11.5. Revenues from the sale of RADPOL SA

Products of RADPOL SA are sold on the domestic market (77%), as well as in foreign markets (23%), mainly in the countries of Central and Eastern Europe.

Valuable and quantitative participation of each product group in the sale of the RADPOL SA is shown in the table below. Net revenues from the sale of goods, services and materials are depicted in the following table (figures do not include grants and bonuses provided for commercial customers).

Domestic + Export	Quantity	Net value	% of sale total
Heat-shrinkable accessories	8 966 429,48	24 271 270,41	39,18%
Electric porcelain	1 354 618,58	17 040 650,11	27,50%
Wires	11 198,25	8 083 635,02	13,05%
Cables	3 175 161,00	4 758 349,47	7,68%
Trade goods	1 537 912,49	7 050 000,77	11,38%
Materials	96 374,81	510 136,86	0,82%
Services	70 146,00	232 302,77	0,37%
Other production	138	12 657,11	0,02%
<b>TOTAL</b>	<b>15 211 978,61</b>	<b>61 959 002,52</b>	<b>100,00%</b>

## 11.6. Factory warehouses

RADPOL SA conducts the sale through the factory warehouses located in the companies: Inc. PROSPER Sp. z o. o. Sosnowiec, AGTEL Zamosc, Asaiah Siedlce, DELKAR Zgórsko, DORIAN Legionowo, PAS Czarnowo, SEGA Łosiów, E UPT Włoszczowa, CHIMET Ostrow Wielkopolski, ENERGO HANDEL Torun, EKTO Białystok.

### RURGAZ Sp z o.o. Kolonia Prawiedniki

RURGAZ Sp. Ltd. is one of the largest producers of pipes made of polyethylene and polypropylene in Poland. In one of the most modern factories located in Kolonia Prawiedniki, near Lublin production is conducted of high quality products for the transport of:

- gaseous fuels I, II, III and IV group,
- drinking water treated and untreated, water for irrigation and industrial purposes,
- raw and treated sewage, rainwater and casing pipes for cables and overcoats to the pre-insulation.

Sales of goods, services, goods and materials by the Company RURGAZ Ltd. in 2010 compared to sales in 2009 was as follows:

No.	Details	2010	2009	% of increase
1.	Sales - including exports and deliveries within the EU Sales of services	51.930.342,92 1.889.616,71	37.623.184,47 467.046,48	138,03 404,59
2.	Sale of services	10.630,12	30.236,35	35,16
3.	Sales of goods and materials - including exports and deliveries within the EU	3.334.252,17 24.716,95	1.846.279,47 21.867,80	180,59 113,03
	<b>TOTAL</b>	<b>55.275.225,21</b>	<b>39.499.700,29</b>	<b>139,94</b>

The share of sales to total sales in 2010 amounted to 93.95%, service 0.02%, and goods and materials, 6.03%. It follows that the basic operations of the Company since the beginning of activity is the manufacture of pipes, the sale of which is the main source of revenue. In 2010, sales of goods and products was increased by 39.94%.

## 12. Information on outlets, including a division between domestic and foreign markets, and information about the sources of supply of materials for production of goods and services, identifying the dependence on one or more customers and suppliers, and where part of one customer or vendor reaches a least 10% of total sales revenue - (business) name of the supplier or recipient, their participation in the sale or supply, and its formal relationship with the Group

Development strategy is aimed on the one hand to strengthen the market position of RADPOL SA Capital Group in segments which are the current core area of activity of the group, and on the other hand, to prepare an offer of products that allow for a substantial increase of its presence in other market segments, including mainly the mid-market, electrical radiation market of polyethylene pipes for floor heating and hot and cold water, polyethylene pipes for gas, water and sewerage.

### 12.1. Energy Market

Product purchasers of RADPOL SA are mainly electric utilities, and companies performing servicing networks, implementing infrastructure investments. The use of heat-shrinkable cable accessories and linear stationary insulators is very broad and is associated with investments in the wider energy industry. Due to the frequent need for earth works and ground-based works, selling products on the market described above is characterized by seasonality, growth in turnover is observed in second and third quarters of the year.

### 12.2. Thermal Energy Market

Heating industry for the RADPOL SA Capital Group is the second largest market for heat-shrinkable products, in addition to being in a continuous and dynamic phase of growth. Need to replace the heating network due to the limitation of transmission has forced distributors of thermal energy to start investment in programs in which the existing pipes are replaced by a modern network based on the basis of pre-insulated pipes. By their own estimates of heating networks in the technology of pre-insulated pipes, are below 30% of all existing networks in Poland. Taking into account the fact that in the coming years investment growth is inevitable in infrastructure, housing and replacement of old network, it is estimated that over the next few years the number of new network will keep increasing at a rate of at least 10% annually.

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

- Clutches and heat shrinkable sleeves - for replacing the outer wall sections of the routes of insulated district heating pipes.
- Heat shrinkable ties - used to seal pipe joints positions. Perfect for the performance of insulation gas pipelines, petrochemical plants, units, etc.
- End Caps - intended to isolate the ends of the insulated pipes. Effectively seal and protect the pipe against the ingress of moisture. They are used for heating, power generation, construction and telecommunications.

The main recipients of heating devices manufactured by RADPOL SA are:

- Pre-insulated pipe producers who purchase products directly to the Company for the purpose of resale to producers of heat that comes with the system of insulated pipes,
- producers of heat such as power plants, thermal power plants supplied by the most comprehensive manufacturers of heating systems;
- computer repairs and installation of thermal energy based companies,
- distributors and heating companies supplying heat energy.

Demand for heat shrinkable products for district heating sector - the use of products associated with the period when investment in the field of heat is taken into consideration. Because of the need for earth work and seasonal sales, sales peak falls on the second and third quarter of the year.

### **12.3 Market construction and modernization of gas transmission infrastructure, water, sewage, etc.**

**Polyethylene pipes due to their properties have become widely used in the construction of underground networks for the transport of gas, water and sewage, as well as jacketed pipe pre-insulation and shielding to the cables**

Polyethylene pipes due to their properties have become widely used in the construction of underground networks for the transport of gas, water and sewage, as well as jacketed pipe pre-insulation and shielding to the cables. Compared to metal, concrete or ceramic polyethylene pipes have the following advantages:

- long life,
  - High flexibility for the application in the area of mining claims (the "Company RURGAZ have a positive opinion concerning the applicability of GIG in the areas of mining damage category I - IV)
  - the possibility of collapse of tubes in longer lengths, which gives a smaller number of connections
  - resistance to most chemicals,
  - corrosion resistance
  - smooth inner surface that provides a slight resistance to flow,
  - resistance to low temperature,
  - low thermal conductivity (no need for thermal insulation)
  - high durability and reliability of connections (welding)
  - low weight
- Low cost • installation, maintenance and operations,  
 • environmentally friendly production and disposal.

#### **RADPOL S.A. Człuchów**

1. Major domestic customers of the Company RADPOL. SA according to the criterion of volume of sales in 2010:

<b>Contractor</b>	<b>Percentage share of total sales</b>	<b>Formal link with RADPOL S.A.</b>
no 1	2,99%	Cooperation under the terms and conditions, orders
no 2	2,18%	Cooperation under the terms and conditions, contracts
no 3	2,16%	Cooperation under the terms and conditions, orders
no 4	2,15%	Cooperation under the terms and conditions, contracts
no 5	2,01%	Cooperation under the terms and conditions, orders
no 6	1,68%	Cooperation under the terms and conditions, orders
no 7	1,64%	Cooperation under the terms and conditions, contracts
no 8	1,55%	Cooperation under the terms and conditions, contracts
no 9	1,46%	Cooperation under the terms and conditions, orders
No 10	1,32%	Cooperation under the terms and conditions, contracts

2. The main foreign recipients of RADPOL SA according to the criterion of volume of sales:

Contractor	Percentage share of total sales	Formal link with RADPOL S.A.
no 1	4,53%	Cooperation under the terms and conditions, orders
no 2	2,20%	Cooperation under the terms and conditions, contracts
no 3	1,74%	Cooperation under the terms and conditions, contracts
no 4	1,73%	Cooperation under the terms and conditions, agreement/contracts
no 5	1,30%	Cooperation under the terms and conditions, orders
no 6	0,86%	Cooperation under the terms and conditions, orders
no 7	0,83%	Cooperation under the terms and conditions, orders

### **RURGAZ Sp. z o.o. Kolonia Prawiedniki**

1. Major domestic customers of the Company RURGAZ according to the criterion of volume of sales in 2010:

Receiver	Percentage share of total sales	Formal link with RURGAZ
no 1	4,65%	Cooperation under the terms and conditions, orders
no 2	4,40%	Cooperation under the terms and conditions, contracts
no 3	2,94%	Cooperation under the terms and conditions, orders
no 4	2,67%	Cooperation under the terms and conditions, contracts
no 5	2,62%	Cooperation under the terms and conditions, orders

2. The main foreign recipients of RURGAZ according to the criterion of volume of sales:

Receiver	Percentage share of total sales		Formal link with RURGAZ
	Export	Total	
no 1	46,8%	1,70%	Cooperation under the terms and conditions, orders
no 2	31,4%	1,14%	Cooperation under the terms and conditions, orders
no 3	15,1%	0,55%	Cooperation under the terms and conditions, contracts

### **12.3. Information on supplies sources**

The purchasing policy of RADPOL SA Capital Group adopted the principle that we make purchases from a proven and reliable suppliers to ensure price stability and punctual delivery. Prior to co-operation with the supplier, the quality of their material is tested in our laboratory and after release to production a cooperation for the supply of materials is established. In addition, for each delivery are gather samples for testing and archiving. Once a year, suppliers are reviewed and evaluated in accordance with the ISO 9001. The supply of raw materials are to be accompanied by certificate stating compliance with our standards. Deliveries are checked by a designated person from the Quality Assurance Department.

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

Constant cooperation with suppliers allows us to save time of deliveries, maintain quality and reproducibility of a broader cooperation such as: warehousing, technical advice, etc.

**Table : largest domestic suppliers of RADPOL SA**

No	Name	Material	Percentage of the total supply	Formal link
1.	Supplier 1	copper rod	24,93%	Yearly contract
2.	Supplier 2	polyvinyl chloride	5,39%	Cooperation agreement
3.	Supplier 3	polyethylene	4,50%	Cooperation agreement

**Table : largest export suppliers of RADPOL SA**

No	Name	Material	Percentage of the total supply	Formal link
1.	Supplier 1	copper pipes	8,58%	Quarterly order
2.	Supplier 2	polyethylene	4,07%	Monthly order
3.	Supplier 3	polyethylene	3,28%	Monthly order

### **13. Information about contracts significant for the Group's capital, Including the agreements between the shareholders (partners), insurance contracts, cooperation and collaboration**

#### **13.1 The contract of sale of shares**

RADPOL SA on the basis of the share purchase agreement dated 16 November 2009, acquired on 9 March 2010, 138 (one hundred thirty-eight) shares of RURGAZ Sp. z o. o. based in Kolonia Prawiedniki (the "Shares"). The shares represent 100% of capital and votes at RURGAZ Sp. z o. o. based in Kolonia Prawiedniki. The shares have a nominal value of 665.00 (six hundred fifty five) per share and the total nominal value of 91,770.00 (ninety-one thousand seven hundred and seventy) for all 138 (one hundred thirty-eight) shares. The shares were acquired at the price of 200,362.32 per share and total purchase price of 27,650,000.16 for all 138 (hundred thirty eight) shares.

Acquisition of Shares was funded in part by including the payment of 11,151,845.48 by way of deduction of claims for the Company's newly issued shares of series D issued under the resolution of the Extraordinary General Meeting of Shareholders of 19 February 2010, which is a share placing agreement that was concluded on 9 March 2010. The remainder of the acquisition of the shares was financed with a bank loan in the amount of 16,500,000.00 given to the Company by the Powszechna Kasa Oszczędności Bank Polski SA in Warsaw.

#### **13.2 The loan agreement to purchase shares in RURGAZ Sp. z o. o.**

On 9 March 2010, RADPOL SA concluded with the Powszechna Kasa Oszczędności Bank Polski SA in Warsaw Agreement No. 59102046490000719600228106 for investment credit in the Polish currency to finance the acquisition of shares in the company RURGAZ Sp. z o. o. based in Kolonia Prawiedniki.

Under the Loan Agreement PKO has granted the company an investment credit in the Polish currency with a value of 16,500,000.00 respectively. The credit is granted for the period from 9 March 2010 to 31 December 2016. Detailed information on the loan agreement were made public in the current report dated 10.03.2010 no 13/2010.

#### **13.3. Insurance contracts - as of 12/31/2010**

##### **RADPOL S.A. Człuchów**

- 1) Property Insurance of RADPOL SA - HDI-Gerling Insurance Company - Poland; Warsaw,
- 2) OC for business activity and possessions with the exception of product liability and services - HDI-Gerling Insurance Company Poland Warsaw,
- 3) insurance from the failure of electronic equipment - HDI-Gering Poland Insurance Company Warsaw,
- 4) Insurance of machinery from failure - HDI-Gering Poland Insurance Company

##### **RURGAZ Sp z o.o. Kolonia Prawiedniki**

- 1) Property insurance against all risks of loss or damage - HDI SA Warsaw,
- 2) electronic equipment insurance against all risks of loss or damage - HDI SA Warsaw,
- 3) Liability Insurance - Warta Insurance and insurance S.A. Warsaw.

#### **13.4. The agreement to become an animator with Trigon SA Brokerage House**

Board of Radpol SA at 08-03-2010 has signed an agreement with Trigon SA Brokerage House based in Krakow to become an Issuer's Animator .

### 13.5. The signing of an addendum to the technological loan agreement

On 14 October 2010, an Amendment No. 06/35/2010 for Technology Credit Agreement No. 06/0318 (the "Loan Agreement") was signed and was described in the Prospectus of the Company and its Current Report No. 26/2009 of 2 June 2009. Parties to the agreement are the Company and the Treasury, acting through the Bank Gospodarstwa Krajowego representative in Warsaw on the basis of the Annex legal protection of technological repayment have been reduced . Detailed information on the loan agreement were made public in the current report no 36/2010 dated 15.10.2010.

### 14. Information held by the issuer's branches

The company has no branches / local departments.

### 15. Information about the relationship of organizational units, or equity of RADPOL SA Capital Group with other entities and to identify its main domestic and foreign investments (securities, financial instruments, intangible assets and property), including capital investments made outside the group of related parties and description of the methods of financing

15.1. RURGAZ Sp z o. o. is a subsidiary to RADPOL SA (as at 31-12-2010 Issuer owned 100% of the share capital and 100% of the total number of votes at the General Meeting).

15.2 UNIMOR RadioCom Sp. z o. o. Gdańsk - at 31-12-2010 Issuer owned 0.03% of the share capital and 0.03% of the total number of votes at the General Assembly.

15.3 UNIMOR GZE SA. Gdańsk - the day 31-12-2010 Issuer held 0.099% of the share capital and 0.099% of the total number of votes at the General Assembly.

### 16. Information on material transactions entered into by the issuer or its subsidiary entities related on other than market terms, with their amounts and the information specifying the nature of these transactions

Not applicable.

### 17. Information about borrowings in a given year or contracts for loans, giving at least the amount, type and amount of the interest rate, currency and maturity date

In 2010 RADPOL SA received a loan for the purchase of shares in RURGAZ Sp. z o. o. from PKO BP SA and an overdraft at the Banku Handlowy in Warsaw SA and acquired loans of a subsidiary RADPOL Elektroporcelana SA as a result of the merger.

Loans as at 31.12.2010	Loan value	Balance	Currency	Interest rate	The maturity date
<b>Long-term</b>					
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+2,5p	02.07.2012
Loan at BGŽ in EUR	3 562	858	PLN	zm.EUROIBOR+ margin 1,6 p.p.	31.12.2014
Loan at Millenium	2 000	202	PLN	zm.WIBOR+ margin 0,9 p.p.	30.06.2012
Total long-term loans	<b>30 238</b>	<b>17 645</b>	-		-
<b>Short-term</b>					
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+2,5p	31.12.2011

Loan at BGŻ in EUR	3 562	285	PLN	zm.EUROIBOR+ margin 1,6 p.p.	31.12.2011
Loan at Millenium	2 000	400	PLN	zm.WIBOR+ margin 0,9 p.p.	31.12.2011
Bank Handlowy in EUR	1 627	1 572	PLN	zm.EURIBOR+ margin 1,1 p.p.	11.01.2011
Interest on loan	-	3	PLN	-	03.01.2011
<b>Total loans and short-term loans</b>	<b>31 865</b>	<b>5 180</b>	-	-	-

Finance leases	Purpose of financing	Number of agreement	Date of agreement	The maturity date / expiry date	The value of the leased asset by the contract \
<b>Status as at 31.12.2010</b>					
Raiffeisen Leasing Polska S.A.	Forklift	N1224U	04.02.2010	31.05.2013	61

**18. Information provided in the financial year on loans, with particular emphasis on loans to affiliates of the issuer, indicating at least the amount, type and amount of the interest rate, currency and maturity date**

Not applicable.

**19. Information given and received during the fiscal year warranties and guarantees, with particular regard to guarantees extended to related entities of the issuer**

Guarantees and sureties granted	As at 31.12.2010	As at 31.12.2009
For affiliates	-	-
Warranties and guarantees for repayment of loans	-	-
Guarantees of performance of contracts	-	-
For the remaining units	<b>6 996</b>	<b>7 051</b>
Warranties and guarantees for repayment of loans	-	-
Guarantees of performance of contracts	6 996	7 051
Other guarantees and sureties	-	-
<b>TOTAL GUARANTEES GRANTED</b>	<b>6 996</b>	<b>7 051</b>

Guarantees and sureties granted	As at 31.12.2010	As at 31.12.2009
For affiliates	-	-
Warranties and guarantees for repayment of loans	-	-
Guarantees of performance of contracts	-	-
For the remaining units	<b>361</b>	-
Warranties and guarantees for repayment of loans	-	-
Guarantees of performance of contracts	361	-
Other guarantees and sureties	-	-
<b>TOTAL GUARANTEES GRANTED</b>	<b>361</b>	-

**20. In the case of the issuance of securities during the period covered by the report - a description used by the issuer's proceeds from the issue until the report on the activity**

1) In accordance with Resolution No. 2 dated 19 February 2010 Extraordinary General Meeting of the Company's share capital increase by issuing new shares of series D, depriving existing shareholders of preemptive rights in the whole series D shares and implementing changes in the Articles of Association and authorization to apply for admission and the introduction of Series D shares to trading on a regulated market, in 2010 1,739,478 shares series D of RADPOL SA were issued, the issue

price was 6.22 zł per share. The entire proceeds from this issue the company has earmarked for partial settlement of transactions carried out by the company.

2) At the end of 2010, the Board took a total of 529,548 Series C shares that were placed under the Incentive Scheme in accordance with: the Resolution No. 11/II/2007 of 13 February 2010 of the Ordinary General Meeting of Shareholders of RADPOL SA on the issue warrants a series of WA and the exclusion of pre-emptive right of subscription warrants, Resolution No. 12/II/2010 of 13 February 2010 of 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 Supervisory Board of RADPOL SA on the adoption of the Incentive Program Rules of RADPOL SA Under the terms of the Incentive Scheme, the issue of C series shares at an issue price was equal to the Series B shares or 6.80 zł per share.

Cash and cash equivalents for the Series C shares have been paid by the Company, pursuant to the agreement with the Brokerage House BZ WBK based in Poznan, on account of the Brokerage House and sent to the Company on 5 January 2011.

By signing statements proceeds from issue of shares series C that were placed on term deposit.

## **21. Explanation of differences between the financial results disclosed in the annual report and previously published estimates of the results for the year**

The Capital Group of RADPOL SA did not publish forecasts.

## **22. Assessment, together with the reasons, on the management of financial resources, with particular emphasis on the ability to meet their contracted obligations, and to identify potential threats and actions that the Group has taken or intends to take to address these threats**

With long-term management of financial resources and beginning a clear preference for selling to customers with a stable market position (large wholesale networks - large or prospectively for the development of end-user customers) generated sales levels that have increased much faster than the rates of duty which led to significant acceleration of the cash conversion cycle and led to a significant increase in the level of the Company.

In 2010, the Company RADPOL SA obtained a loan remission in BGK:

- on 22.06.2010 in the amount of 833,531.36 zł,

- on 02.12.2010 in the amount of 507,937.88 zł.

In 2011, RADPOL SA submitted subsequent requests for further remission of the part of the technological loan. The total amount of depreciation of technological credit may not exceed 50% of the amount of technology credit used, ie, about 3 million.

Company discontinued so far 1,870,567.22 zł, the maximum amount remaining for cancellation is 1,146,639.65 zł.

In 2010, in order to cover the costs of further acquisitions - Company RURGAZ Sp. z o.o., RADPOL SA obtained a bank loan of 16.5 million. zł and made a new issue of series D shares.

Also in 2010, the Board of RADPOL SA launched a line of credit in the current account at Bank Handlowy in Warsaw up to 1 million zł.

## **23. Information on the anticipated development of the individual entity**

### **23.1 Most important achievements in research and development field**

The development and financial performance of the Group RADPOL SA in 2010 are affected by the consolidated actions and undertakings of RADPOL SA and RURGAZ Sp z o. o..

#### **RADPOL S.A. Człuchów**

In order to increase the production of heat-shrinkable products applicable in the strategic sectors of the economy, domestically and abroad continued purchases of machinery and equipment and tools is implemented. For the purpose of manufacturing products for heating, stoves were purchased characterized by an increased heating efficiency by about 40% and much less use of electricity-consumption, and the tools to extend these products were also purchased. All these actions contributed to the development of production and to increase of capacity in season 2011.

As for the development works in 2010 in RADPOL SA the following tasks were implemented to modernize and increase production capacity:

- Materials Technology:

a. development of a new material for the pipe RD, the material should be characterized by minimal shrinkage and longitudinal shrinkage rate,

b. The introduction of flexible tubes with double the amount of adhesive used as insulation in the automotive industry, we are at the stage of optimizing the composition of the polymer blend,

c. developing a new recipe for the injection material for the production of caps, optimizing the composition of the mixture in order to minimize contraction,

- d. examination and search of sealants, with improved mechanical properties suitable for application to products in a continuous manner, the search for applicators to impose mass
- e. development of new adhesive formulations, as a seal to products intended for heating,
- f. The selection of high-density polyethylene HDPE casing pipe to the network of pre-insulated heating.

- Energy Used:

- a. increase the diversity of the sleeves and heads for cables, paper,
- b. introducing the NN header joints.

- Electric Heat:

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

### Development works

- Materials Technology:

- a. completed development works. Self-extinguishing flammability class V-0 according to UL 224 material was implemented, which meets the requirements of the European Union certificates. Heat shrinkable tubing manufactured obtained from the material obtained Certificate of Conformity: Report No. TR185392 of March 15, 2010 with the requirements of the RoHS Directive 2002/95/EC, as amended, issued by a recognized global firm SGS, which provides services in inspections, verification, testing and certificates
- b. a new type of plastic base materials were chosen and introduced as the main ingredient used in the primary heat-shrinkable tubing. Replaced was polyethylene copolymer LDPEEVA,
- c. adhesive applied to heat-shrinkable tubing was selected and implemented,
- d. hotmelt for heat shrinkable joints was selected and implemented the. The result of previous work allowed the adhesive to be applied on products of RADPOL SA The new adhesive has successfully completed testing platform in accordance with EN 489:2009 for 100 cycles and is currently waiting for further test results from the adhesive sleeves for 1000 cycles. This perfectly applies the adhesive to glue spray devices.

- Energy Used:

Works on the implementation of products for the energy sector have been completed.

### 1. Cable system for connecting and terminating shielded rubber insulated cables using a fixture 6/10kV for pressing. The cable system consists of:

a. Socket Cable type JHP-10-CG4

b. Indoor Cable terminations and overhead-type THP-I (N) -10-CG4/800

Certification tests at the Institute of Energy was completed in June 2010. A positive test result was confirmed in the report of the examination number EWP/49/E/2010 and technical evaluations No IEn-EWP-748/2010, IEn-EWP-749/2010 and IEn-EWP-750/2010, allowing the test cable system for use in the Polish power system. Received technical assessments are valid until to 9.06.2015.

### 2. Modification kits for ZRM-type low-voltage cable:

ZRM sets of certification tests were completed before the end of 2010. A positive test result was confirmed in a research report No. EWP/45/E/2010 and in the technical assessment of release kits IEn-EWP-771/2010 ZRM-type (j, t, p), JLP and JLP-CX-CA for use in the electricity Polish system valid until 10.12.2015.

- Electric Heat:

1. In the first half of 2010 we finished work on the introduction of a REC End Cap 75 Carried out the certification procedure for End Caps - REC shaped gasket used to seal the ends of insulated pipes in the SPEC OBRC in Warsaw. Profiled sealing type REC END CAP met the requirements and was approved for use in the construction of district heating system of insulated pipes in a report dated 2010.04.09.

2. Next sleeves that were put into production are designed for installation in the area of pre-insulated pipe joints in the construction of district heating water:

- a. The reductive coupling of HDPE-material was designed for installation in locations changes the diameter of the pipeline. The project has made tooling for the production of joints with diameters of 200 mm and type of tests were performed. Type tests were performed in an independent certification body that is the SPEC OBRC in Warsaw. Clutches received authorization to use for heating - Certificate of Research No 35/2010 dated 2010.09.09.
- b. The knee sleeve with flexible material HDPE-designed to change the direction of the network

to any angle. The project has made a tool (calibrators) for the production of the knee joints of pre-insulated pipes with a diameter of the shielding cloak of  $\varnothing$  160mm tests. Type tests were performed in an independent certification body that is the SPEC OBRC in Warsaw. Clutches received authorization to use for heating - Certificate of Research No 36/2010 dated 2010.09.09.

c. cross-linked heat shrinkable sleeve in the size of 500 and 560

### **RURGAZ Sp z o.o. Kolonia Prawiedniki**

In November 2010, the Management has developed a business plan and growth strategy for RURGAZ, whose initial implementation will be completed in 2011. Budget expenditure is estimated at around 25 million. The investments will be the company's expansion of facilities and launch of new production lines for PE, as well as the implementation of new products.

After finalizing in March 2010 of the acquisition of the Company RURGAZ Sp. z o. o. expenditure incurred for the purchase of devices to increase the current production capacity and labor productivity (extended sequences cooling pipes, the purchase of a new extruder, double drum winder purchase, the purchase of turning gears) for a total amount of 823,523.40 PLN.

### **23.2 Development works**

#### **RADPOL S.A.**

- Materials Technology:

- development of material for tubing with minimum wall thickness of 2.5 mm, on the device Nexa. Pipes will meet European and world standards. The aim is to increase the dimensional range of pipes, reduce production costs. The use of energy and heat,
- The selection of high-density polyethylene HDPE for the production of heat-shrinkable joints intended for heating. In 2010 we have selected and tested five types of high-density polyethylene black, different manufacturers (Sabic, Total Petrochemical, Bassel), conducted tests of manufacturing processes shrink sleeves. Research will continue in 2011,
- selection of the new seal with the use of products for heating,
- developing a new recipe for the injection material for the production of caps, optimizing the composition of the mixture in order to minimize the longitudinal shrinkage.

Applied Energy:

- The introduction of resin header joints of the low voltage
- implementation of the cable system and in particular the SN transition of cable joints for paper to polymeric cables.

- Electric Heat:

- The reductive coupling of HDPE material increase in range,
- increase the range of a radiation cross-linked heat shrinkable joints for installation of connectors on the system of insulated pipes to the size of 630mm,
- implementation of heat-shrinkable molded double pre-insulated pipe
  - the implementation of the final coupling of water network in the system of insulated pipes.

### **RURGAZ Sp z o.o. Kolonia Prawiedniki**

Company RURGAZ Sp. z o. o. in 2010 did not conduct significant research and development works outside of the plans related to the expansion of the Plant.

### **23.3. Information about the major achievements in research, development and certification**

#### **RADPOL S.A.**

Certification tests at the Institute of Energy concluded in 2010:

Subject of the technical evaluation	Number	The technical evaluation expires :
Overhead cable terminations THP-N-10-CG4/800 6/10kV	NEW MARK IEn – EWP – 748/2010	2015.06.09
Overhead cable terminations THP-I-10-CG4/800 6/10kV	NEW MARK IEn – EWP – 749/2010	2015.06.09
Cable sleeve JHP-10-CG4 (K, D) 6/10kV	NEW MARK IEn – EWP – 750/2010	2015.06.09
Cable sleeve ZRM (j, t, p)/ JLP-CX, JLP – CA and ZRMZ/ JLP-CX4 0,6/1kV	IEn - EWP - 716/09 Replaced by IEn-EWP-771/2010	2015.12.10

A certification examination in SPEC OBRC in Warsaw finished in 2010.

Subject of the technical evaluation	Number of report	Report issue date
End cap type REC - Test for leaks	R/RB/0621-7/2010	2010.04.09
The study of heat shrinkable joints type MDMW, MDMW-L with the seal of the mass of butyl. Tests for compliance with PN-EN 489:2009 and PN-EN 253:2005	18/2010	2010.06.21
The test of socket type MRMW, MRMW-L MW-L Tests for compliance with PN-EN 489:2009 i PN-EN 253:2005	35/2010	2010.09.09
Test of joints type MKMW Tests for compliance with PN-EN 489:2009 and PN-EN 253:2005	36/2010	2010.09.09
Test of joint type MDKW with the seal of the mass of butyl. Tests for compliance with PN-EN 489:2009 and PN-EN 253:2005	1/2011	2011.01.05

#### **24. Assessment of the feasibility of investment plans, including equity investments, compared to the resources available, including possible changes in the structure of financing of this activity**

RADPOL SA Capital Group maintaining a correct and prudent financial management, despite an intensive investment program, the balance of 7,712 . zł thousand shows free cash flow, designed for use in implementing investment and acquisition transactions.

RADPOL SA implements investment and their operation, according to the Board. RADPOL SA Capital Group continuously monitors the possibility of using grant money from the activity performed.

The condition for achieving further increases in sales in the subsidiary RURGAZ Ltd. is the need to build factories and machinery for new production lines and marketing of new products. Therefore, the Board of RURGAZ Sp. z o. o. prepared in November 2010 a new development strategy for the years 2011 -2015, which was presented for approval by the Supervisory Board.

It should also be noted that the sector of plastic pipes in Poland is undergoing rapid growth and is faced with at least a dozen years a quiet, no real threat of large-scale substitutable products. This is due to technological superiority of tubes made of PE and PP on the other by their durability, reliability, great value, friendly people and the environment. You can expect increases in the pipes for water, gas, sewer and broad industrial applications.

RADPOL SA Capital Group is active in discussions regarding the acquisition of companies operating in the wider transport infrastructure sector - companies with revenues comparable to the revenues of RADPOL and RURGAZ SA and therefore building its competitive advantages based on the use of modern technologies in production. The Company intends to finance the acquisition, both from its own resources and bank credit. Good Company's financial results and its outlook on RURGAZ confirms the correctness of its decision concerning the inclusion of the Company to RADPOL SA Group.

#### **25. The evaluation factors and unusual events affecting the outcome of the activities during the financial year, of articulating the impact of these factors or unusual events on the result achieved**

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

#### **26. The characteristics of internal and external factors relevant to the development of RADPOL SA Capital Group and a description of the development prospects of the Group at least until the end of the year following the financial year for which there are accounts included in the annual report, including market strategy**

The priority for the managers of the companies of RADPOL SA Group is primarily a market introduction of new products manufactured on the basis of unique technologies designed to increase the range of the Group and increase its profitability. Long-term objective of RADPOL SA Group is to achieve leadership in the European market when it comes to providing advanced transportation solutions for markets such as heating, electricity and gas industry. RADPOL SA Group is building its competitive advantage based on its technology available to other producers in the region - including the two main industrial electron accelerators, which are the only devices of this type in Poland.

Subsidiary of RADPOL SA based in Człuchow - RURGAZ Sp. z o. o. - plans to invest an estimated total volume of 25 million zł, which will allow it to produce pipes diameters up to 1 meter in which shall generate the highest margins. Also, thanks to the development it's offer shall be even more connected with the solutions of RADPOL SA.

Currently, intensive work on the acquisition of new markets - including the building of dynamic exports, which becomes a very important component of the revenue of RADPOL SA Group especially compared to the sales structure of heat-shrinkable crosslinked products, which are the primary driver of more dynamic growth of export sales.

The main factors that may affect the operations of RADPOL SA Group over the next few years are:

- Changes in policy of energy companies - due to the relatively difficult macroeconomic situation and the planned privatization processes, professional energy sector did not perform in 2008 and 2009, significant improvement work to the investment. Privatization of the Polish energy sector (including ENEA, PGE, Tauron) can positively affect the demand for products of RADPOL SA, it is worth noting that 2010 shows positive changes in investment policy in the sector,
- The increased export sales and certification of new products in the markets of Western Europe in the coming years allowing the Company to build a new high-margin products for its customer base,
- Further integration of the companies in the group - including in particular the benefits of networking sales and purchasing companies
- New investments of the Company RURGAZ Sp. z oo, which today is used at full capacity at the various ranges - in the opinion of the Board investments in the short term will translate into a dynamic growth in sales and financial results of the RADPOL SA Group.

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

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

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

An important challenge for RADPOL SA Group in the coming fiscal year is the integration of acquired product offerings and making most advantage of market synergies - for the purchase of raw materials and selling of finished products. The company also has a significant impact on the cooperation between the two companies as far as it comes to research and development.

#### **27. Changes in the basic principles of management of an issuer and its holding company**

In 2010 no significant changes in the governance of companies within RADPOL SA Group.

#### **28. All contracts concluded between the issuer and its management, compensation in the event of their resignation or dismissal from his position without a valid reason or if their removal or dismissal due to a combination of the issuer by the acquisition**

On 31 March 2009 between the issuer and its management of the Company a non-competition agreement in force from 1 April 2009 was signed and the contents of a prior agreement have been repealed. Non-competition clause is valid for a period of the contract for a period of 12 months from the date of termination. Title adopted by the Board member is not to perform a competitive activity for the duration of the contract and 12 months from the date of termination.

#### **29. The value of wages, bonuses or benefits, including those resulting from the incentive or bonus programs based on the capital of the issuer, including programs based on bonds with the right of priority, parts, subscription warrants (in cash or any other form), paid, payable or potentially payable for each of the persons managing and supervising the issuer, irrespective of whether it was properly included in the cost, or resulted from the profit sharing, where the issuer is a parent company, a partner jointly controlled entity or investor - separately about the value of salaries and awards received for performing their functions in the government units; if the information were presented in the financial statements**

Under the incentive program on the basis of resolutions of the Annual General Meeting of RADPOL SA based in Człuchów of 13 February 2007: No 11/II/2007 on the issue of warrants and the exclusion of pre-emptive rights for subscription warrants WA Series, No. 12/II/2007 on the conditional share capital increase, and the exclusion of subscription rights Resolution No. 13/II/2007 amending the Articles of Association, concerning the inclusion in the content of the statute of the conditional capital increase, as amended by Resolution No. 1/III/2007 of the Extraordinary General Meeting of RADPOL SA based in Człuchów of 21 March 2007, on 5 November 2010 were allocated to Mr Andrzej Sielski and Mr Grzegorz Malczyk free subscription warrants to each of them an amount of 264,774 warrants WA series, which entitle to subscribe for 264,774 series C shares, for a total of three years of the Incentive Program, ie, from 2008 to 2010.

In exercise of the right to acquire series C shares Mr Andrzej Sielski and Mr Grzegorz Malczyk in December 2010 subscribed for series C shares for 264,774 shares each, a total of 529,548 shares Series C, and paid for them in its entirety at an issue price equal to the price of the series B shares, being 6.80 zł per share.

On 8 February 2011 Board of the Stock Exchange in Warsaw passed Resolution No. 169/2011 on the approval and introduction to trading on the WSE of ordinary bearer series C shares under that resolution, the Board decided to enter the Warsaw Stock Exchange on 11 February 2011 in the ordinary way to trading. Series C shares of RADPOL SA provided by the NDS were registered on 11 February 2011 and coded "PLRDPOL00010.

On 11 February 2011 there was a registration of series C shares in accordance with the National Depository Resolution No. 68/11 of the NDS Board of 27 January 2011.

Pursuant to Resolution No. 12/II/2007 of the Annual General Meeting of the Company, Series C shares are to participate in a dividend distribution of profit for the year 2010.

Information on the salaries of managers and supervisors is located in the consolidated financial statements in the notes (explanatory notes to consolidated financial statements, note No. 55).

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

**The Board of RADPOL SA**

Name	number of shares and % of share capital of RADPOL SA the end of 2010	number of shares and % of share capital of RADPOL SA the end of 2010 at the date of report issue	number of shares and % of share capital of RURGAZ the end of 2010	number of shares and % of share capital of RURGAZ the end of 2010 at the date of report issue
Andrzej Sielski	182 203 (0,72%) Nominal value 5 466,09 zł	446 977 (1,74%) Nominal value 13 409,31 zł	-	-
Grzegorz Malczyk	182 203 (0,72%) Nominal value 5 466,09 zł	446 977 (1,74%) Nominal value 13 409,31 zł	-	-

**The Supervisory Board of RADPOL S.A.**

Name	number of shares and % of share capital of RADPOL SA the end of 2010	number of shares and % of share capital of RADPOL SA the end of 2010 at the date of report issue	number of shares and % of share capital of RURGAZ the end of 2010	number of shares and % of share capital of RURGAZ the end of 2010 at the date of report issue
Grzegorz J. Bielowski	1 285 572 (5,10%) Nominal value 38 567,16 zł	1 285 572 (4,99%) Nominal value 38 567,16 zł	-	-
Tomasz Firczyk	1 000 (0,00%) Nominal value 30,00 zł	1 000 (0,00%) Nominal value 30,00 zł	-	-

**31. Information on purchase of own shares, in particular the purpose of their acquisition, the number and par value, indicating how much capital they represent, the purchase price and sale price of those shares**

According to the resolution of the General Assembly to authorize the Board of RADPOL SA to acquire its own shares for redemption, the Company may purchase its own shares until 31 December 2011. RADPOL SA buys shares from the Brokerage House, which carries through the share buyback program.

In 2010 RADPOL SA did not acquire any of its shares since the 2010 share price does not fall below 6.00, respectively. According to the share buyback program purchase price of shares can not be higher than 6.00 zlotys per share.

On 19.02.2010 EGM of RADPOL SA passed a resolution to discontinue its own 500,884 shares acquired in 2008 and a 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. At the date of the report issue, the company had no treasury shares.

**32. Information about known issuer contracts (including those entered into after the balance sheet date), which could result in the future, the proportions of shares held by existing shareholders and bondholders**

The Issuer has no information on the contracts, which could result in the future, in the change of the proportions of shares held by existing shareholders.

**33. Information about the system checks, the employee share schemes**

RADPOL SA does not have employee share schemes, has an incentive program for members of governing bodies of RADPOL SA, which was implemented over three years to 31 December 2010.

#### 34. Information on:

- a) the date of conclusion of contracts by the issuer, the entity authorized to audit financial statements for an audit or review of financial statements and consolidated financial statements and the period for which this agreement has been concluded
- b) remuneration of the entity authorized to audit financial statements, paid or payable for the year separately for: a study of the annual financial statements and other attestation services, including checking accounts, tax consultancy services, other services,
- c) the information specified in points. b must be given also for the previous financial year
- d) the obligation referred to in point a-c is deemed to be met by an indication of the inclusion of information in financial statements

#### RADPOL S.A. Człuchów

On 04/26/2010 an agreement was signed with the company HLB Sarnowski & Wiśniewski Sp. z o. o. based in Poznań, ul. Bluszczowa 7, entered on the list of entities authorized to audit financial statements under the number 2917, the study unit and the consolidated financial statements for the period 2001-01-2010 to 31-12-2010 and to review individual and consolidated financial statements for the period from 01-01-2010 to 30-06-2010 in accordance with International Financial Reporting Standards and the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and the consideration of information required by the laws of a non-member state (Journal of laws 2009.33.259).

List of contracts with entities authorized to audit financial statements and the net value of the consideration paid or payable for the period 2009 - 2010 is presented in the following table:

	2010		2009 - together with RADPOL Elektroporcelana S.A.	
	Agreement term	Remuneration value	Agreement term	Remuneration value
Examination of the annual consolidated financial statements of RADPOL SA	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań of 26.04.2010. Period 01.01.2010-31.12.2010	25.000,00	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań of 26.04.2010. Period 01.01.2009-31.12.2009. Agreement with RADPOL Elektroporcelana S.A. of 16.02.2009. TOTAL:	20.800,00  + 13.000,00  =33.800,00
Review of interim consolidated financial statements of RADPOL SA	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań of 26.04.2010. Period 01.01.2010-30.06.2010	13.000,00	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań of 28.05.2010. Period 01.01.2009-30.06.2009. Agreement with RADPOL Elektroporcelana S.A. of 16.02.2009  RAZEM:	10.400,00  + 6.000,00  =16.400,00
Examination of the annual consolidated financial statements of RADPOL SA Capital Group	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań of 26.04.2010. Period 01.01.2010-31.12.2010	12.000,00	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań of 28.05.2009. Period 01.01.2009-31.12.2009	9.800,00
Overview of the consolidated interim financial statements of RADPOL SA Capital Group	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań of 26.04.2010. Period 01.01.2010-30.06.2010	6.000,00	Agreement with HLB Sarnowski & Wiśniewski Sp. z o.o. based in Poznań of 28.05.2009. Period 01.01.2009-30.06.2009	6.400,00
Other services	HLB M2 Audyt Sp. z o.o. Ul. Rakowiecka 41/27	8.000,00	Agreement with HLB Sarnowski & Wiśniewski	47 300,00

	02-521 Warsaw		Sp. z o.o. based in Poznań	
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### RURGAZ Sp z o.o. Kolonia Prawiedniki

To audit financial statements of the Company RURGAZ Sp. z o. o. for the year 2010, the company has been selected HLB Sarnowski & Wiśniewski. The remuneration in this respect is:

- a) for a review of individual reports for the period 01.01.2010 to 30.06.2010r. - 9.0 thousand zł.  
b) for auditing the accounts for the period 01.01.2010 to 31.12.2010. -17.0 thousand zł.

### Appendix 1 - Statement on the application of corporate governance

#### 1. Indication of a set of corporate governance to which the issuer, and places where the text of the Statement of Principles is publicly available

a) To whom the issuer is subject to :

"Best Practices of WSE Listed Companies"

- Chapter II Best Practices for Management of listed companies,
- Chapter III of Good Practice for members of Supervisory Boards
- Chapter IV Best practices of the shareholders.

b) On the application, which RADPOL SA could not decide on a voluntary basis:

"Best Practices of WSE Listed Companies"

- Chapter I Recommendations for Best Practice Companies Stock Exchange.

c) The place where the text of the Statement of Principles is publicly available:

The set of corporate governance principles of Best Practice for WSE Listed Companies is publicly available at [www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl). This is the official website of the Stock Exchange in Warsaw devoted to issues of corporate governance ([www.corp-gov.gpw.pl/assets/library/polish/publikacje/dpsn2010.pdf](http://www.corp-gov.gpw.pl/assets/library/polish/publikacje/dpsn2010.pdf)).

#### 2. Description of rules for amending the statutes or articles of association of the issuer

To change the statute the resolution of the General Assembly and the entry in the register of the National Court Register is required. Board of RADPOL SA has the power to determine the uniform text of the amended to statute or amendment of an editorial nature specified in the resolution of the Assembly.

#### 3. Shareholders owning directly or indirectly, significant shareholdings together with the number held by these entities, their percentage of the share capital, number of votes from them and their percentage of share in the total number of votes at a general meeting

##### The ownership structure of large blocks of shares of RADPOL SA at 31-12-2010.

Shareholders structure of RADPOL S.A.	number of shares	share in capital (%)	number of votes at the AGM	share in votes at the AGM (%)	nominal value of shares
Marcin Wysocki	3 031 572	12,03	3 031 572	12,03	90 947,16
* BZ WBK AIB Asset Management S.A.	2 325 679	9,23	2 325 679	9,23	69 770,37
- including managed by BZ WBK AIB Asset Management S.A.:					
Arka BZ WBK Fundusz Inwestycyjny Otwarty	1 815 669	7,21	1 815 669	7,21	54 470,07
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	2 086 614	8,28	2 086 614	8,28	62 598,42
* Aviva Investors Poland S.A.	1 938 825	7,70	1 938 825	7,70	58 164,75
- including managed by Aviva Investors Poland S.A.:					
Aviva Investors Specjalistyczny Fundusz Inwestycyjny Otwarty Subfundusz Akcyjny	1 303 858	5,18	1 303 858	5,18	39 115,74
ING Nationale-Nederlanden OFE	1 814 854	7,20	1 814 854	7,20	54 445,62
GJB Assets Management Limited	1 775 118	7,05	1 775 118	7,05	53 253,54
PKO Towarzystwo Funduszy Inwestycyjnych S.A. Warszawa	1 452 656	5,77	1 452 656	5,77	43 579,68
Grzegorz Bielowicki	1 285 572	5,10	1 285 572	5,10	38 567,16
other shareholders	9 479 314	37,63	9 479 314	37,63	284 379,42
TOTAL:	25 190 204	100,00	25 190 204	100	755 706,12

\* shareholders possessing shares of RADPOL S.A.

On the day of signing statements, the shareholding structure RADPOL SA is as follows:

Shareholders structure of RADPOL S.A.	type of shares	number of shares	share in capital (%)	number of votes at AGM	share in total number of votes at AGM (%)	nominal value per share (0,03 zł)
Marcin Wysocki	bearer shares	3 031 572	11,79	3 031 572	11,79	90 947,16
* BZ WBK AIB Asset Management S.A.	bearer shares	2 325 679	9,04	2 325 679	9,04	69 770,37
<i>- including managed by BZ WBK AIB Asset Management S.A.:</i>						
<i>Arka BZ WBK Fundusz Inwestycyjny Otwarty</i>	bearer shares	1 815 669	7,06	1 815 669	7,06	54 470,07
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	bearer shares	2 086 614	8,11	2 086 614	8,11	62 598,42
* Aviva Investors Poland S.A.	bearer shares	1 938 825	7,54	1 938 825	7,54	58 164,75
<i>- including managed by Aviva Investors Poland S.A.:</i>						
<i>Aviva Investors Specjalistyczny Fundusz Inwestycyjny Otwarty Subfundusz Akcyjny</i>	bearer shares	1 303 858	5,07	1 303 858	5,07	39 115,74
ING Nationale-Nederlanden OFE	bearer shares	1 814 854	7,06	1 814 854	7,06	54 445,62
GJB Assets Management Limited	bearer shares	1 775 118	6,90	1 775 118	6,90	53 253,54
PKO Towarzystwo Funduszy Inwestycyjnych S.A. Warszawa	bearer shares	1 452 656	5,65	1 452 656	5,65	43 579,68
other shareholders	bearer shares	11 294 434	43,91	11 294 434	43,91	338 833,02
* shareholders possessing shares of RADPOL S.A.	<b>RAZEM:</b>	<b>25 719 752</b>	<b>100,00</b>	<b>25 719 752</b>	<b>100,00</b>	<b>771 592,56</b>

In connection with the registration of 11 February 2011 of Series C shares in the National Depository for Securities and placing them on the stock exchange, the Company received on 16 February 2011 from Mr. Grzegorz Bielowicki notice of change in the total number of votes. According to this statement Mr. Grzegorz Bielowicki has less than 5% of the shares of RADPOL SA. The number of shares held jointly by acting together with Mr Gabriel Wroblewski and GJB Asset Management Limited is 3,276,922 shares of RADPOL SA, representing 12.74% of the share capital of the Company (3,276,922 votes at the AGM which gives 12,74% of the total number of votes at a general meeting). All issued shares by RADPOL SA are ordinary bearer shares.

#### 4. Holders of any securities with special control rights, along with a description of those powers

RADPOL SA did not issue securities with special control rights, shares issued by RADPOL SA are ordinary shares.

#### 5. Identification of any restrictions on voting rights, such as limiting the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights or provisions pursuant to which, in cooperation with the company, the financial rights attaching to securities are separated from the ownership securities

There are no limitations

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

- In accordance with Resolution No. 16 of the General Meeting of RADPOL SA of 21 April 2008 on the authority of the Board to acquire own shares for redemption, the Company may not acquire its own shares in the transaction packet from the shareholders: Tar Heel Capital R LLC, Mr. Marcin Wysocki and Mr Grzegorz Bielowicki
- According to the Annex, on 18 February 2010 the Company's Share Purchase Agreement RURGAZ Sp. z o. o. Based in Kolonia Prawiedniki of 16 November 2009 provides for the temporary reduction in selling and charging by the two shareholders of their shares of series D. In particular, these restrictions provide that from 1 April 2010 to 31 March 2011, they can not subject the Series D shares, each numbering more than 100,000 shares in one calendar quarter. However, in the period from 1 April 2011 to 31 March 2012 these shareholders can not dispose of or may not charge more than 200,000 shares of the Issuer, each within one calendar quarter. In the case of a sale of shares in RADPOL SA numbering more than 20,000 shares in one quarter, the Issuers shall have the right of first refusal to sell the shares, the Company may designate a third party. The right of first refusal, the foregoing limitation shall expire on 31 March 2012 and in other cases involving a substantial change in the shareholding structure of the Issuer.

#### 7. Information on the extent that the issuer has waived the provisions of corporate governance rules, an indication of these provisions and clarify the reasons for this withdrawal and the manner in which the issuer intends to remove the possible consequences of not applying the rules or what steps it intends to take to reduce the risk of not applying the rules in Future

Rule No. 1 of Chapter I: "A company should pursue a transparent and effective information policy, using both traditional methods and using modern technology and the latest communication tools to ensure fast, secure and efficient access to information.

Using the fullest extent with these methods, the Company shall in particular:

- Carry out their website, about the scope and manner of presentation modeled on the model of investor relations website, available at: <http://naszmodel.gpw.pl/>;
- Ensure adequate communication with investors and analysts, making use of the modern methods of Internet communication;
- Allow the broadcasting of the general meeting using the Internet, record and publish the agenda on the website. " The company runs a website on which events of the Company are placed. The scope and manner of presentation is not fully modeled in a reference site.

Furthermore, RADPOL SA has signed a contract with an external company for the provision of services in the field of Public Relations, whose mission is to keep you informed the public about the doings of the company and building its image in the media.

The Company has not conducted in 2010, the broadcasting of the General Assembly using the Internet, but the course of the business was registered and located in the Company's headquarters.

Rule 2 of Chapter I - has been repealed.

□ Principle 3 of Chapter I: "The company should make every effort to ensure that any cancellation of or change of time does not allow or restrict a shareholder to exercise their right to participate in the general meeting."

In 2010, the Company has not made use of the term, nor altered the general meeting.

□ Principle No. 4 of Chapter I: A company should strive to ensure that when the securities issued by the company are traded in different countries (or in different markets) and under different legal systems, the implementation of corporate events related to the acquisition of rights by a shareholder, is followed by the same dates in all the countries in which they are listed.

Shares issued by the Issuer are traded only on the Main Market of the Stock Exchange in Warsaw

□ Principle 5 of Chapter I: "The company should have a policy of remuneration and the rules for its determination. The remuneration policy should in particular determine the form, structure and level of remuneration of the members of the supervising and managing bodies. In determining the remuneration policy for members of the supervising and managing bodies, the company should apply to the European Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC), supplemented by a recommendation from the European Commission on 30 April 2009 (2009/385/EC).

Principles of remuneration for members of the Supervisory Board of RADPOL SA are determined by the General Assembly.

Resolution No. 9 dated 5 March 2004 of the Ordinary General Meeting of Shareholders on amendments to the remuneration of Supervisory Board, Members are entitled to compensation regardless of the frequency of meetings convened, the salary is not payable for the month in which the Board member was not present at any of the formally convened meetings with unexcused reasons. Supervisory Board members shall also have the expenses incurred in connection with the duties of a member of, and in particular the cost of travel, accommodation and allowances. The General Assembly may, at the request of the Supervisory Board, grant additional remuneration of the Supervisory Board members delegated to perform certain supervisory activities.

The Supervisory Board determines the remuneration of Members of the Board. On 31.03.2010 contracts of indefinite duration have been signed with members of the Board of RADPOL SA, which established the form, structure and level of remuneration.

The amount of wages made in 2010 by the Supervisory Board and the Board of the Company have been presented in the consolidated financial statements in the notes (explanatory notes to consolidated financial statements, note No. 55).

□ Principle 6 of Chapter I: "The supervisory board member should have adequate knowledge and experience and be able to devote the time necessary to carry out their duties. Supervisory board member should take appropriate steps to ensure that the board received information on important matters concerning the company. "

On the website of the Company there are biographies of members of the Supervisory Board located, at least once a year they are updated.

□ Principle 7 of Chapter I: Each member of the board should act in the interests of its investigation of the company and independent decisions and judgments, in particular:

- Do not take unfair advantage that might reflect negatively on the assessment of the independence of their opinions and judgments;

- Clearly express their opposition and dissenting opinion in the case of the recognition that the decision of the Supervisory Board is contrary to the interests of the company. "

The Company's annual reports on the activities of the Supervisory Board are placed on Company's website

□ Principle 8 of Chapter I: "No shareholder should not be privileged in relation to the other shareholders in transactions and contracts entered into by the company from its shareholders or their affiliates.

The company in 2010 did not include transactions and agreements with shareholders.

□ Rule No. 9 of Chapter I: "Offering recommends public companies and their shareholders as to ensure that a balanced participation of men and women in the exercise of management and supervision functions of enterprises, thereby enhancing creativity and innovation in business through the company's business. "

In 2009, the Supervisory Board was appointed for three years. On 20 April 2010 Shareholders of RADPOL SA designated the sixth member of the Supervisory Board.

□ Rule No 1 pt. 6 of Chapter II: "The company has a corporate website and publishes on it, in addition to the information required by law:

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

Board of RADPOL SA prepares an annual report on its activities in a given year, but the report for 2009 did not include in the work of its committees, as the Board of RADPOL SA Committees were not separated.

In 2011, the Company provides for the application of this principle because in November 2010 the Supervisory Board elected the Audit Committee.

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

On 19 November 2010 by the Supervisory Board an Audit Committee was appointed, which is to submit to the Supervisory Board its Rules of Procedure for approval. The Company provides for the application in 2011 of Appendix I of the European Commission Recommendation of 15 February 2005 on the role of non-executive directors (...) in relation to the tasks of the audit committee.

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

a) Mode of work of the General Meeting.

General Meeting of RADPOL SA (GM) operates in accordance with the Commercial Companies Code (CCC), Articles of Association and Regulations of the General Meeting of RADPOL SA.

Assembly may be ordinary or extraordinary, and may be held in the Company's headquarters or in Warsaw. Plenary meeting is open and is maintained until the election of the chairman of the general meeting, the chairman of the supervisory board (in their absence, Vice Chairman, CEO or other person designated by the Board) is complete. The President shall chair the general assembly, take decisions on procedural and technical matters and is empowered to interpret the Rules of Procedure of the General Meeting of the Company RADPOL SA. The General Meeting may decide on the choice of Scrutiny Committee, which ensures the proper conduct of voting, supervises and checks the operation of voting and announces the results. The Assembly shall take decisions in the form of resolutions to be adopted in an open voting or secret ballot. Resolutions of the General Assembly are taken by an absolute majority except in cases for which the law provides more stringent requirements.

In 2010, we have convened two meetings:

□ 19 February 2010 - Extraordinary General Meeting of RADPOL SA - 25 shareholders took part in it (75.75% shareholding structure of RADPOL SA for a total of 23,951,610 shares), who represented the 18,145,304 shares, representing as many votes.

Deliberations of the Meeting were opened by the President of the Supervisory Board, who ordered the nominations for the Chairman of the Meeting. At this function a candidate has been declared who, in a secret ballot received a total of 18,145,304 votes, in the absence of 18,145,304 votes against and abstentions) was elected Chairman of the Meeting.

□ April 20, 2010 - Annual General Meeting of RADPOL SA - 27 current shareholders took part in it (70.74% shareholding structure of RADPOL SA for a total of 25,691,088 shares), who represented the 18,175,422 shares, representing as many votes.

The deliberations of the AGM were opened by the Chairman, who ordered the nominations for the Chairman of the Meeting. For this function a candidate has been declared for whom 18,175,422 votes were cast, in the absence of 15,945,422 votes against and 2,230,000 abstentions) and therefore this person was elected Chairman of the Assembly.

At both General Meetings no Scrutiny Committee was chosen. Votes were cast and counted using a computer system.

Resolutions passed at the Meetings and documents relating to General Meetings can be found on the website of RADPOL SA (<http://www.radpol.com.pl/pl/relacje-inwestorskie/ogloszenie-o-walnym-zgromadzeniu-akcjonariuszy-spolki.html>)

b) The principal powers of the General Assembly.

The main powers of the General Assembly of RADPOL SA include:

- Consideration and approval of the board of the company's business,
- Review and approval of financial statements for the previous financial year,
- Granting vote of approval to members of the Board and the Supervisory Board of the performance of their duties,
- Adopting a resolution regarding the distribution of profits or covering losses
- Identifying the the list of shareholders entitled to dividends,
- Determination of the dividend payment date,
- Establishing the rules for redemption of shares of the Company,
- The creation of capital to cover specific losses or expenses,
- Deciding on the use of supplementary capital and capital reserve
- Appointment and dismissal of the Board and Supervisory Board,
- Determination of the principles of remuneration of Supervisory Board Members,
- Change of the objects of the Company.

c) The rights of shareholders and how they perform.

Shareholders' rights and how they perform:

- The right to request the convening of the Extraordinary General Meeting and the right to put certain issues on the agenda for this meeting - this right is given to the shareholder or shareholders representing at least 1 / 20 of share capital, ie they have at least 1,285,987 shares of RADPOL SA
- The right to participate in the General Assembly - only persons who are shareholders of RADPOL SA for 16 days

before the General Assembly (record date) and who will present a certificate of eligibility to participate in the general meeting,

- The right to place certain issues on the agenda of the next general meeting - the request should be submitted by a shareholder or shareholders who represent at least 1 / 20 of share capital (1,285,987 shares of the Company), the Board of the Company not later than 21 days before the scheduled meeting ,

- The right to submit draft resolutions of the General Assembly - the shareholder or shareholders representing at least 1 / 20 share capital are entitled, before the general meeting, to submit draft resolutions relating to matters covered by the agenda of the meeting or the matters which are to be placed on the agenda. In addition, each shareholder at the general meeting may submit draft resolutions concerning matters on the agenda,

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

- The right to attend general meetings and exercise voting by proxy - a shareholder owning shares in more than one deposit account may appoint separate proxies to exercise their rights to the shares on each account. Attorney may be given in writing or in electronic form.

It is presumed that the attorney in writing confirming the right to represent the shareholder at the meeting is lawful and does not require confirmation, unless its authenticity or validity is questionable to the chairman of the general meeting.

Before granting an electronic proxy, shareholder shall deliver personally or by registered mail to the headquarters of the Company a written statement indicating the e-mail address by which the attorney will be given in electronic form and a copy of identity document of a shareholder or a current copy of the relevant shareholder registry. When a shareholder is a legal person of foreign law, not a subject to registration, they must submit other documents certifying that the person granting power of attorney shall be entitled to represent the shareholder. Authorizations in an electronic form and the notice of granting a proxy should be sent to e-mail address specified in the Regulations of the General Meeting of the Company RADPOL SA, e-mail: radpol@radpol.com.pl,

- Equal treatment for all shareholders - RADPOL SA announces convening the meeting in the Court and to make public a report of the current date, place and agenda and draft resolutions of the General Assembly on the dates set by law. Furthermore, information about the Company's general meetings, including the required forms are posted on the website: [www.radpol.com.pl](http://www.radpol.com.pl),

- The right to ask questions - each shareholder has the right to ask questions regarding items on the agenda of the General Assembly. Board members and at least two board members participate in the deliberations of the general meeting are to answer questions asked by shareholders. At the meeting a statutory auditor is present, if the agenda of this meeting includes the financial matters of the Issuer.

## **9. Composition and changes that occurred during the last financial year, and a description of the management bodies, supervisory or administrative bodies of the issuer and its committees**

### **a) The Board of RADPOL SA**

The Board of RADPOL SA may consist of 1 to 3 persons appointed to the joint three-year term by the General Assembly. In 2010, the Board composed of a double act:

- President - Andrzej Sielski, as of 01-01-2010 - until present,
- Vice President - Grzegorz Malczyk, as of 01-01-2010 - until present.

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

Board 2010, held 21 meetings and adopted resolutions outside a meeting of the Board by voting in writing.

During the year, in addition to the Company's Board, current issues that have been dealt with include:

- Purchase of shares in RURGAZ SA,
- A merger of RADPOL SA with its subsidiary RADPOL Elektroporcelana SA
- Redemption of shares and reduction of share capital,
- Admission and introduction of Series D shares to trading,
- Implementation of the Incentive Program.

### **b) The Supervisory Board of RADPOL SA**

Board of RADPOL SA may consist of 3 to 7 persons appointed to the joint three-year term by the General Assembly. In 2010, the Supervisory Board was composed as follows:

- President - Grzegorz Jan Bielowicki, from 01-01-2010 - until present,
- Vice-President - Zbigniew Janas, from 01-01-2010 - until present,
- Secretary of the Supervisory Board - Tomasz Firczyk, from 01-01-2010 - until present,
- Member - Krzysztof Kurowski, from 01-01-2010 - until present,
- Member - Leszek Iwaniec, from 20-04-2010 - until present,
- Member - Tomasz Kapliński, from 01-01-2010 - until present.

The Supervisory Board exercises permanent supervision over the activities of companies in all areas of business. Rights and duties of the Council shall define the relevant provisions of law, in particular the Commercial Code and the Statute of RADPOL SA. Manner of convening, holding meetings and passing resolutions is defined in the Regulations of the Supervisory Board of RADPOL SA. The Supervisory Board shall meet at least once per quarter in the fiscal year. The Supervisory Board meetings shall be convened by the President on their own initiative or at the request of any member of the Council or at the request of the Board. Council meeting could be held without formal convocation, if all the members of the

Supervisory Board participate in it. Board Resolutions are passed by simple majority voting. The Supervisory Board may delegate its members to the individual performance of individual supervisory actions.

At the meeting of the Supervisory Board in 2010, the Board was invited, which presents such situation of the company and answered questions from Council.

The Supervisory Board has cooperated with the Board on such issues like:

- The timing and agenda of the meeting convened in 2010,
- Preparation of draft resolutions and the opinion of the meeting,
- In the work related to the process of acquisition,
- Appointment of the auditor to review financial statements of the Company.

#### a) Committees

On 19 November 2010 an Audit Committee was appointed by the Supervisory Board, which is to submit to the Supervisory Board for approval to its terms.

The Committee shall consist of:

- Chairman of the Audit Committee - Zbigniew Janas, from 19-11-2010 - until present
- Member of the Audit Committee - Krzysztof Kurowski, from 19-11-2010 until present
- Member of the Audit Committee - Leszek Iwaniec, from 19-11-2010 until present.

### **10. Description of the rules governing the appointment and dismissal of managers and their rights, in particular the right to decide whether to issue or repurchase shares**

Board of RADPOL SA is appointed and dismissed by the general meeting of the issuer.

On 19 February 2010, the Shareholders authorized the Board of RADPOL SA to register the shares of series D in the National Securities Depository, and to apply for admission and the introduction of Series D shares to trading on the Stock Exchange in Warsaw. On 5 November 2010 1,739,478 shares Series D were registered in the National Depository and introduced to trading.

In accordance with Resolution No. 20 of the General Meeting of 27 April 2009 on amending Resolution No. 16 of the Annual General Meeting of the Company RADPOL SA based in Człuchów of 21 April 2008 on the authority of the Management Board to acquire own shares for redemption, the Board of RADPOL SA is required and authorized to take all factual and legal actions necessary to acquire treasury shares in accordance with the contents of the resolution.

In accordance with this resolution of the General Assembly on 28 September 2009, the Board adopted a resolution on the amendment of the share repurchase program under which the acquisition of treasury shares will be completed no later than 31 December 2011.

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

In 2010, the company could not concentrate because own share's price did not drop throughout the year below the required threshold of 6.00 zł.

Board of Directors in accordance with Resolution No. 12/II/2007 of the Ordinary General Meeting of 13 February 2007, as amended by Resolution No. 1/III/2007 of the Extraordinary General Meeting of 31 March 2007, was authorized to register 529,548 shares of Series C. Depository Securities and the application for admission and their introduction to trading on the Stock Exchange in Warsaw. On 11 February 2011 529,548 shares of series C were registered in the National Depository and introduced to trading.

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

The system of internal control and risk management in relation to the process of preparing financial statements in the Company is realized by the Company's existing procedures for drafting and approving the financial statements. The financial statements are compiled by financial and accounting services under the supervision of the Chief Accountant of the Company, and the final version of the content is approved by the Board. The financial statements approved by the Board shall be verified by an independent auditor - the auditor, elected by the Supervisory Board. Then, the Supervisory Board evaluates the Company's audited financial statements with regard to their compliance with the books and documents as well as to the facts, and the result of this assessment is informed to shareholders in report to the General Meeting. Statutes of RADPOL SA and Regulations of governing bodies are available on the website of the Issuer: [www.radpol.com.pl](http://www.radpol.com.pl)

Vice-President

President

Grzegorz Malczyk

Andrzej Sielski

Człuchów, 28 February 2011