Polish Financial Supervision Authority
corrected

Semi-annual Report P 2012
(year)

(pursuant to Article 82 section 1 item 2 of the Regulation of the Minister of Finance of February 19th 2009 – Journal of Laws Dz. U. No. 33, item 259)
for issuers of securities conducting production, construction, commercial or service activity

for the half of the financial year 2012 covering the period from 2012/01/01 until 2012/06/30

including a financial statement prepared in accordance with IFRS

Currency: PLN

Date of issue: 31st August 2012

ZAKŁADY AUTOMATYKI POLNA SA
(full issuer's name)

POLNA	**Electrical engineering (ele)**
(abbreviated issuer's name)	(sector by Warsaw's Stock Exchange's classification)
37-700	**Przemyśl**
(postal code)	(town)
Obozowa	**23**
(street)	(number)
166786601	**166783710**
(telephone)	(fax)
secretariat@polna.com.pl	**www.polna.com.pl**
(e-mail)	(website)
795-020-07-05	**650009986**
(NIP: Tax Identification Number)	(REGON: National Business Registry Number)

PKF Audyt Sp. z o.o., ul. Elbląska 15/17, 01-747 Warsaw
(entity authorized to conduct the audit)

SELECTED FINANCIAL DATA	**In PLN thousand**		**In EUR thousand**	
	half of the year 2012	**half of the year 2011**	**half of the year 2012**	**half of the year 2011**
I. Net income from products, goods and materials sales	16 974	13 810	4 018	3 481
II. Cost of products, goods and materials sold	11 655	10 328	2 759	2 603
III. Gross profit (loss) from sales	5 319	3 482	1 259	878
IV. Profit (loss) from operating activity	1 428	-164	338	-41
V. Gross profit (loss)	1 453	20	344	5
VI. Net profit (loss)	1 278	15	303	4
VII. Net cash flow from operating activity	1 352	1 730	320	436
VIII. Net cash flow from investment activity	-7	-2	-2	-1
IX. Net cash flow from financial activity	-179	-333	-42	-84
X. Total net cash flow	1 166	1 395	276	352
XI. Total assets	45 671	43 950	10 718	9 951
XII. Fixed assets	25 284	26 364	5 933	5 969
XIII. Current assets	30 387	17 586	4 784	3 982
XIV. Equity capital	37 978	36 851	8 912	8 343
XV. Long-term liabilities	3 626	3 674	851	832
XVI. Short-term liabilities	4 067	3 425	954	776
XVII. Share capital	8 029	9 823	1 884	2 224
XVIII. Weighted average number of ordinary shares (in pieces)	2 481 261	2 585 026	2 481 261	2 585 026
XIX. Profit (loss) per ordinary share (in PLN/EUR)	0,52	0,01	0,12	0,002
XX. Number of shares (in pieces)	2 112 896	2 585 026	2 112 896	2 585 026
XXI. Book value per share (in PLN/EUR)	17,97	14,26	4,22	3,23

Selected financial data from the financial standing report (items from XI to XVII and item XXI) were presented as of 30/06/2012, and for the comparative period, as of 31/12/2011.

Selected financial data from the balance sheet (report on the financial standing) are presented as of the end of the half-year of the current financial year and as of the end of the previous financial year, which should be properly described.

The report should be submitted to the Polish Financial Supervision Authority and the company managing the controlled market; it should also be made public by means of an information agency, in compliance with binding regulations.

CONTENTS OF THE REPORT

File	Description
Sprawozdanie_finansowe_za_I_półrocze 2012 r.pdf	Financial statement for the 1st half of the year 2012
Sprawozdanie_Zarządu_za I półrocze_2012 r.pdf	The Management Board's report from activity in the 1st half of the year 2012
Oświadczenie Zarządu o rzetelności sprawoz. finansow..pdf	The Management Board's declaration of the financial statement's accuracy
Oświadczenie Zarządu w sprawie podmiotu do badania spraw. fin..	The Management Board's statement concerning the entity authorized to audit the financial statement
Raport.pdf	Statutory auditor's report

SIGNATURES OF INDIVIDUALS REPRESENTING THE COMPANY

Date	Full name	Title/Function	Signature
2012/08/31	Andrzej Piszcz	President of the Management Board	
2012/08/31	Piotr Woś	Member of the Management Board	
2012/08/31	Bożena Polak	Chief Accountant – Proxy	

DECLARATION OF THE MANAGEMENT BOARD
OF THE COMPANY "POLNA" S.A.

of accuracy of the separate financial statement for the 1^{st} half of the year 2012

The Management Board of "POLNA" S.A., in the composition: Andrzej Piszcz – President of the Management Board and Piotr Woś – Member of the Management Board, declares that, according to their best knowledge, the condensed semi-annual financial statement and the comparative data were prepared on the basis of the International Financial Reporting Standards and truly, accurately and clearly reflect the property and financial standing of the Company, as well as its financial result.

The report from the Company's activity includes the real depiction of its development and achievements, as well as its standing, including description of the main threats and risk.

…………………..	……………………
Piotr Woś	Andrzej Piszcz
Member of the Management Board	President of the Management Board

Przemyśl, 31^{st} August 2012

STATEMENT OF THE MANAGEMENT BOARD
OF THE COMPANY "POLNA" S.A.

concerning the body authorized to audit the separate financial statement for the year 2012

The Management Board of "POLNA" S.A. states that the entity authorized to audit financial statements, conducting a review of the condensed semi-annual financial statement, was selected in compliance with the law; besides, that body and the statutory auditors conducting the review met the requirements necessary to issue an objective and independent report on the review, in accordance with the binding professional norms and regulations.

…………………..	……………………
Piotr Woś	Andrzej Piszcz
Member of the Management Board	President of the Management Board

Przemyśl, 31st August 2012

PKF

INDEPENDENT STATUTORY AUDITOR'S REPORT
from the review of
the interim separate financial statement
of POLNA S.A.
in
Przemyśl
for the period from 01/01/2012 to 30/06/2012

“POLNA” Spółka Akcyjna

PKF
PKF Audyt Sp. z o.o.
ul. Elbląska 15/17
01-747 Warszawa
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INDEPENDENT STATUTORY AUDITOR’S REPORT

for the General Shareholders Meeting and for the Supervisory Board of POLNA S.A. from the review of an interim separate financial statement covering the period from 1st January 2012 to 30th June 2012

We have conducted a review of the attached interim separate financial statement of POLNA S.A. having its seat in Przemyśl, including: a separate financial standing statement as of 30th June 2012, a separate profit and loss account, a separate total income statement, a separate statement of changes in equity, a separate cash flow statement for the period from 1st January 2012 to 30th June 2012 and explanatory information.

The Management Board of POLNA S.A. is responsible for preparation and accurate presentation of the above-mentioned interim separate financial statement, prepared in conformity to the International Reporting Standard 34 “Interim Financial Reporting”, approved by the European Union (“IAS 34”), as well as to requirements concerning issuers of securities admitted to official stock exchange listing or being subject of application for such listing, and to other applicable regulations. On the basis of the performed review, our task was to present a conclusion on that interim financial statement.

We conducted the review pursuant to provisions of the Accounting Act of 29th September 1994 (Journal of Laws Dz. U. of 2009 No. 152, item 1223, as amended), national standards of financial review issued by the National Chamber of Statutory Auditors and the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

Pursuant to the standards constituting the basis for the review, our procedures include the use of information received first of all from the management bodies and form persons responsible for finances and accounting of POLNA S.A., insight into accounting books and application of analytical procedures and other review procedures. The scope and method of the review are considerably different to the scope of an audit and does not allow for obtaining confidence that all significant issues may be identified, as it occurs in the case of a full-scope audit. Therefore, on the basis of the procedures performed, we cannot issue an opinion from the audit on the enclosed interim separate financial statement.

The review conducted by us did not show anything to make us think that the enclosed interim separate financial statement does not conform to the applicable accounting principles or is not presented, reliably and clearly in all significant aspects, the property and financial standing of POLNA S.A. as of 30th June 2012, its financial result, changes in equity and cash flow for the period from 1st January 2012 to 30th June 2012 in accordance with IAS 34 and requirements concerning issuers of securities admitted to official stock exchange listing or being subject of application for such listing.

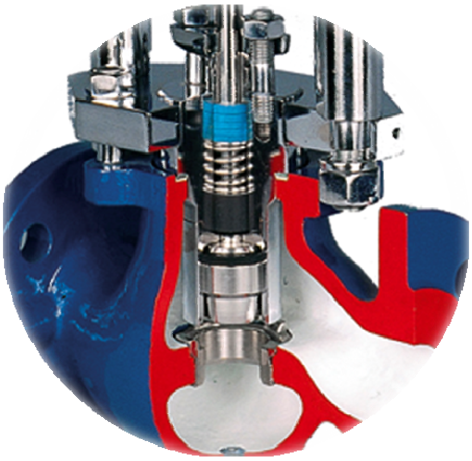
PKF Audyt Sp. z o.o.
01-747 Warszawa, ul. Elbląska 15/17
KATOWICE REGIONAL DIVISION
40-048 KATOWICE, ul. Kościuszki 43
tel. 032 253 84 98, tel./fax 032 253 66 69
NIP *(Tax Identification Number)* 725-10-13-699
REGON *(National Business Registry Number)* 471072925
(stamp)

(signature)
Janina Krzemińska
Statutory auditor no. 9551

key statutory auditor conducting the review
on behalf of PKF Audyt Sp. z o.o.,
entity authorized to audit financial statements no. 548

ul. Elbląska 15/17
01-747 Warszawa

Katowice, 31/08/2012



"POLNA" Spółka Akcyjna

Separate semi-annual financial statement for the 1st half of the year 2012

prepared in accordance with the International Financial Reporting Standards

Przemyśl, August 2012

TABLE OF CONTENTS

GENERAL INFORMATION AND INFORMATION ON THE ADOPTED ACCOUNTING PRINCIPLES (POLICY

1. The registered name and seat, competent register court and registration number, the main object of activity of the issuer according to PKD (Polish Classification of Economic Activities) and indication of industry according to the classification adopted by the WSE.

Company name: "POLNA" S.A.
Seat: 37-700 Przemyśl, ul. Obozowa 23
Register court: District Court in Rzeszów, XII Economic Division of the National Court Register (KRS), KRS number 0000090173.

The Company's object of activity is:

- 24.5 Metal founding;
- 28.12.Z Production of hydraulic and pneumatic drive equipment;
- 28.13.Z Production of other pumps and compressors;
- 28.14.Z Production of other cocks and valves;
- 38.21.Z Processing and utilization of waste other than dangerous;
- 38.32.Z Recycling of raw materials from sorted materials;
- 46.69.Z Wholesale trade of other machines and equipment;
- 46.90.Z Non-specialized wholesale trade;
- 46.77.Z Wholesale trade of waste and scrap.

The Company has been recognized as belonging to the electrical engineering sector.

2. The issuer's lifetime

The time of the Company's activity is unlimited.

3. The reporting currency, accounting year, the time covered by the statement and approval of the statement to be published by the Management Board.

The reporting currency of this financial statement is Polish zloty (PLN), and all the amounts are expressed in PLN thousand (unless otherwise stated).

The accounting year is a calendar year.

The financial statement was prepared for the period from 1st January 2012 to 30th June 2012. The comparative financial data concerns the 1st half of the previous year, i.e. from 1st January 2011 to 30th June 2011, as well as data for the previous accounting year, i.e. for the period from 1st January 2011 to 31st December 2011.

The Management Board **approved** this financial statement for publication on 31/08/2012.

4. Composition of the Management Board and the Supervisory Board and changes occurred in the reporting period

As of 30th June 2012 and the day of preparing this financial statement, the Management Board of the Company had the following composition:

- Andrzej Piszcz – President of the Management Board – Managing Director,
- Piotr Woś – Member of the Management Board – Production Director.

No changes in the composition of the Management Board occurred in the reporting period.

As of 30th June 2012, the Supervisory Board of the Company had the following composition:

- Mr Wiesław Piwowar – President,
- Mr Władysław Wojtowicz – Vice-President,
- Ms Katarzyna Kieloch – Secretary,
- Mr Grzegorz Hayder – Member,
- Ms Elżbieta Opawska – Member.

No changes in the composition of the Supervisory Board occurred in the 1st half of 2012.

On 6th July 2012, Mr Grzegorz Hayder submitted a resignation from performing his function of a Member of the Supervisory Board of the current term of office. The decision was taken for personal reasons.

The Management Board of the Company has convened an Extraordinary General Meeting for 24/09/2012 in order to appoint a Member of the Supervisory Board of the current term.

5. Indication whether the financial statement and the comparative financial data include aggregate data.

The Company is not composed of any internal organizational units; the financial statement does not include aggregate data.

6. Indication whether the issuer is a holding company or a significant investor and whether they prepare consolidated financial statements.

The Company does not make consolidated financial statements and is not a holding company or a significant investor with regard to other entities.

7. Indication whether the financial statement was made after a merger of companies.

No merger of the Company with other entities took place in the reporting period.

8. Indication whether the financial statement was made with the assumption of the issuer continuing their business activity in the foreseeable future and whether any circumstances exist which indicate a threat to continuation of their activity.

The financial statement was made with the assumption of the Company continuing their business activity. The Company is not planning to reduce or abandon any fields of its activity.

9. Statement that the financial statements were subject to transformation so as to ensure data comparability.

The financial statement for the previous period was not subject to transformation so as to ensure data comparability, because no changes in the accounting principles (policy) occurred in 2012.

10. Indication whether corrections were made in the presented financial statement or comparative data as a result of objections of the bodies authorized to audit financial statements for the years the financial statement or comparative data for which were included in the report.

No corrections resulting from auditors' reservations expressed in their opinions were necessary.

11. Description of the accounting principles (policy) adopted for preparing the financial statement, including methods for valuation of assets and liabilities, as well as income and expenses, determining the financial result and the way of preparing the financial statement and comparative data.

11.1 The basis for making the financial statement.

Pursuant to the Resolution of the Annual General Shareholders Meeting No. 32/2008 of 30th June 2008, since 1st January 2009 "POLNA" S.A. has been preparing separate financial statements in compliance with the International Financial Reporting Standards approved by the European Commission.
The semi-annual financial statement of "POLNA" S.A. was prepared in compliance with the International Financial Reporting Standards (IFRS), in particular with IAS 34 "Interim Financial Reporting".
As for issues not regulated by the aforementioned standards, the statement was made in compliance with the Accounting Act of 29th September 1994 and executive regulations issued on its basis.
The information included in the report for the 1st half of the year 2012 was taken into consideration in accordance with the Regulation of the Minister of Finance of February 19th 2009 on current and periodical information made public by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by the legal regulations of a state which is not a EU member state (Journal Of Laws Dz. U. No. 33, item 259).
The presented financial statement was prepared in accordance with the historical cost principle (adjusted by revaluation write-offs related to impairment) with the exception of some fixed assets and financial instruments. The most important accounting principles applied by the Entity are presented below in item 11.3.

11.2 Declaration of conformity

This financial statement was made in conformity to the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) adopted by the European Union.

New standards, interpretations and changes to standards already published
The accounting principles applied when making this interim financial statement comply with those applied when making the annual financial statement of the Company for the year finished on 31st December 2011, with the exception of application of the following new or amended standards and interpretations applicable for annual periods beginning on 1st January 2012 or later:

- Amendments to IFRS 7 "Financial Instruments: Enhancing disclosures about transfers of financial assets" – applicable for annual periods beginning on 1st July 2011 or later – approved by the EU on 22nd November 2011.

Adopting the above-mentioned standards and interpretations did not cause any significant changes in the accounting policy or in presentation of financial statements.

Standards and interpretations already published but not yet approved by the EU
The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee but have not yet been approved by the EU:

- phase 1 of standard IFRS 9 "Financial Instruments: Classification and Measurement" – applicable for annual periods beginning on 1st January 2015 or later, In the following phases, the International Accounting Standards Board is going to deal with hedge accounting and impairment. Application of the first phase of IFRS 9 will affect classification and valuation of financial assets of the Company. The Company will evaluate that influence in relation to the other phases when they are issued, so as to present a consistent image.
- IFRS 10 "Consolidated financial statement" – applicable for annual periods beginning on 1st January 2013 or later,

- IFRS 11 "Joint Arrangements" – applicable for annual periods beginning on 1st January 2013 or later,
- IAS 12 "Disclosure of Interests in Other Entities" – applicable for annual periods beginning on 1st January 2013 or later,
- IFRS 13 "Fair Value Measurement" – applicable for annual periods beginning on 1st January 2013 or later,
- amended IAS 27 "Separate Financial Statements". The new standard was published in May 2011 and mostly results from transfer of certain provisions of the former IAS 27 to new IFRS 10 and IFRS 11. The standard shall become applicable for annual periods beginning on 1st January 2013,
- Amended IAS 28 "Investments in Associates and Joint Ventures". The new standard was published in May 2011 as a result of issuance of standard IFRS 11. The standard shall become applicable for annual periods beginning on 1st January 2013,
- Amendments to IAS 12 "Income Tax: Recovery of Underlying Assets" – applicable for annual periods beginning on 1st January 2012 or later,
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Fixed Transition Dates Exemption" – applicable for annual periods beginning on 1st July 2011 or later
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" – applicable for annual periods beginning on 1st January 2013 or later,
- Amendments to IAS 32 "Financial Instruments: Presentation: Compensating financial assets and liabilities – applicable for annual periods beginning on 1st January 2014 or later,
- Amendments to IFRS 7 "Financial Instruments: Disclosures: Compensating financial assets and liabilities – applicable for annual periods beginning on 1st January 2014 or later,
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards: Government Loans" – applicable for annual periods beginning on 1st January 2013 or later,
- changes to different standards resulting from annual review of the International Financial Reporting Standards (2009-2011) – applicable for annual periods beginning on 1st January 2013 or later.

The Company did not decide to apply earlier any other standard, interpretation or amendment which has been issued but not yet approved by the EU.
In accordance with the entity's estimations, the above-mentioned standards, interpretations and amendments to standards would not have significantly influenced the financial statement if the entity had applied them as of the balance sheet day.

Standards and interpretations already published and approved by the EU but not yet in force
As of the day of preparing this financial statement, the Company had not applied the following standards, amendments to standards and interpretations, which had been published and approved for application in the EU but had not been implemented yet:

- Amendments to IAS 1 "Presentation of Financial Statements : Presenting Comprehensive Income" – applicable for annual periods beginning on 1st July 2012 or later – approved by the EU on 5th June 2012,
- Amendments to IAS 19 "Employee Benefits": Modification of the method of clearance of defined benefits and termination benefits – applicable for annual periods beginning on 1st January 2013 or later – approved by the EU on 5th June 2012,

The Company did not decide to apply earlier any other standard, interpretation or amendment which has been issued but is not yet in force.

11.3 Detailed accounting principles.

Tangible fixed assets (IAS 16) are shown at their acquisition price, production cost or reappraised value reduced by amortization and possible write-offs for impairment. The acquisition price of fixed assets comprises the purchase price and all expenses directly related to the purchase and adaptation of the asset to using.
As of the moment of transition to IAS, perpetual usufruct of land, as well as buildings and structures, were measured at their fair value determined by an expert as the realizable value.

Amortization is calculated for all fixed assets, excluding land and fixed assets under construction, by estimated period of economic utility of those assets, using the straight-line method and the following annual amortization rates:

• Buildings and structures	2.32 – 13.64%
• Machines and technical equipment	3.61 – 33.33%
• Means of transport	9.16 – 16.44%
• Other fixed assets	12.37 – 20.00%.

Amortization rates reflect the period of economic utility of a fixed asset. They are verified by technical services at least once a year. When determining the utility period of an asset, the following are taken into consideration: expected usage of the asset, expected physical wear and tear depending on operating factors such as the number of shifts during which the asset is going to be used, renovation and conservation plan, preservation and conservation of the asset during stoppage, as well as technological and market loss of usefulness resulting from production changes or improvements or changes in demand for a given product for which the asset is used.
Amortization of fixed assets of the initial value exceeding PLN 3.500 is calculated beginning from the month of putting the asset into service. Items with service life longer than one year and unitary value between PLN 1,000 and PLN 3,500 are entered into a fixed assets register and amortized on a one-off basis in the month of putting the asset into service. Items with service life longer than one year and unit value not exceeding PLN 1,000 are written off to material consumption costs in the full initial value on the date of putting them into service.
If there is evidence indicating the possibility of permanent diminution in value of a fixed asset, the Company makes write-offs revaluing the asset to the level of its net selling price. Revaluation write-offs made on account of impairment are recognized in the profit and loss account.
Fixed assets under construction are measured at the purchase price or production cost of the asset, increased by the costs directly related to their acquisition and production and possibly reduced by impairment charges.

Intangible assets (IAS 38) purchased from other business entities are subject to activation at their acquisition price. Intangible assets are amortized with the straight-line method according to principles and rates taking into consideration their economical utility period, from the month following the acceptance of the intangible assets into service. Amortization of intangible assets may not be done for a period shorter than 2 years in the case of computer software licences and copyrights and shorter than 5 years in the case of other titles.

Costs of research (MSR 38) are charged to costs in the profit and loss account on the day they are incurred. Expenditure for development works incurred within the framework of a given project is activated if it can be assumed that the amounts will be regained in the future. That expenditure is amortized within the period of three years. Expenditure for development works is verified regarding potential impairment if the occurring events indicate that their carrying value may not be possible to regain.

Long-term and short-term investments – initially, financial assets or liabilities are measured at their fair value. In the case of instruments not qualified as measured in fair value by the financial result, the fair value is increased by costs of transactions which may be directly related to purchase or issuance of a financial asset or liability. Following the initial recognition, the Company measures financial assets in their fair value, with exceptions of: loans and receivables, instruments retained until their maturity dates and investments in capital instruments without quoted market prices from the active market and whose fair value cannot be reliably measured, as well as derivatives related to them, which have to be cleared by means of supplying capital instruments without quoted market prices. As for loans and receivables and instruments retained until their maturity dates, they are measured at amortized cost, applying the effective interest rate. A financial asset without a determined maturity date is valued in the cost amount.

Materials and goods supplies (IAS 2) are valued at their acquisition price understood as purchase price of the supplies units due to the seller, without deductible VAT, increased by import tax, excess duty and customs duty and reduced by rebates and discounts.
Costs related to purchase of materials and goods, including costs of transport, handling charges and costs of sorting are summed up in the "Purchase costs" account. Those costs are cleared proportionally to the value of the supplies and materials consumption.
To establish the outgoings of materials and goods supplies, the Company applies the FIFO method.
As of the balance sheet day, the Company makes analyses of accumulation of supplies according to their age and makes write-offs revaluing the net worth of material supplies in accordance with the following formula: supplies over 2 years old – writing off 100% of their value, supplies over 1 year old – writing off 50% of their value, supplies over 6 months old – writing off 10% of their value. Write-offs revaluing supplies are recognized in the profit and loss account.
Supplies of production in progress (IAS 2) are measured at their production costs, while **supplies of final products (IAS 2)** are measured at production costs not higher than their net selling prices. Production costs include direct materials and labour costs, as well as proper mark-up of production costs established with the assumption of using the productive power to the usual extent. General and administrative costs, sales and distribution costs, other operating costs and unjustifiable indirect production costs (in particular, costs of unused production capacity and production losses) are not included in production costs.
As of the balance sheet day, the Company makes an analysis of accumulated supplies, considering their age, and makes write-offs revaluing the net value of supplies of production in progress and final products, applying the same principles of establishing write-offs as in the case of materials.
The write-offs revaluing the worth of supplies are included in the profit and loss account.

Receivables due for deliveries and services (IAS 39) are measured at the amount of the due payment (in accordance with the amounts initially invoiced), pursuant to the principles of conservative valuation.
As of the balance sheet day, the Company determines revaluing write-offs for overdue receivables, taking into consideration the delay in payment :

- over 3 months but up to 6 months, in the amount of 10% of their value,
- over 6 months but up to 12 months, in the amount of 50% of their value,
- over 12 months, in the amount of 100% of their value.

Receivables difficult to collect, including receivables adjudged by a court claim, receivables from clients subject to composition or bankruptcy proceedings and interest on late deliveries are written off in 100% of their value.
Write-offs revaluing receivables difficult to collect and interest are included in the profit and loss account.
Receivables expressed in foreign currencies (IAS 21) are recognized at the average exchange rate established for the given currency by the NBP for the day preceding the day of arising of the receivables, unless another exchange rate was established in the customs declaration or other document binding the entity. As of the payment day, the receivables are included at the buying rate of the bank in which the transaction is conducted. As of the balance sheet day, the receivables are converted in compliance with the average rate established for the given currency by the NBP for that day. Exchange rate differences are recognized in the profit and loss account.

Cash (IAS 7) is measured at its nominal value. As for the cash accumulated on bank accounts, its nominal value also covers the interest calculated by the banks, constituting financial income. The Company calculates interest on open time deposits, presented in short term liabilities.
Transactions expressed in foreign currencies are recognized in account books as of the day of their performance at the buying rate for selling the currency or at the selling rate for buying the currency established by the bank in which the operation is performed, whichever is applicable. Time deposits are measured at the initial rate of the currency inflow to the bank. Cash accumulated on a bank account is valued as of the balance sheet day at the average exchange rate of a given currency established by the NBP for that day. Positive and negative exchange differences arising at conversion are charged to income or financial costs, whichever is the case.

Fixed assets allocated for sale (IFRS 5) are recognized in the financial statement in an amount lower than their carrying value or fair value reduced by costs of sale. Assets may only be included in this group if the company is actively looking for a buyer and there is a high probability that the assets will be disposed of within one year from the date of their inclusion in the group.

Liabilities due for supplies and services are shown in the payable amount (IAS 39). The due amount is increased by interest for the delay in payment in the case of receiving an interest note from the creditor.

Liabilities expressed in a foreign currency are recognized in the account books as of the day of arising, at the average exchange rate established for the given currency by the NBP for the day preceding the day of issuing the purchase invoice, unless another exchange rate was established in the customs declaration or other document binding the entity. As of the payment day, the liabilities are recognized at the selling rate established by the bank in which the transaction is conducted. As of the balance sheet day, the liabilities are converted in compliance with the average rate established for the given currency by the NBP for that day. Positive and negative exchange differences arising at conversion are charged to income or financial costs, whichever is the case.

Financial liabilities (IAS 39) are entered into the books at the date of conducting or clearing the transaction at the acquisition price. As of the balance sheet day, the financial liabilities (credits or contracted loans) are measured at an adjusted acquisition price, i.e. the price they were contracted at, reduced by repayments of the core capital and properly adjusted by an accumulated amount of the discounted difference between the initial value and the value as of the maturity date, calculated with the use of effective interest rate. The differences arising due to revaluation of financial liabilities with the use of the adjusted acquisition price are charged to income or financial costs, whichever is applicable. Collateral financial liabilities (currency options) are appraised at the fair market value on the basis of appraisal made by the bank.

Financial leasing liabilities (IAS 17) as of the day of concluding the agreement are shown in the net value of the object of leasing and reduced by the capital part of the leasing charge, calculated with the use of internal rate of return. The fixed asset in question is classified as the Company's own property and is subject to amortization within the predicted utility period.

Prepayments and accruals of costs refer to costs incurred in the future periods, including subscriptions, insurances, the social fund, real property tax and perpetual usufruct of land. Those costs are included in the month of issuing the invoice and then charged into costs in the utility period, until the date of transferring them fully to the financial result. Prepayments and accruals lasting longer than one year are treated as fixed assets, and others, as current assets. In the case of impairment, they are charged to other costs on a one-off basis.

The Company makes **provisions (IAS 19, IAS 37)** for the risks known to it, losses that may occur and effects of other events. They are measured at least as frequently as on every balance sheet day at a reasonable, estimated value. Financial effects of the provisions are classified as other operational costs or financial costs, as applicable, depending on the circumstances the future liabilities are related to.
The Company includes provisions for liabilities in conformity to IAS 19 "Employee benefits", with respect to retirement gratuities, employees' leaves, seniority awards and death benefits on the basis of actuarial reports.
In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company establishes provisions for warranty repairs, bonuses and termination pays for the Management Board members and for costs of balance sheet audits.

Equity capitals are included in accounting books divided into their kinds and in accordance with the principles resulting from legal regulations and provisions of the Company's Charter. Equity capitals include:

- initial (share) capital shown in the nominal value of registered shares, conforming to the Company's Charter and the entry in the National Court Register,
- revaluation capital concerning changes in the fair market value of assets,

- other capitals, including:
  - supplementary capital created in compliance with the Code of Commercial Companies Article 396: from profit, in accordance with the Charter and from valuation of shares for the employees,
  - reserve capital allocated for buy-out of the Company's own shares,
- retained profits, including previous years profit that has not been distributed or loss that has not been covered,
- net profit / loss – the financial result of the current year.

In the case of changes of accounting principles which significantly affect previous years' results, providing that the effects of those changes can be credibly established, the difference arising out of the transformation of statements for the previous years shall be charged to "retained profits".
If in a given accounting year, or before the approval of the financial statement for that year, a fundamental error is found having occurred in the previous years, as a result of which the statements for that year or the previous years cannot be regarded as reliable and clearly presenting the financial and property standing of the Company, the amounts of corrections of the errors shall be charged to equity capital as the item "retained profits".

Income (IAS 18) is recognized in such a value as the Company is likely to obtain economic profits related to a given transaction and providing that the amount of the income may be reasonably measured.
Income from sales of products and goods is included if relevant risk and benefits resulting from the property right to the products and goods have been transferred to the buyer.
Income from services is included after the service is performed.
Income from lease of premises is include in monthly instalments as of the last day of each month.
Interest revenues are included successively as accrued.
Costs are included in accordance with the principle of proportionality to profits. Costs are registered with respect to their kinds in section 4 and moved to the where they arise in section 5 on a running basis. At the end of an accounting period, costs from section 4 are carried to the "Current year's financial result" account.

Segments of activity (IFRS 8) – the division into segments results from the management and internal reporting structure. The Company has adopted a reporting system based on industry segments and geographical segments.
In the industry segment, it conducts the activity in the following assortment groups: industrial automatics, heat engineering, central lubrication, hydraulic control systems, casts, laboratory equipment, other products (services) and goods and materials.
In the geographical segment, the division into domestic and export sales was adopted. Within export sales, sales to EU countries and sales to countries outside the EU were singled out.
The Company presents the income received and expenses generated by individual segments. The industry and geographical segments mentioned above are presented on the level of net profit from sales. The results of activity in individual segments are systematically reviewed by the main body responsible for operational decision-making within the Company.
The Company in not able to separate the carrying value of assets and liabilities of particular segments, hence it does not ascribe it to particular segments.

Income tax (IAS 12) constitutes an encumbrance of gross financial result and covers current tax and deferred tax.
Current tax is the amount determined on the basis of tax regulations, which is calculated from taxable income for a given period.
Current tax is included as a liability in the amount in which it has not been paid. If the amount paid so far due to current income tax exceeds the amount to be paid, the difference is included as receivables.
Deferred tax is calculated with the use of the balance sheet method. Deferred tax reflects the net tax effect of temporary differences between the carrying value of an asset or liability and its tax value. Assets and liabilities due to deferred income tax are calculated with the use of the binding tax rates predicted for the following

years, in which the temporary differences are expected to be realized at the tax rates announced or established for the balance sheet day.
Deferred income tax assets from negative temporary differences and from unused tax losses are only accepted if sufficient tax base from which those differences may be deducted is likely to appear in the future.
Deferred income tax provisions are made regardless of the time when they are to be realized.
Deferred income tax assets and provisions are not discounted and they are classified in the Balance sheet as fixed assets or long-term liabilities, whichever is the case.

Total income statement covers the financial result of the period included in the profit and loss account and profits and losses not charged to the financial result of the period directly but shown in the equity capital.

Profit and loss account is made in a spreadsheet version and a comparative version. The financial result is established with the application of major accounting principles: the memorial, proportionality of profits and costs, caution, continuity and relevance.

Net profit per share for each period is calculated by dividing the net profit for a given period by the weighted average number of shares in the given reporting period.
Diluted net profit per share means a necessity to adjust the net profit and the average weighted number of shares by effects of all diluting potential ordinary shares, whereas potential ordinary shares should be treated as diluting if their conversion to ordinary shares would reduce the net profit for a single ordinary share provided that the effect would continue.
Due to the fact that no potential ordinary shares occur, **the diluted profit per share equals net profit per share.**

Cash flow statement is prepared with the indirect method.

11.4 Important estimates and evaluations

Preparing a financial statement in accordance with IFRS requires making estimations, evaluations and assumptions which affect the adopted principles and the presented values of assets, liabilities, revenues and expenses. The estimates and assumptions related to them are based on historical experience and various other factors considered significant.
Actual results may differ from the assumed estimated values.
Estimations and assumptions underlying them are subject to ongoing verification. A change in estimated values is recognized in the period in which the verification occurred if it concerns that period only, or in the current period and in future periods if the change concerns both the current period and future periods.

11.4.1 Periods of economic utility of tangible fixed assets

Amortization rates are established on the basis of expected economic utility periods of tangible assets. The Company verifies the periods at the end of each annual reporting period.
At the end of 2011, utility periods of fixed assets were reviewed, resulting in extending utility periods of some fixed assets.

11.4.2 Deferred tax assets

The Company recognizes deferred tax assets on the basis of the assumption that in the future a tax profit will be obtained to enable using them. Deterioration of tax results in the future might make this assumption unjustifiable.

12. Average exchange rates of zloty in the periods covered by the financial statement with regard to euro, established by the NBP

For the needs of balance sheet valuation, the following euro exchange rates were assumed:

	Position as of 30/06/2012	Position as of 31/12/2011
Exchange rate binding on the last day of the period	PLN 4.2613	PLN 4.4168

For the needs of result valuation, the following euro exchange rates were assumed:

	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Average **euro** exchange rate in the period*	PLN 4.2246	PLN 3.9673

**Calculated as the arithmetic mean of the exchange rates binding on the last day of each month in a given period.*

The lowest EUR exchange rate in the period 01/01/2012 – 30/06/2012 was PLN 4.1062 (12/03/2012, average NBP exchange rate, Table 050/A/NBP/2012).
The lowest EUR exchange rate in the period 01/01/2011 – 30/06/2011 was PLN 3.8403 (12/01/2011, average NBP exchange rate, Table 007/A/NBP/2011).
The lowest EUR exchange rate in the period 01/01/2011 – 31/12/2011 was PLN 3.8403 (12/01/2011, average NBP exchange rate, Table 007/A/NBP/2011).

The highest EUR exchange rate in the period 01/01/2012 – 30/06/2012 was PLN 4.5135 (05/01/2012, average NBP exchange rate, Table 004/A/NBP/2012).
The highest EUR exchange rate in the period 01/01/2011 – 30/06/2011 was PLN 4.0800 (17/03/2011, average NBP exchange rate, Table 053/A/NBP/2011).
The highest EUR exchange rate in the period 01/01/2011 – 31/12/2011 was PLN 4.5642 (14/12/2011, average NBP exchange rate, Table 241/A/NBP/2011).

13. The basic items of the statement of financial standing (balance sheet), profit and loss account and cash flow statement, financial statement and comparative financial data, converted into euros, with indication of the principles assumed for making such a conversion.

The main items of the statement of financial standing converted into euros:

DETAILED LIST	Position as of 30/06/2012	Position as of 31/12/2011
Total assets	**10,718**	**9,951**
1. Fixed assets	5,934	5,969
2. Current assets	4,784	3,982
3. Fixed assets earmarked for disposal	-	-
Total equity and liabilities	**10,718**	**9,951**
1. Equity	8,912	8,343
2. Long-term liabilities	851	832
3. Short-term liabilities	955	776

The following euro exchange rates, established by the NBP, were used to convert the balance sheet data:
- as of 30/06/2012 – PLN 4.2613,
- as of 31/12/2011 – PLN 4.4168,

The main items of the profit and loss account converted into euros:

DETAILED LIST	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Net income from products, goods and materials sales	4,018	3,481
Cost of products, goods and materials sold	2,759	2,603
Gross profit (loss) from sales	1,259	878
Profit (loss) from operating activity	338	-41
Gross profit (loss)	344	5
Net profit (loss)	303	4

The main items of the cash flow statement converted into euros:

DETAILED LIST	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Net cash flow from operating activity	313	436
Net cash flow from investment activity	-2	-1
Net cash flow from financial activity	-42	-84
Total net cash flow	269	352

The following euro exchange rates were used to convert the data from the profit and loss account and cash flow statement:

- for the period from 01/01/2012 to 30/06/2012 – PLN 4,2246,
- for the period from 01/01/2011 to 30/06/2011 – PLN 3,9673,

SEPARATE FINANCIAL STATEMENT

1. Financial standing statement

	ASSETS	Note	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
I.	**Fixed assets**		**25,284**	**26,364**	**27,040**
	Tangible fixed assets	1	24,394	25,560	26,279
	Other intangible assets	2	146	68	67
	Financial assets	3	-	-	-
	Deferred income tax assets	21	744	736	694
II.	**Current assets**		**20,387**	**17,586**	**20,447**
	Supplies	4	5,497	4,890	4,515
	Trade receivables and other receivables, including:	5	6,293	5,733	4,510
	- liabilities due for deliveries and services		6,093	5,559	4,365
	- other receivables		200	174	145
	Receivables due to income tax		28	121	-
	Financial assets	6	89	16	37
	Cash and cash equivalents	7	7,881	6,754	10,874
	Prepayments and accruals	8	599	72	511
III.	**Fixed assets earmarked for disposal**		**-**	**-**	**409**
	TOTAL ASSETS		**45,671**	**43,950**	**47,896**
	EQUITY AND LIABILITIES				
I.	**Equity**		**37,978**	**36,851**	**40,433**
	Initial capital	9	8,029	9,823	9,823
	Own shares	9	-150	-5,179	-
	Other capitals	10	28,821	30,595	30,595
	Net profit (loss)		1,278	1,612	15
II.	**Long-term liabilities**		**3,626**	**3,674**	**3,705**
	Deferred income tax provisions	21	2,692	2,856	2,945
	Long-term provisions for liabilities	11	934	818	760
III.	**Short-term liabilities**		**4,067**	**3,425**	**3,758**
	Liabilities due for deliveries and services and other liabilities, including:	12	3,156	2,670	3,107
	- liabilities due for deliveries and services		1494	1,561	1,614
	- other liabilities		1662	1,109	1,493
	Current tax liabilities		-	-	20
	Short-term provisions	11	911	755	621
	Prepayments and accrued income	13	-	-	10
	TOTAL EQUITY AND LIABILITIES		**45,671**	**43,950**	**47,896**

Book value	37,978	36,851	40,433
Number of shares (in pieces)	2,112,896	2,585,026	2,585,026
Book value per share (in PLN)	**17.97**	**14.26**	**15.64**

Diluted book value per ordinary share equals the book value per ordinary share.

2. Statement of changes in equity

Equity items	Initial capital	Own shares	Revaluation capital	Other capitals	Retained profits	Total
Balance as of 01/01/2012	**9,823**	**-5,179**	**-**	**30,595**	**1,612**	**36,851**
Adjusted balance	9,823	-5,179	-	30,595	1,612	36,851
Net profit for the period	-	-	-	-	1,278	1,278
Total profit and loss included within the period	-	-	-	-	1,278	1,278
Purchase of own shares	-	-150	-	-	-	-150
Redemption of own shares	-1,794	5,179	-	-3,385	-	-
Decreasing the reserve capital unused for the buy-back of own shares	-	-	-	-2,820	-	-2,820
Increasing supplementary capital from the reserve capital unused for the buy-back of own shares	-	-	-	2,820	-	2,820
Distribution of profit for the year 2011	-	-	-	1,612	-1,612	-
Balance as of 30/06/2012	**8,029**	**-150**	**-**	**28,821**	**1,278**	**37,978**

Equity items	Initial capital	Own shares	Revaluation capital	Other capitals	Retained profits	Total
Balance as of 01/01/2011	**9,823**	**-**	**-**	**29,844**	**752**	**40,419**
Adjusted balance	9,823	-	-	29,844	752	40,419
Net profit for the period	-	-	-	-	1,612	1,612
Total profit and loss included within the period	-	-	-	-	1,612	1,612
Purchase of own shares	-	-5,179	-	-	-	-5,179
Reserve capital used for buy-back of the Company's own shares	-	-	-	-5,179	-	-5,179
Increasing supplementary capital used for the buy-back of own shares	-	-	-	5,179	-	5,179
Distribution of profit for the year 2010	-	-	-	752	-752	-
Balance as of 31/12/2011	**9,823**	**-5,179**	**-**	**30,595**	**1,612**	**36,851**

Equity items	Initial capital	Own shares	Revaluation capital	Other capitals	Retained profits	Total
Balance as of 01/01/2011	**9,823**	**-**	**-**	**29,844**	**752**	**40,419**
Adjusted balance	9,823	-	-	29,844	752	40,419
Net profit for the period	-	-	-	-	15	15
Total profit and loss included within the period	-	-	-	-	15	15
Distribution of profit for the year 2010	-	-	-	752	-752	-
Balance as of 30/06/2011	**9,823**	**-**	**-**	**30,595**	**15**	**40,433**

3. Total income statement

	PROFIT AND LOSS ACCOUNT	Note	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
A.	**Net income from products, goods and materials sales, including:**		**16,974**	**13,810**
I.	Net income from sales of products	14	16,816	13,726
II.	Net income from sales of goods and materials	15	158	84
B.	**Cost of products, goods and materials sold, including:**		**11,655**	**10,328**
I.	Production cost of products sold	16	11,530	10,262
II.	Value of goods and materials sold		125	66
C.	**Gross profit (loss) from sales**		**5,319**	**3,482**
I.	Other income	17	561	184
II.	Costs of sales		151	131
III.	General and administrative costs		3,913	3,502
IV.	Other expenses	18	388	197
D.	**Operating activity profit (loss)**		**1,428**	**-164**
I.	Financial income	19	327	223
II.	Financial expenses	20	302	39
F.	**Gross profit (loss)**		**1,453**	**20**
G.	**Income tax**	21	**175**	**5**
I.	a) current tax		347	46
II.	b) deferred tax		-172	-41
H.	**Net profit (loss)**		**1,278**	**15**

	TOTAL INCOME STATEMENT	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
I.	**Net profit (loss)**	**1,278**	**15**
II.	**Other elements of total income**		
1.	Results of valuation and transfer of salable financial assets (net amount)	-	-
III.	**General total income**	**1,278**	**15**

Net profit (loss)	1,278	15
Weighted average number of ordinary shares (in pieces)	2,481,261	2,585,026
Profit (loss) per ordinary share (in PLN)	**0.52**	**0.01**

Diluted net profit per ordinary share equals the net profit per ordinary share.

4. Cash flow statement

	Detailed list	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
A.	**Operating activity cash flow**		
I.	**Profit (loss) before tax**	**1,453**	**20**
II.	**Total adjustments**	**993**	**951**
	Amortization of intangible assets	35	15
	Revaluation write-offs for impairment of tangible fixed assets	-177	-20
	Tangible fixed assets amortization	1,156	1,173
	Profit (loss) from sales of tangible fixed assets	149	7
	Profits (losses) from change in fair value of financial assets	-72	5
	Profits (losses) due to exchange rate differences	39	-34
	Interest costs	29	6
	Interest received	-166	-201
III.	**Cash from operating activity before changes in the working capital**	**2,446**	**971**
	Change in supplies position	-607	-530
	Change in receivables position	-474	959
	Change in short-term liabilities position (except credits and loans)	496	684
	Change in prepayments and accruals position (except deferred tax asset)	-527	-454
	Change in provisions position (except deferred tax reserve)	272	100
IV.	**Cash generated in operating activity**	**1,606**	**1,730**
	Income tax paid	-254	-
V.	**Net cash flow from operating activity**	**1352**	**1,730**
B.	**Cash flow from investment activity**		
	Expenditure for acquisition of intangible assets	-77	-67
	Expenditure for acquisition of tangible fixed assets	-106	-174
	Inflows from sales of tangible fixed assets	96	38
	Interest received	166	201
	Other investment expenses	-86	-
	Net cash from investment activity	**-7**	**-2**
C.	**Cash flow from financial activity**		
	Purchase of own shares	-150	-
	Repayment of interest on loans and credits	-14	-
	Repayment of financial leasing liabilities	-	-327
	Interest paid	-15	-3
	Commission on credits	-	-3
	Net cash from financial activity	**-179**	**-333**
D.	**Total net cash flow (A.+B.+C.)**	**1,166**	**1,395**
E.	**Balance sheet change in cash position, including:**	**1,127**	**1,429**
	- change of position of cash from exchange differences	-39	34
F.	**Opening balance of cash**	**6,754**	**9,445**
G.	**Closing balance of cash (E.+F.)**	**7,881**	**10,874**

OTHER EXPLANATORY INFORMATION

1. Explanatory notes

Note 1

FIXED TANGIBLE ASSETS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
a) fixed assets including:	**24,394**	**25,560**	**26,279**
– land (including perpetual usufruct of land)	1,621	1,621	1,621
– buildings, premises and civil and water engineering objects	12,112	12,370	12,629
– machines and technical equipment	9,209	9,994	10,460
– means of transport	301	331	244
– other fixed assets	1,151	1,244	1,325
Total fixed tangible assets	**24,394**	**25,560**	**26,279**

On 31st May 2012, the Company concluded an agreement with Podkarpacki Bank Spółdzielczy for a working capital credit in a current account in the amount of PLN 3,000 thousand to be used for the purposes of settling current payments in the case of temporary shortages of funds on the current account. Contractual mortgage up to PLN 6,000 thousand was established as the collateral of the credit.
The value of tangible fixed assets was adjusted by revaluation write-offs for the total amount of PLN 3 thousand. Revaluation write-offs refer to the 'buildings and structures' position – an old porter's lodge, which is allocated for demolition due to poor technical condition.
Amortization of tangible fixed assets used for production or services provided was recognized in the profit and loss account as cost of products sold in the amount of PLN 1,017 thousand, and amortization of other tangible fixed assets was recognized in general and administrative costs in the amount of PLN 139 thousand.

CHANGES IN TANGIBLE FIXED ASSETS FOR THE PERIOD FROM 01/01/2012 TO 30/06/2012

Detailed list	Land (including perpetual usufruct of land)	Buildings and structures	Machines and technical equipment	Means of transport	Other fixed assets	Total
a) gross opening value	1,621	14,440	15,559	481	3,687	35,788
Adjustment of the opening balance	-	-	9	-	-10	-1
a1) adjusted opening gross value	1,621	14,440	15,568	481	3,677	35,787
b) increases (due for)	-	-	34	-	61	95
– purchase	-	-	34	-	61	95
c) decreases (due for)	-	-	200	-	-	200
– liquidation	-	-	200	-	-	200
d) gross closing value	1,621	14,440	15,402	481	3,738	35,682
e) opening amortization value	-	2,067	5,565	150	2,443	10,225
Adjustment of the opening balance	-	-	9	-	-10	-1
e) adjusted opening amortization value	-	2,067	5,574	150	2,433	10224
– increases within the period	-	258	714	30	154	1,156
– decreases within the period	-	-	95	-	-	95
f) closing amortization value	-	2,325	6,193	180	2,587	11,285
g) opening revaluation write-offs value	-	3	-	-	-	3
h) closing revaluation write-offs value	-	3	-	-	-	3
i) net value as of 30/06/2012	**1,621**	**12,112**	**9,209**	**301**	**1,151**	**24,394**

In the 1st half of 2012, the Company incurred investment expenditure in the amount of PLN 259 thousand, and in 2012 investment expenditure in the amount of PLN 2,346 thousand is planned.

KIND OF EXPENDITURE	Expenditure incurred in the 1st half of 2012	Expenditure planned in 2012
Purchase and improvement of fixed assets – production machines and equipment	40	1,616
Purchase of fixed assets – non-production machines	13	125
Modernization of buildings and structures	50	305
Purchase of computers	12	43
Equipment and instrumentation	67	136
Tools	-	67
Other investment expenditure (intangible assets)	77	54
Total expenditure	**259**	**2,346**

Note 2

OTHER INTANGIBLE ASSETS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
a) costs of development works	-	-	-
b) purchased concessions, licences, patents and other assets of the kind, including:	146	68	67
- computer software	146	68	67
Total intangible assets	**146**	**68**	**67**

As of the day of preparing the financial statement, other intangible assets did not constitute any collateral of the Company's liabilities.
Amortization of intangible assets used for production or services provided was recognized in the profit and loss account as cost of products sold in the amount of PLN 24 thousand, and amortization of other intangible assets was recognized in general and administrative costs in the amount of PLN 11 thousand.

CHANGES IN OTHER INTANGIBLE ASSETS FOR THE PERIOD FROM 01/01/2012 TO 30/06/2012

Detailed list	Costs of development works	Purchased concessions, patents, licences and similar assets, including:		Total
			Computer software	
a) gross opening value	197	-	476	673
b) increases (due for)	-	-	77	77
– purchase	-	-	77	77
c) decreases (due for)	-	-	-	-
d) gross closing value	197	-	553	750
e) opening amortization value	197	-	371	568
– increases within the period	-	-	36	36
– decreases within the period	-	-	-	-
f) closing amortization value	197	-	407	604
g) opening revaluation write-offs value	-	-	37	37
– decreases within the period	-	-	37	37
h) closing revaluation write-offs value	-	-	-	-
i) net value as of 30/06/2012	**-**	**-**	**146**	**146**

Note 3

FINANCIAL ASSETS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Long-term investments, including:	19	26	26
- shares or stocks in other entities	19	26	26
Write-offs revaluing long-term investments	19	26	26
Financial assets	-	-	-

Long-term shares / stocks worth PLN 19 thousand were subject to a 100% revaluation write off. That amount covers shares in companies whose recovery is doubtful.

Note 4

Position as of 30/06/2012

SUPPLIES	Valuation at purchase price / production cost	Write-offs revaluing opening value of supplies	Reversals of supplies revaluation write-offs recognized as decreases of those write-offs in the period	Revaluation write-offs of supplies recognized as costs in the period	Write-offs revaluing closing value of supplies	Value of supplies recognized as costs in the period	Closing carrying value of supplies
Materials	3,597	1,114	106	2	1,010	-	2,587
Intermediate products and production in progress	3,033	427	5	38	460	-	2,573
Finished products	440	102	14	15	103	-	337
Goods	1	1	-	-	1	-	-
Total supplies	**7,071**	**1,644**	**125**	**55**	**1,574**	**11,655**	**5,497**

As of the day of preparing the financial statement, supplies did not constitute any collateral of the Company's liabilities.

Note 5

TRADE RECEIVABLES AND OTHER RECEIVABLES	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
a) from affiliated entities	-	-	-
b) receivables from other entities	6,293	5,733	4,510
- due for deliveries and services, with payback period:	6,093	5,559	4,365
- up to 12 months	6,093	5,559	4,365
- due for other taxes, customs duties and social insurances	39	59	65
- other receivables	161	115	80
Total net trade receivables and other receivables	6,293	5,733	4,510

TRADE RECEIVABLES AND OTHER RECEIVABLES	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
c) write-offs revaluing receivables	496	542	435
Total gross trade receivables and other receivables	**6,789**	**6,275**	**4,945**

CHANGE IN POSITION OF WRITE-OFFS REVALUING TRADE RECEIVABLES AND OTHER RECEIVABLES	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Opening position	542	426	426
a) increases (due for)	84	200	56
- overdue receivables	41	91	43
- receivables adjudged by the court	13	29	13
- receivables in bankruptcy proceedings	30	-	-
- doubtful receivables from employees	-	80	-
b) decreases (due for)	130	84	47
- overdue receivables	66	72	36
- receivables adjudged by the court	27	10	11
- receivables in bankruptcy proceedings	7	2	-
- receivables in composition and reconciliatory proceedings	30	-	-
Closing position	**496**	**542**	**435**

For receivables overdue more than 3 months, interest and receivables subject to legal, composition or bankruptcy proceedings, the Company makes revaluation write-offs for their impairment.

GROSS TRADE RECEIVABLES AND OTHER RECEIVABLES (CURRENCY STRUCTURE)		Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
a) in Polish currency		4,451	4,142	3,492
b) in foreign currencies (according to currencies and converted to PLN)		2,338	2,133	1,453
b1. unit/currency	thousand/ EUR	459	427	300
thousand zlotys		1,959	1,886	1,195
b2. unit/currency	thousand/ USD	112	72	94
thousand zlotys		379	247	258
Total trade receivables and other receivables		**6,789**	**6,275**	**4,945**

RECEIVABLES DUE FOR DELIVERIES AND SERVICES	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
a) timely	4,463	4,194	3,780
b) overdue up to 1 month	1,218	1,073	360
c) overdue over 1 month and up to 3 months	443	319	147
c) overdue over 3 months and up to 6 months	33	25	106
c) overdue over 6 months and up to 1 year	7	115	109
f) overdue over 1 year	314	265	267
Total (gross) receivables due for deliveries and services	6,509	5,991	4,769
g) write-offs revaluing receivables due for deliveries and services	385	432	404
Total (net) receivables due for deliveries and services	**6,093**	**5,559**	**4,365**

Receivables payment periods up to 3 months are connected with normal sales course of the Company. As of the end of the 1st half of the year 2012, disputable receivables amount to PLN 335 thousand. Overdue receivables concern receivables for deliveries and services. As of the day of preparing the financial statement, receivables did not constitute any collateral of the Company's liabilities.

Note 6

SHORT-TERM FINANCIAL ASSETS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Financial assets allocated for trade (shares) according to acquisition price	70	70	70
Write-offs revaluing opening value of financial assets	54	28	28
Recognition in the period of revaluation write-offs for impairment	3	26	5
Reversal of revaluation write-offs for impairment in the period	10	-	-
Write-offs revaluing closing value of financial assets	47	54	33
Financial assets allocated for trade (shares) according to fair market value	**23**	**16**	**37**
Other financial assets	**66**	**-**	**-**
Total short-term financial assets	**89**	**16**	**37**

Note 7

CASH AND CASH EQUIVALENTS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
a) cash in the cashbox	19	12	19
b) cash on bank accounts	7,830	1,834	2,355
c) other cash and cash equivalents, including:	32	4,908	8,500
- deposits	-	4,908	8,500
Total cash and cash equivalents	**7,881**	**6,754**	**10,874**

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE)	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
a) in Polish currency	7,730	4,985	9,917
b) in foreign currencies (according to currencies and converted to PLN)	151	1,769	957
b1. unit/currency thousand/ EUR	35	389	197
thousand zlotys	147	1,718	783
b2. unit/currency thousand/ USD	1	15	64
thousand zlotys	4	51	174
Total cash and cash equivalents	**7,881**	**6,754**	**10,874**

Note 8

PREPAYMENTS AND ACCRUALS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Subscriptions	2	8	2
Insurances	32	35	29
Advance payments for services not performed	7	29	1
Payment for perpetual usufruct of land cleared in time	23	-	23
Tax on real property	372	-	327
Write-off for the Company Social Benefits Fund	128	-	119
Costs of development works	35	-	10

PREPAYMENTS AND ACCRUALS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Total prepayments and accruals	**599**	**72**	**511**

Note 9

SHARE CAPITAL (STRUCTURE)								
Series / emission	Type of shares	Type of share preference	Restriction of right to shares	Number of shares	Value of series / emission (nominal value)	Way of covering capital	Date of registration	Right to dividends (from the day)
A	Bearer shares	no	no	564,010	2,143,238	cash	31/01/1992	31/01/1992
B	Bearer shares	no	no	168,412	639,966	cash	25/08/1997	01/01/1997
C	Bearer shares	no	no	81,000	307,800	cash	17/03/1998	01/01/1997
D	Bearer shares	no	no	19,000	72,200	cash	17/03/1998	01/01/1997
E	Bearer shares	no	no	1,280,474	4,865,801	cash	11/12/2008	01/01/2007
Total number of shares				**2,112,896**				
Total share capital					**8,029,005**			
The nominal value of one share = PLN 3.80.								

INITIAL CAPITAL – NUMBER OF SHARES ISSUED	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
A - ordinary bearer shares	564,010	564,010	564,010
B - ordinary bearer shares	168,412	168,412	168,412
C - ordinary bearer shares	81,000	81,000	81,000
D - ordinary bearer shares	19,000	19,000	19,000
E - ordinary bearer shares	1,280,474	1,664,844	1,664,844
F- ordinary bearer shares	-	87,760	87,760
Number of shares issued as of	**2,112,896**	**2,585,026**	**2,585,026**

In the reporting periods, there were **changes in the share capital** related to redemption of own shares of the Company.
On 22nd May 2012, the District Court in Rzeszów, XII Economic Division of the National Court Register, made an entry of lowering the Company's share capital in the register of entrepreneurs of the National Court Register, in accordance with the resolutions adopted by the Extraordinary General Meeting of "POLNA" S.A. on 13th March 2012.
Lowering of the Company's share capital occurred as a result of redemption of 472,130 pieces of own shares of the Company with the nominal value of PLN 3.80 each, with the reservation that each redeemed share reflects 1 vote, i.e. the total of 472,130 votes reflect all the redeemed shares. The shares were redeemed at the Shareholders' consent (voluntary redemption) by way of purchase of the shares by the Company on the basis of:
1. Resolution No. 14/2010 of the Annual General Shareholders Meeting of "POLNA" S.A. in Przemyśl of 28th June 2010;
2. Resolution No. 26/2011 of the Annual General Shareholders Meeting of "POLNA" S.A. in Przemyśl of 20th June 2011;
3. Resolution No. 4/2011 of the Extraordinary General Shareholders Meeting of "POLNA" S.A. in Przemyśl of 8th November 2011.

As a result of the redemption of the Company's own shares, the Company's share capital was lowered by the amount equal to the total nominal value of the redeemed shares, i.e. by PLN 1,794,094.00 (in words: one million seven hundred and ninety-four thousand ninety-four zlotys) and currently amounts to PLN 8,029,004.80 divided into 2,112,896 ordinary bearer shares with the nominal value of PLN 3.80 (three zlotys eighty groszy) each.
The total number of shares at the General Meeting of "POLNA" S.A. after the redemption of shares and registration of the change in the share capital amounts to 2,112,896 votes.

The Company owns its own shares.
Information concerning purchase of own shares was presented in **the Management Board's Report from the Company's Activity in the 1st half of 2012**, in the chapter: Basic economic and financial values of the Company and factors having significant influence on its economic activity and the achieved results, item 6: Purchase of own shares.
According to the issuer's knowledge, the composition of shares ownership holding at least 5% of the total number of the votes at an General Meeting is the following:

Shareholder	Number of shares	Participation in the share capital (%)	Number of votes at GSM	Participation in the total number of votes at GSM (%)
Zbigniew Jakubas with subsidiaries jointly	585,951	27.73213	585,951	27.73213
"POLNA" S.A. Own shares	697,255	32.99997	697,255	32.99997

In the structure of significant blocks of shares, some changes occurred in relation to the structure published on 15/05/2012 in the Quarterly Report for the 1st quarter of 2012. Mr Zbigniew Jakubas with subsidiaries decreased their share ownership (Current Report No. 41/2012 of 16/07/2012). In 2012, "POLNA" S.A. increased their block of own shares held up to 697,255 pieces.

Note 10

OTHER CAPITALS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Supplementary capital (by kind) created	28,337	27,291	22,111
- pursuant to the Code of Commercial Companies, Article 396	2,676	3,274	3,274
- from profit pursuant to the Company's Charter	25,661	24,017	18,837
Remaining supplementary capital (by kind)	484	484	484
- from valuation of shares for the employees	484	484	484
Reserve capital	-	2,820	8,000
Other capitals, jointly	**28,821**	**30,595**	**30,595**

Pursuant to the Code of Commercial Companies, the Company makes obligatory write-offs from profit for the supplementary capital, whose aim is to cover potential (future) or actual losses amounting to at least 8% of the profit for a given accounting year, until the value of supplementary capital equals at least 1/3 of the registered share capital. The supplementary capital created that way is not subject to distribution; it can only be used to cover a loss shown in the financial statement.

Note 11

LONG-TERM AND SHORT-TERM PROVISIONS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Long-term provisions for retirement benefits and other benefits	**934**	**818**	**760**
- Provisions for retirement benefits	353	298	261
- Provisions for seniority awards	489	444	419
- Provisions for death benefits	92	76	80
Other long-term provisions	-	-	-
Total long-term provisions	**934**	**818**	**760**
Short-term provisions for retirement benefits and other benefits	**457**	**396**	**381**
- Provisions for retirement benefits	2	2	8
- Provisions for seniority awards	111	97	78
- Provisions for annual leaves	332	287	284
- Provisions for death benefits	12	10	11
Other short-term provisions	**454**	**359**	**240**
- Provisions for costs of balance sheet audit	17	20	3
- Provisions for warranty repairs	143	180	159
- Provisions for the Management Board bonus	196	93	43
- Provisions for termination pay for the Management Board	92	60	32
- Other provisions	6	6	**3**
Total short-term provisions	**911**	**755**	**621**

Provisions are created when the Company is encumbered with a present liability resulting from past events and fulfilment of the liability is likely to necessitate funds outflow; besides, the amount of the liability can be reliably estimated.

Employee benefits

The Company pays benefits in favour of its employees. The basis for valuation of provisions for future employee benefits is regulations of labour law, remuneration regulations and other agreements between the employer and employees. The reserve estimation was made with consideration of obligatory encumbrance of the employer arising out the legal obligations as of the day of reserve valuation (e.g. pension contributions).
The actuarial valuation of retirement benefits was made as of 30/06/2012.

Assumptions of the valuation:
- Mortality rate table of 2010, prepared by the Central Statistical Office (GUS),
- Probability of retirement – 0.25%
- Model of mobility of the Company's employees – the Multiple Decrement Model
- Technical interest rate – 5.0%
- Default retirement age – 67 years (with consideration of transition regulations pursuant to the Act of 11th May 2012).

The following general classification of employee benefits, occurring in Poland, was adopted:
- Benefits payable after finishing work – retirement, invalidity and death benefits,
- Other long-term benefits – seniority awards,
- Short-term benefits – unused annual leaves.

In the case of benefits payable after finishing work and other long-term benefits, the Projected Unit Credit Method was used to establish the reserve.

For all benefits, it was assumed that rights to benefits are acquired in a linear way over the period for which a given benefit is classified.
Calculation of the reserve for future liabilities was made for persons employed in the Company in accordance with the position for the balance sheet day, i.e. for 30/06/2012. The reserve does not cover persons who will be hired after the balance sheet day nor any changes in the principles for benefit payments that may arise in the future

Provisions were made for:

- Retirement and invalidity benefits – long-term and short-term,
- Seniority awards – long-term and short-term,
- Death benefits – long-term and short-term,
- Unused annual leaves – short-term

Short-term provisions are designated for benefits payable within the nearest 12 months, and long-term provisions, for benefits payable within a longer period.

Other provisions are created for the following titles:

- Expenses connected with the balance sheet audit,
- Warranty repairs,
- Bonuses for the Management Board,
- Termination pays for the Management Board,
- Other provisions (product fee, environmental fee etc.).

CHANGES IN PROVISIONS POSITION	**Long-term provisions**	**Short-term provisions**						
	For retirement benefits and other benefits	For retirement benefits and other benefits	For costs of balance sheet audit	For warranty repairs	For Management Board bonuses	For termination pays for the Management Board	Other provisions	Total
Value of provisions as of 01/01/2012	**818**	**396**	**20**	**180**	**93**	**60**	**6**	**755**
Created	116	149	17	-	103	32	5	306
Used	-	88	20	-	-	-	4	112
Released	-	-	-	37	-	-	1	38
Value of provisions as of 30/06/2012	**934**	**457**	**17**	**143**	**196**	**92**	**6**	**911**

Note 12

LIABILITIES DUE FOR DELIVERIES AND SERVICES AND OTHER LIABILITIES	**Position as of 30/06/2012**	**Position as of 31/12/2011**	**Position as of 30/06/2011**
a) due for affiliated entities	-	-	-
b) due for other entities, including:	3,156	2,670	3,107
- due for deliveries and services, with payback period:	1,494	1,561	1,614
- up to 12 months	1,494	1,561	1,614
- due for taxes, customs duties, insurances and other benefits	1,039	634	920
- due for remunerations	433	446	456
- others	190	29	117
Total liabilities due for deliveries and services and other	**3,156**	**2,670**	**3,107**

LIABILITIES DUE FOR DELIVERIES AND SERVICES AND OTHER LIABILITIES	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
liabilities			

LIABILITIES DUE FOR DELIVERIES AND SERVICES AND OTHER LIABILITIES (CURRENCY STRUCTURE)	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
a) in Polish currency	3,133	2,650	3,049
b) in foreign currencies (according to currencies and converted to PLN)	23	20	58
b1. unit/currency thousand/ EUR	5	5	13
thousand zlotys	23	20	51
b2. unit/currency thousand/ CHF	-	-	2
thousand zlotys	-	-	7
Total liabilities due for deliveries and services and other liabilities	**3,156**	**2,670**	**3,107**

Note 13

PREPAYMENTS AND ACCRUALS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Prepayments and accruals of income, including:	-	-	10
Income from advance payments for deliveries	-	-	10

Note 14

NET INCOME FROM SALES OF PRODUCTS (SUBJECT STRUCTURE – KINDS OF ACTIVITY)	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Net income from sales of products and intermediate products	16,520	13,451
Net income from sales of services	296	275
Total net income from sales of products	**16,816**	**13,726**

NET INCOME FROM SALES OF PRODUCTS (TERRITORIAL STRUCTURE)	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Territory of Poland	10,219	9,422
Export	6,597	4,304
Total net income from sales of products	**16,816**	**13,726**

The Company gave warranties for the manufactured products for the period of 24 months, and for services provided, for the period of 6 months.

Note 15

NET INCOME FROM SALES OF GOODS AND MATERIALS (SUBJECT STRUCTURE – KINDS OF ACTIVITY)	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Sales of materials	3	-
Sales of goods	155	84

NET INCOME FROM SALES OF GOODS AND MATERIALS (SUBJECT STRUCTURE – KINDS OF ACTIVITY)	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Total net income from sales of goods and materials	**158**	**84**

NET INCOME FROM SALES OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE)	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Territory of Poland	142	84
Export	16	-
Total net income from sales of goods and materials	**158**	**84**

In the first half of 2012, trade with no individual recipient accounted for more than 10% of the total income from sales.

Note 16

PRODUCTION COST OF THE PRODUCTS SOLD	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Costs by type:		
a) amortization	1,192	1,188
b) materials and power consumption	8,011	6,882
c) outsourcing	1,161	1,049
d) taxes and other charges	807	719
e) remunerations	4,211	3,595
f) social insurances and other benefits	1,195	1,001
g) other expenses by type (due for)	248	315
- business trips	59	54
- advertising costs	87	147
- others	102	114
Total costs by type	**16,825**	**14,749**
Change in position of supplies, products and prepayments and accruals	-1,196	-768
Costs of production for the entity's own needs (negative value)	-35	-86
Costs of sales (negative value)	-151	-131
General and administrative expenses (negative value)	-3,913	-3,502
Production cost of products sold	**11,530**	**10,262**

Note 17

OTHER INCOME	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Profit from sales of non-financial fixed assets	-	-
Subsidies	10	-
Other income, including:	551	184
a) reversal of revaluation write-offs, including:	407	133
- tangible fixed assets	177	20
- intangible assets	37	-
- supplies	125	73
- receivables	68	40
b) release of provisions	-	-

OTHER INCOME	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
c) income from sales of waste and containers	83	18
d) income due for materials and products scrapping	23	13
e) remaining other income	38	20
Total other income	**561**	**184**

The reversals of write-offs revaluing tangible fixed assets were done at the moment of selling the tangible fixed assets previously covered by a write-off.
The reversals of write-offs revaluing intangible assets were done at the moment of handover of the computer program concerning the department of the foundry, previously covered by a write-off.
The reversals of write-offs revaluing supplies were done as a result of management or liquidation of the supplies previously covered by a given write-off.
The reversals of write-offs revaluing receivables were done at the moment of recovering the receivables or at the moment of finishing or discontinuance of legal, bankruptcy and composition proceedings.

Note 18

OTHER EXPENSES	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Loss on disposal of non-financial fixed assets	186	11
Creation of provisions	-	-
Making revaluating write-offs, including:	107	115
- supplies	55	60
- receivables	52	55
Other expenses, including:	95	71
a) costs related to sales of waste and containers	41	2
b) costs of scrapping of materials, production in progress and products	30	57
c) compensations, penalties and fines paid	10	-
e) remaining other expenses	14	12
Total other expenses	**388**	**197**

Making revaluation write-offs concerning supplies results from moving some supplies to the group of a longer accumulation period, while making write-offs revaluating receivables concerns receivables of low recoverability, whose reclaim often requires court or execution services intervention.

Note 19

FINANCIAL INCOME	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Dividends and share in profits	-	-
Interest, including:	185	219
- interest on funds accumulated on bank accounts	166	201
- interest on receivables	19	18
Profit from sales of investments	-	-
Revaluation of investments	6	-
Other financial income, including:	136	4
a) excess of positive exchange differences over negative exchange differences	-	4
b) income from revaluation of financial liabilities	136	-
Total financial income	**327**	**223**

Note 20

FINANCIAL COSTS	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Interest, including	39	8
- interest on liabilities	25	5
- interest on credits	14	-
- interest on leasing agreements	-	3
Loss from sales of investments	-	-
Revaluation of investments	-	5
Other financial costs, including:	263	26
a) excess of negative exchange differences over positive exchange differences	148	-
b) costs from revaluation of financial liabilities	70	-
c) remaining other financial costs	45	26
Total financial expenses	**302**	**39**

Note 21

INCOME TAX	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Corporate income tax recognized in the tax declaration for the period	347	46
Deferred tax	-172	-46
Total tax	175	5
Tax encumbrance revealed in the profit and loss account	**175**	**5**

INCOME TAX – EXPLANATION OF DIFFERENCES BETWEEN TAX CALCULATED ACCORDING TO THE BINDING RATE AND THE REVEALED TAX	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Profit before tax	**1,453**	**20**
Income tax according to 19% rate, binding during the period	**276**	**4**
Income tax concerning previous years recognized in the current reporting period	-	-
Permanent differences	**36**	**28**
Other differences	337	528
Deductions from income (the amount of loss from previous years)	-	-393
Tax effect of differences	71	117
Income tax	**347**	**46**
The average effective tax rate (tax encumbrance / income before tax)	**24%**	**230%**

DEFERRED INCOME TAX ASSETS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Write-offs revaluing materials	192	212	241
Write-offs revaluing production in progress	87	81	83
Write-offs revaluing products	20	19	29
Write-offs revaluing receivables	31	24	4
Write-offs revaluing short-term financial assets	9	10	6
Write-offs revaluing intangible assets	-	7	7
Write-offs revaluing tangible fixed assets	-	34	14
Provisions for employee benefits and other benefits	351	299	263
Negative exchange differences	5	5	2
Unpaid social insurance benefits	49	45	45

DEFERRED INCOME TAX ASSETS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Total deferred income tax assets	**744**	**736**	**694**
Write-offs revaluing deferred income tax assets	-	-	-
Net deferred income tax assets	**744**	**736**	**694**

DEFERRED INCOME TAX PROVISIONS	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
Difference between the current tax value and the book value of fixed assets	2,676	2,840	2,938
Interest on receivables	7	5	5
Positive exchange differences	9	11	2
TOTAL	**2,692**	**2,856**	**2,945**

Note 22

PROFIT PER SHARE	For the period 01/01/2012 – 30/06/2012	For the period 01/01/2011 – 30/06/2011
Net profit	1,278	15
Weighted average number of ordinary shares	2,481,261	2,585,026
Profit per ordinary share (PLN/piece)	0.52	0.01

Note 23

The net profit for the year 2011, amounting to PLN 1,612 thousand, was allocated for increasing the supplementary capital.
In the 1st quarter of 2012, the Company achieved a profit of PLN 1,278 thousand. During a financial year, profit is not subject to distribution.

2. Information on financial instruments

Information concerning financial instruments was presented in **the Management Board's Report from the Company's Activity in the 1st half of 2012**, in the chapter: Basic economic and financial values of the Company and factors having significant influence on its economic activity and the achieved results, item 5: Information on financial instruments.

3. Segments of activity

In accordance with the requirements of IFRS 8, operating segments are identified on the basis of internal reports concerning those elements of the Company which are regularly verified by the individuals authorized to make decisions on allocating supplies to a given segment and to assess its financial result.
The basic segments classification criterion is the industry division, i.e. division into assortment groups.

For the period 01/01/2012 – 30/06/2012

Detailed list	Products and intermediate products						Services	Goods and materials	Non-classified items	Total
	Industrial automatics	Heat engineering	Central lubrication	Hydraulic control	Laboratory equipment	Foundry				
Income										
Territory of Poland	5,900	909	851	367	356	1,549	287	142	-	**10,361**
Export, including:	5,770	401	3	81	18	315	9	16	-	**6,613**
to EU countries	4,552	401	3	-	18	318	9	-	-	**5,296**
to countries beyond EU	1,218	-	-	81	-	2	-	16	-	**1,317**
Total income	**11,670**	**1,310**	**854**	**448**	**374**	**1,864**	**296**	**158**	-	**16,974**
Expenses										
Territory of Poland	4,553	958	689	419	357	1,725	191	114	-	**9,006**
Export, including:	5,749	435	1	124	17	369	7	11	-	**6,713**
to EU countries	4,596	435	1	-1	17	365	7	-	-	**5,420**
to countries beyond EU	1,153	-	-	125	-	4	-	11	-	**1,293**
Total expenses	**10,302**	**1,393**	**690**	**543**	**374**	**2,094**	**198**	**125**	-	**15,719**
Segment's result										
Territory of Poland	1,347	-49	162	-52	-1	-176	96	28	-	**1,355**
Export, including:	21	-34	2	-43	1	-54	2	5	-	**-100**
to EU countries	-44	-34	2	1	1	-52	2	-	-	**-124**
to countries beyond EU	65	-	-	-44	-	-2	-	5	-	**24**
Segment's result	**1,368**	**-83**	**164**	**-95**	**0**	**-230**	**98**	**33**	-	**1,255**
Other income	-	-	-	-	-	-	-	-	561	**561**
Other expenses	-	-	-	-	-	-	-	-	388	**388**
Operating activity profit (loss)	**1,368**	**-83**	**164**	**-95**	**0**	**-230**	**98**	**33**	**173**	**1,428**
Financial income	-	-	-	-	-	-	-	-	327	**327**
Financial expenses	-	-	-	-	-	-	-	-	302	**302**
Profit before tax	**1,368**	**-83**	**164**	**-95**	**0**	**-230**	**98**	**33**	**198**	**1,453**

Detailed list	Products and intermediate products: Industrial automatics	Heat engineering	Central lubrication	Hydraulic control	Laboratory equipment	Foundry	Services	Goods and materials	Non-classified items	Total
Income tax	-	-	-	-	-	-	-	-	175	**175**
Net profit	**1,368**	**-83**	**164**	**-95**	**0**	**-230**	**98**	**33**	**23**	**1,278**
Assets, capitals and liabilities										
Assets	-	-	-	-	-	-	-	-	45,671	**45,671**
Capitals	-	-	-	-	-	-	-	-	37,978	**37,978**
Liabilities	-	-	-	-	-	-	-	-	7,693	**7,693**
Other information										
Investment expenditure for tangible fixed assets	-	-	-	-	-	-	-	-	182	**182**
Investment expenditure for intangible assets	-	-	-	-	-	-	-	-	77	**77**
Amortization of tangible fixed assets	-	-	-	-	-	-	-	-	1,156	**1,156**
Amortization of intangible assets	-	-	-	-	-	-	-	-	35	**35**
Write-offs revaluing non-financial assets	-	-	-	-	-	-	-	-	2,251	**2,251**

For the period 01/01/2011 – 30/06/2011

Detailed list	Products and intermediate products: Industrial automatics	Heat engineering	Central lubrication	Hydraulic control	Laboratory equipment	Foundry	Services	Goods and materials	Non-classified items	Total
Income										
Territory of Poland	5,491	975	910	256	452	1,069	269	84	-	**9,506**
Export, including:	3,679	102	5	-	9	503	6	-	-	**4,304**
to EU countries	3,184	85	5	-	9	503	6	-	-	**3,792**
to countries beyond EU	495	17	-	-	-	-	-	-	-	**512**
Total income	**9,170**	**1,077**	**915**	**256**	**461**	**1,572**	**275**	**84**	-	**13,810**
Expenses										
Territory of Poland	4,726	1,129	821	274	473	1,378	170	66	-	**9,037**
Export, including:	4,081	125	3	-	10	702	3	-	-	**4,924**

Detailed list	Products and intermediate products						Services	Goods and materials	Non-classified items	Total
	Industrial automatics	Heat engineering	Central lubrication	Hydraulic control	Laboratory equipment	Foundry				
to EU countries	3,461	108	3	-	10	702	3	-	-	**4,287**
to countries beyond EU	620	17	-	-	-	-	-	-	-	**637**
Total expenses	**8,807**	**1,254**	**824**	**274**	**483**	**2,080**	**173**	**66**	-	**13,961**
Segment's result										
Territory of Poland	765	-154	89	-18	-21	-309	99	18	-	**469**
Export, including:	-402	-23	2	-	-1	-199	3	-	-	**-620**
to EU countries	-277	-23	2	-	-1	-199	3	-	-	**-495**
to countries beyond EU	-125	-	-	-	-	-	-	-	-	**-125**
Segment's result	**363**	**-177**	**91**	**-18**	**-22**	**-508**	**102**	**18**	-	**-151**
Other income	-	-	-	-	-	-	-	-	184	**184**
Other expenses	-	-	-	-	-	-	-	-	197	**197**
Operating activity profit (loss)	**363**	**-177**	**91**	**-18**	**-22**	**-508**	**102**	**18**	**-13**	**-164**
Financial income	-	-	-	-	-	-	-	-	223	**223**
Financial expenses	-	-	-	-	-	-	-	-	39	**39**
Profit before tax	**363**	**-177**	**91**	**-18**	**-22**	**-508**	**102**	**18**	**171**	**20**
Income tax	-	-	-	-	-	-	-	-	5	**5**
Net profit	**363**	**-177**	**91**	**-18**	**-22**	**-508**	**102**	**18**	**166**	**15**
Assets, capitals and liabilities										
Assets	-	-	-	-	-	-	-	-	47,896	**47,896**
Capitals	-	-	-	-	-	-	-	-	40,433	**40,433**
Liabilities	-	-	-	-	-	-	-	-	7,463	**7,463**
Other information										
Investment expenditure for tangible fixed assets	-	-	-	-	-	-	-	-	111	**111**
Investment expenditure for intangible assets	-	-	-	-	-	-	-	-	67	**67**
Amortization of tangible fixed assets	-	-	-	-	-	-	-	-	1,173	**1,173**
Amortization of intangible assets	-	-	-	-	-	-	-	-	15	**15**

Detailed list	Products and intermediate products						Services	Goods and materials	Non-classified items	Total
	Industrial automatics	Heat engineering	Central lubrication	Hydraulic control	Laboratory equipment	Foundry				
Write-offs revaluing non-financial assets	-	-	-	-	-	-	-	-	2,356	**2,356**

Besides, for the needs of internal management, the financial reporting system makes it possible to identify financial results according to the territorial criterion.

Detailed list	For the period 01/01/2012 – 30/06/2012		For the period 01/01/2011 – 30/06/2011		Change (%) %
	Value	Share %	Value	Share %	
Total income from product sales, including:	**16,816**	**100.0%**	**13,726**	**100.0%**	**22.5%**
Territory of Poland	10,219	60.8%	9,422	68.6%	**8.5%**
Export, including:	6,597	39.2%	4,304	31.4%	**53.3%**
Internal delivery of goods to EU	5,296	31.5%	3,792	27.6%	**39.7%**
Export beyond the European Union	1,301	7.7%	512	3.7%	**154.1%**
Income from sales of goods and materials, including:	**158**	**100.0%**	**84**	**100.0%**	**88.1%**
Territory of Poland	142	89.9%	84	100.0%	**69.0%**
Export	16	10.1%	-	-	**-**

4. Contingent liabilities and receivables

CONTINGENT LIABILITIES AND RECEIVABLES	Position as of 30/06/2012	Position as of 31/12/2011	Position as of 30/06/2011
1. Contingent liabilities	**7,598**	**1,652**	**1,394**
1.1. In favour of other units (due for)	7,598	1,652	1,394
- guarantees and warranties granted	-	-	-
- collateral of credits and loans - blank bill of exchange	7,000	1,000	1,000
- collateral of contracts - blank bill of exchange	328	365	128
- collateral of liabilities for goods delivered - blank bill of exchange	200	200	200
- liabilities due for entrusted materials	70	87	66
2. Contingent receivables	-	-	-
Total of off-balance sheet items	**7,598**	**1,652**	**1,394**

5. Liabilities due for the Budget or local government units resulting from obtaining the property right to buildings and structures

The Company does not have any liabilities due for the Budget or local government units resulting from obtaining the property right to buildings and structures.

6. Information on the issuer’s transactions with affiliated entities, concerning transfer of rights and obligations. Numbers concerning entities affiliated to the issuer

No such transactions occurred.

7. Significant events occurring after the end of the annual period, not reflected in the financial statement for the given annual period

After the balance sheet day, no events occurred which might have influence on changing the financial result of the Company.

8. Explanations concerning seasonality or cyclicity of the issuer's activities in the presented period.

In the 1st half of 2012, neither seasonality nor cyclicity of the issuer's activities occurred.

9. Information on issuance, buy-back and paying off of debt and capital securities.

In the period from the beginning of the year to the balance sheet day, the Company did not carry out any issuance of shares and did not buy back or pay off of debt securities.
In 2012, the Company carried out a buy-back of own shares. Information concerning purchase of own shares was presented in **the Management Board's Report from the Company's Activity in the 1st half of 2012**, in the chapter: Basic economic and financial values of the Company and factors having significant influence on its economic activity and the achieved results, item 6: Purchase of own shares.

10. Information on paid-off (or declared) dividends, jointly and per share, divided into ordinary shares and preference shares.

The Company did not pay off and did not declare the payment of any dividends.

11. Indication of events occurring after the day as of which the financial statement was prepared, not included in the statement but likely to have a significant influence on the issuer's future financial results.

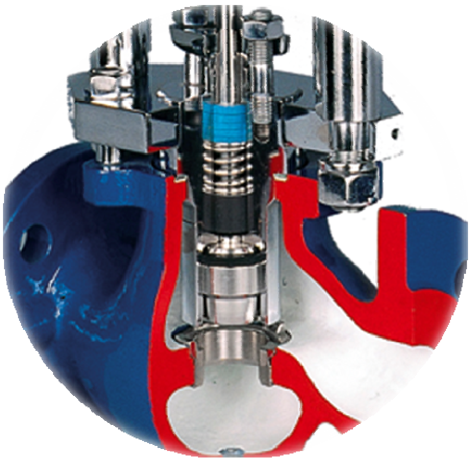
After the day for which the financial statement was made, no events occurred which were not included in the statement but might have a significant influence on the future financial results of the Company.

12. Presentation of financial statements taking into consideration the accumulated inflation rate over 100% over the last three years of the issuer's activity

Due to the fact that the accumulated average annual inflation rate over the last three years of the Company's activity was below 100%, financial statements and comparative financial data are not adjusted with a suitable inflation rate.

…………………….	…………………..	…………………….
Bożena Polak	Piotr Woś	Andrzej Piszcz
Chief Accountant	Member of the Management Board	President of the Management Board

Przemyśl, 31st August 2012



"POLNA" Spółka Akcyjna

The Management Board's Report from the Company's Activity

in the 1st half 2012

Przemyśl, August 2012

TABLE OF CONTENTS

BASIC INFORMATION ABOUT THE COMPANY

1. Name and address

"POLNA" S.A.
37-700 Przemyśl, ul. Obozowa 23
tel. +48 16/678-66-01
fax: +48 16/678-65-24

2. Composition of the Management Board and the Supervisory Board and changes occurred in the reporting period

As of 30th June 2012 and the day of preparing this financial statement, the Management Board of the Company had the following composition:

- Andrej Piszcz – President of the Management Board – Managing Director,
- Piotr Woś – Member of the Management Board – Production Director.

No changes in the composition of the Management Board occurred in the reporting period.

As of 30th June 2012, the Supervisory Board of the Company had the following composition:

- Mr Wiesław Piwowar – President,
- Mr Władysław Wojtowicz – Vice-President,
- Ms Katarzyna Kieloch – Secretary,
- Mr Grzegorz Hayder – Member,
- Ms Elżbieta Opawska – Member.

No changes in the composition of the Supervisory Board occurred in the 1st half of 2012.

On 6th July 2012, Mr Grzegorz Hayder submitted a resignation from performing his function of a Member of the Supervisory Board of the current term of office. The decision was taken for personal reasons.
The Management Board of the Company has convened an Extraordinary General Meeting for 24/09/2012 in order to appoint a Member of the Supervisory Board of the current term.

3. Legal form

The Company is a public limited company, quoted on the main market of the Warsaw Stock Exchange in the fixed quotation system, conducting activity pursuant to the Commercial Companies Code, registered on 12/02/2002 by the District Court in Rzeszów, XII Economic Division of the National Court Register, with the KRS number 0000090173, managing a firm with the registered business name Zakłady Automatyki "POLNA" S.A. in Przemyśl. "POLNA" S.A. in Przemyśl.

4. The Company's capitals

As of the day 30th June 2012, the Company's equity capitals reached the value of PLN 37,978 thousand. The share capital amounted to PLN 8,029 thousand and was divided into 2,112,896 shares of nominal value PLN 3.80 each, including:

- 546,010 series A shares,
- 168,412 series B shares,
- 81,000 series C shares,
- 19,000 series D shares,

- 1,280,474 series E shares.

5. The Company's Shareholders

According to the Company's knowledge, the composition of share ownership as of the day of issuing the annual report was the following:

Shareholder	Number of shares	Participation in the share capital (%)
Zbigniew Jakubas with subsidiaries jointly	585,951	27.73213
Other Shareholders	829,690	39.26791
"POLNA" S.A. (own shares)	697,255	32.99997
Total	**2,112,896**	**100.00**

6. Object of activity

Pursuant to Article 7 of the Charter, the Company's object of activity is:

- 24.5 Metal founding;
- 28.12.Z Production of hydraulic and pneumatic drive equipment;
- 28.13.Z Production of other pumps and compressors;
- 28.14.Z Production of other cocks and valves;
- 38.21.Z Processing and utilization of waste other than dangerous;
- 38.32.Z Recycling of raw materials from sorted materials;
- 46.69.Z Wholesale trade of other machines and equipment;
- 46.90.Z Non-specialized wholesale trade;
- 46.77.Z Wholesale trade of waste and scrap.

BASIC ECONOMIC AND FINANCIAL VALUES OF THE COMPANY AND FACTORS HAVING SIGNIFICANT INFLUENCE ON ITS ECONOMIC ACTIVITY AND THE ACHIEVED RESULTS

1. Principles for preparing a condensed financial statement

The principles for preparing a condensed financial statement were discussed in the Separate Semi-annual Financial Statement for the 1st half of the year 2012 in the first part – General information and information concerning the adopted accounting principles (policy).

2. Description of the basic economic values

The results achieved in the 1st half of 2012 were characterised with the following values:

- Net income from sales and equalized to them in the 1st half of 2012 amounted to PLN 18,205 thousand, which means an increase by 24.1% in comparison to the respective period in 2011.

Income from sales	1st half of 2012	1st half of 2011	Dynamics 2012/2011
6 months, including:	18,205	14,664	124.1%
1st quarter	9,490	7,539	125.9%
2nd quarter	8,715	7,125	122.3%

- In overall activity, the Company had a net profit of PLN 1,428 thousand in the 1st half of 2012, whereas in the 1st half of 2011, the Company noted a net loss amounting to PLN 164 thousand. The amount of profit from sales in 2012 was influenced by greater dynamics of increase of income than of increase of costs. The higher income value was achieved by the Company mostly in export sales, especially to countries beyond the EU.

- The EBITDA ratio, calculated as profit/loss from operating activity plus amortization, in the 1st half of 2012 amounted to PLN 2,620 thousand, and in the 1st half of 2011, PLN 1,024 thousand. The much higher value of the ratio in 2012 results from the achieved profit from operating activity.

- In the 1st half of 2012, gross profit amounted to PLN 1,453 thousand, whereas in the 1st half of 2011, it amounted to PLN 20 thousand. Positive values were achieved in both other activity and financial activity in the 1st half of 2012. The gross profit from those types of activity also improved.

- In the 1st half of 2012, net profit amounted to PLN 1,278 thousand, whereas in the 1st half of 2011, it amounted to PLN 15 thousand. In the 1st half of 2012, income tax reduced gross profit by PLN 175 thousand, whereas in the 1st half of 2011, it reduced gross profit by PLN 5 thousand.

To sum up, the Company closed the 1st half of 2012 with good financial results on all levels of activity. It was possible thanks to significant increase in income from sales and strict expense discipline.

3. Ratio analysis

For the purpose of comparing the two analyzed periods, the financial ratios which illustrate the Company's standing are presented below.

Detailed list	1st half of 2012	1st half of 2011
Profitability of sales profit (loss) from sales / income from sales and equalized to it	6.9%	-1.0%
EBIT profitability profit (loss) from operating activity / income from sales and equalized to it	7.8%	-1.1%
EBITDA profitability profit (loss) from operating activity + amortization / income from sales and equalized to it	14.4%	7.0%
Net profitability of sales profit (loss) / income from sales and equalized to it	7.0%	0.1%
Return on equity (ROE) net profit (loss) / total assets	3.4%	0.04%
Return on assets (ROA) net profit (loss) / total assets	2.8%	0.03%
Current liquidity ratio current assets / short-term liabilities	5.0	5.4
Quick ratio current assets - supplies / short-term liabilities	3.7	4.2
Supplies cycle (in days) supplies x number of days in the period / costs of operating activity	59	55
Cycle of recovering receivables due for supplies and services (in days) receivables due for supplies and services x number of days in the period / income from sales and equalized to it	61	54
Cycle of payment of liabilities due for deliveries and services (in days) liabilities due for deliveries and services x number of days in the period / costs of operating activity	16	20
Total debt ratio total liabilities / total assets	16.8%	15.6%
Equity debt ratio total liabilities / equity capital	20.3%	18.5%
Ratio of coverage of fixed assets with equity (golden balance sheet rule) equity / fixed assets	150.2%	149.5%
Ratio of coverage of fixed assets with constant capital (golden bank rule) equity + long-term liabilities / fixed assets	164.5%	163.2%

The results of ratio analysis confirm the good financial standing of the Company in 2012.
All profitability ratios were positive and much higher than in the previous year.
Liquidity ratios improved in comparison to 2011. The position of possessed funds decreased, as they were spent on purchase of the Company's own shares. The value of cash as of the end of June 2012 was still high (PLN 7,881 thousand), but in July those funds were spent on further purchase of shares as part of realization of the provisions of the Resolution no. 24/2012 of the General Meeting of 21st May2012.
The ratios of the Company's debt are on a safe level. The Company practically uses its own resources to finance its needs. The golden balance sheet rule and golden bank rule are observed: equity capitals and permanent capitals fully cover the fixed assets.
The efficiency ratios decreased a little, which indicates the necessity of systematic control and further preventive actions in the areas of supplier and recipient management, as well as supplies management.

Lengthening of the supplies cycle results to a great extent from increase in production and warehouse inventories aimed at ensuring possibly short times of manufacture of standard products.

4. Description of the main threats and risks related to the remaining months of the financial year

In the Management Board's opinion, the main threats and risks connected with the Company's economic activity and the financial results achieved by it are the following:

- **Activity of competition**

The Company directly competes with big international concerns operating globally and buying components for production in countries with low production costs. Aggressive activities of competition on the domestic market create the risk of losing potential orders. The risk of loss of orders particularly refers to greater investment and modernization projects, when the final recipient expects comprehensive supplies of fittings and equipment.

- **Decreasing demand for the Company's products combined with increasing price competition on the market**

Deterioration of the economic situation may result in decrease of demand for the products manufactured by "POLNA" S.A. in medium term, especially as regards regulatory valves, which constitute the main profile of the Company's production. It concerns both the domestic market and other countries where the Company exports its products. The condition of decreasing demand is combined with rising price competition and increasing customer requirements concerning the conditions of deliveries, collateral for proper realization of orders, warranty periods etc., which may consequently lead to lowering of the profitability of sales.

- **Fluctuations of currency exchange rates**

Fluctuations of currency exchange rates, particularly of EUR/PLN rate, create the risk of significant lowering of profitability of export orders. That particularly refers to bigger projects, based on individual offers meeting specific requirements of the recipient, in which the period from placing the offer to the realization of the order often lasts a few months. In order to reduce the exchange rate risk, the Company is planning to use collateral instruments – forward transactions.

- **Increase in prices of materials and raw materials**

The products manufactured by the Company are characterized by considerable material consumption, and the cost of materials and raw materials is a very important part of the production cost of a final product. Increase in prices of materials and raw materials, as well as power, may have a negative influence on the achieved profitability of sales. In the current situation on the market, the possibilities to directly transfer the increase in production cost for the recipient of the final product by means of raising the prices of products are very limited. Hence the necessity to constantly improve the effectiveness of production and seek possibility of economizing in all phases of the production process.

5. Information on financial instruments

5.1 Information concerning financial instruments and changes in them is presented in the table below:

Item no.	Detailed list	Financial assets allocated for trade	Derivative instruments	Financial liabilities allocated for trade	Other financial liabilities (leasing)	Loans granted and own receivables	Financial assets held until maturity	Financial assets available for sale
1.	Opening position	16	-	-	-	4,908	-	-
2.	Increases	10	66	-	-	-	-	-

Item no.	Detailed list	Financial assets allocated for trade	Derivative instruments	Financial liabilities allocated for trade	Other financial liabilities (leasing)	Loans granted and own receivables	Financial assets held until maturity	Financial assets available for sale
	- measurement	10	66			-		
3.	Decreases:	3	-	-	-	4,908	-	-
	- payment, release	-	-	-	-	4,908	-	-
	- measurement	3	-	-	-	-	-	-
4.	Closing position	23	66	-	-	-	-	-
	Including							
4.1.	Items revealed in the balance sheet	23	66	-	-	-	-	-
	- short-term financial assets	23	66	-	-	-	-	-

The Company did not include in the above table any trade receivables and liabilities whose objective is to purchase goods and services.
The maturity period of all financial instruments does not exceed 1 year.

5.2 Characteristics of financial instruments

Financial assets allocated for trade – the Company owns shares of Energoaparatura S.A. company, acquired in lieu of receivables previously covered by composition proceedings, quoted on the Warsaw Stock Exchange, and allocated them for disposal within the nearest 12 months. As of the balance sheet day, the price of shares is lower than their purchase price, so a write-off was made to revalue it to the market price.

Derivative instruments – As of 30/06/2012, the Company had the following forward transactions concluded:

Date of concluding	Date of maturity	Sales currency	Purchase currency	Amount sold	Purchase amount	Exchange rate	Market value in PLN
14/05/2012	28/09/2012	USD	PLN	50,000	168,300	3.3660	-2,908
16/05/2012	31/08/2012	EUR	PLN	100,000	439,200	4.3920	9,519
16/05/2012	28/09/2012	EUR	PLN	100,000	440,300	4.4030	9,105
16/05/2012	28/09/2012	EUR	PLN	100,000	441,700	4.4170	10,489
17/05/2012	28/09/2012	EUR	PLN	50,000	220,550	4.4110	5,054
17/05/2012	31/10/2012	EUR	PLN	50,000	221,275	4.4255	4,891
17/05/2012	30/11/2012	EUR	PLN	150,000	662,700	4.4180	11,213
17/05/2012	31/12/2012	USD	PLN	50,000	174,850	3.4970	1,908
17/05/2012	31/12/2012	EUR	PLN	150,000	664,500	4.4300	10,596
30/05/2012	28/09/2012	USD	PLN	50,000	177,250	3.5450	6,016
Total							**65,883**

Financial liabilities allocated for trade – The Company does not possess any financial liabilities allocated for trade.

Other financial (leasing) liabilities – The Company does not have any other financial liabilities.

Own receivables – at the beginning of the year, the Company possessed deposits for the amount of PLN 4,908 thousand The deposits were contracted in Polish zlotys and their realization dates would fall within two months of the balance sheet day. As of 30/06/2012, there are no bank deposits.

Financial assets held until maturity – The Company does not possess any financial assets held until maturity.

Financial assets available for sale – The Company holds shares in other entities for the amount of PLN 19 thousand, at the acquisition prices. In most cases, those are shares taken in lieu of receivables in composition proceedings. Because of high risk connected with regaining the above-mentioned amounts, the Company made revaluation write-offs for the value of the shares. The revaluation write-off was charged to the profit and loss account.

5.3 Revealing of contracts resulting in conversion of financial assets into securities or buy back agreements

The Company did not conclude any buy-back agreements or agreements resulting in conversion of financial assets into securities.

5.4 Financial assets valued at the fair market value reclassified as assets valued at the revised acquisition price

The Company did not reclassify any financial assets valued at the fair market price as assets valued at the revised acquisition price.

5.5 Recognizing derivative instruments in the balance sheet

As of 30/06/2012, the Company possessed derivative instruments – forward contracts, whose measurement at fair market value is included in the balance sheet in short-term financial assets in the amount of PLN 66 thousand.

5.6 Information on revaluation write-offs for permanent impairment of particular assets

The Company made a write-off for PLN 3 thousand, revaluing the shares of Energoaparatura S.A. company due to their measurement as of 31/03/2012 and an adjustment of a write-off revaluing the shares of that company in the amount of PLN 10 thousand as of 30/06/2012. The above-mentioned information refers to revaluation write-offs for financial instruments from the table, item 5.1. As for write-offs referring to assets, they were all described in the Separate Semi-annual Financial Statement for the 1st half of 2012, in the notes concerning particular assets, and their recognition or reversal, in note 17 and 18.

5.7 Information on income from interest on debt financial instruments, loans granted or own receivables

In 2012, the Company did not receive any interest on debt financial instruments. Interest on deposits amounted to PLN 166 thousand.

5.8 Information on costs of interest on financial liabilities

In the year 2012, interest on other financial liabilities (credits) amounted to PLN 14 thousand.

5.9 Aims and methods of financial risk management

The Company does not have a comprehensive computerized system of risk management. Individual kinds of risk are analyzed separately by individual departments responsible for activities which might trigger risk.

The Company is exposed to the following significant risks:

- market risk:
  - price risk,
  - currency risk,
  - interest rate risk,
- credit risk,
- liquidity risk.

In order to minimize the price risk, the Company implements the principle of deliveries diversification, realizes deliveries from approved suppliers and negotiates prices for longer periods.
Due to a relatively high level of export, the Company is exposed to currency risk. In order to minimize that risk, terms of changing the prices of products sold occurring in the case of significant exchange rate changes are included in contracts concluded with foreign business partners.

Analysis of sensitivity to currency risk (in PLN thousand)

Analysis of sensitivity to currency risk was conducted for net income from export sales of products, goods and materials, with the assumption of 5% increase and decrease of EUR and USD exchange rates against PLN.

Detailed list	For the period 01/01/2012 – 30/06/2012			For the period 01/01/2011 – 30/06/2011		
	Value in foreign currency converted into PLN	Increase of the exchange rate (weakening of PLN)	Decrease of the exchange rate (strengthening of PLN)	Value in foreign currency converted into PLN	Increase of the exchange rate (weakening of PLN)	Decrease of the exchange rate (strengthening of PLN)
Net income from products, goods and materials sales	6,613	+331	-331	4,304	+215	-215

If the currency exchange rates had increased by 5% against PLN, the Company would have noted an increase in net income from sales of products, materials and goods by PLN 331 thousand for the 1st half of 2012. It would have been otherwise if the exchange rates had decreased.

The Company is only slightly exposed to the interest rate risk, since the risk only concerns the credit in the current account for PLN 3,000 thousand, concluded by the Company

The Company is exposed to credit risk connected with failure of receivables due for sales to come (within the specified time or at all). The Company takes measures to secure themselves from that risk by assessing the recipients' credit rating, the use of advance payments and collaterals or improvement of their vindication system.
The Company is also exposed to liquidity risk in their activity. In order to alleviate it, the Company negotiates contracts with prolonged payment periods.

5.10 Description of methods of establishing the fair market value of financial instruments.

The Company measures shares of companies quoted on the stock exchange at their fair market value, i.e. at the price quoted on the stock exchange for the balance sheet day.

5.11 Information on profits or losses from collateral instruments measurement

As of 30/06/2012, the Company had forward transactions described in item 5.2 Derivative instruments, whose measurement as of the end of the 1st half was positive and amounted to PLN 66 thousand. From measurement of forward transactions, in the 1st half-year the Company noted profits amounting to PLN 136 thousand and losses amounting to PLN 70 thousand.

6. Purchase of own shares

The Management Board of "POLNA" S.A., implementing the provisions of Resolution No. 6 of the Extraordinary General Shareholders Meeting of 13th March 2012, on 19th March 2012 adopted a resolution on the Share Buy-back Programme. In the opinion of the Management Board of the Company, realization of the Share Buy-back Programme will contribute to increasing the market value of the Company; besides, it will allow for allocating assets accumulated on the Company's supplementary capital, not paid out as dividend from profit generated in the previous years, in a way beneficial for the shareholders. The shares were purchased in order for redemption.

On the basis of that resolution, in the period from 22nd March to 23rd April, the Company bought 8,771 own shares with the nominal value of PLN 33.3 thousand, constituting 0.41512% of the share capital (on 22nd May 2012, the court registered lowering of the share capital as a result of redemption of 472,130 pieces of the Company's own shares purchased in 2011 – Current Report no. 33/2012). The purchase price of those shares amounted to PLN 100.8 thousand.

The Management Board of "POLNA" S.A., implementing the provisions of Resolution No. 24/2012 of the Extraordinary General Meeting of 21st May 2012, on 31st May 2012 announced a call for subscription for shares of the Company.

As a result of the transaction of purchase of the Company's own shares on the basis of a public call announced on 31st May 2012, on 9th July the Company purchased 688,484 pieces of own shares at the price of PLN 14 per share.

The participation of the purchased shares in the share capital is 32.58485%. The nominal value of the purchased shares is

PLN 2,616.2 thousand. The up-to-date cost of purchase of those shares amounted to PLN 9,709.6 thousand.

The shares were purchased in order for redemption.

In 2012, until the day of preparing this statement, the Company had bought in total 697,255 own shares with the nominal value of PLN 2,649.6 thousand, constituting 32.99997% of the share capital. The up-to-date cost of purchase of those shares amounted to PLN 9,810.4 thousand.

OTHER INFORMATION

1. **Description of organisation of the issuer's group, with indication of units subject to consolidation**

The Company does not make a group; it is not a holding company for other entities and does not make a consolidated report.

2. **Indication of the effects of changes in the economic entity's structure, including business combination, takeover or sale of units of the Issuer's group, long-term investments, division, restructuring or abandonment of activities.**

The Company did not make any changes in its structure; neither did any combination, takeover or sale of group's units occur. In 2012, no changes in long-term investments took place and the Company did not abandon any activity.

3. **The Management Board's stance towards the possibility of fulfilment of the result forecasts for a given year issued previously.**

The Management Board did not issue any forecasts of financial results for the year 2012.

4. **Indication of the shareholders holding directly or indirectly (through dependent entities) at least 5% of the total number of votes at a General Meeting of the issuer as of the day of issuing the semi-annual report, along with indication of the number of shares held by those entities, their percentage share in the share capital, the resulting number of votes and their percentage share in the total number of votes at an GSM, as well as indication of changes in the ownership structure of the issuer's significant blocks of shares in the period from issuing the previous report**

According to the issuer's knowledge, the composition of shares ownership holding at least 5% of the total number of the votes at the General Shareholders Meeting is the following:

Shareholder	Number of shares	Share in the share capital (%)	Number of votes at GSM	Share in the total number of votes at GSM (%) (%)
Zbigniew Jakubas with subsidiaries jointly	585,951	27.73213	585,951	27.73213
"POLNA" S.A. (own shares)	697,255	32.99997	697,255	32.99997

In the structure of significant blocks of shares, some changes occurred in relation to the structure published on 15/05/2012 in the Quarterly Report for the 1st quarter of 2012.
Mr Zbigniew Jakubas with subsidiaries decreased their share ownership (Current Report No. 41/2012 of 16/07/2012). In 2012, "POLNA" S.A. increased their block of own shares held up to 697,255 pieces.

5. **Average employment**

The average employment in full-time jobs was as follows:

Detailed list	1st half of 2012	1st half of 2011
Total employment, including:	225	222
- white-collar workers	82	77
- blue-collar workers	143	145

6. Value of remunerations, awards or benefits, including benefits arising out of incentive or bonus programs, paid out and due for the managing and supervising persons

Remunerations for the managing persons in the 1st half of 2012 (in PLN thousand) are presented below:

	Basic salary for 2012	Annual bonus calculated for the year 2011	Additional benefits	Termination pay calculated	Bonus calculated for the 1st half of2012	Total
Management Board	192	93	12	92	103	492

In July 2012, the annual bonus for the year 2011 was paid out to the Management Board.

Remunerations for the managing persons in the 1st half of 2011 (in PLN thousand) are presented below:

	Basic salary for 2011	Annual bonus calculated for the year 2010	Equivalent for unused leave	Additional benefits	Termination pay paid out	Total
Management Board	218	43	5	23	22	311

Remunerations for the managing persons (in PLN thousand) were as follows:

	For the period 01/01/2012 -30/06/2012	For the period 01/01/2011 -30/06/2011
Supervisory Board	58	53

7. Specification of the ownership of the issuer's shares or right to the shares by the individuals managing and supervising the issuer as of the day of issuing the semi-annual report, as well as indication of changes in the ownership, within the period from issuing the previous quarterly report, for each person individually.

According to the issuer's knowledge, the individuals managing and supervising the Company do not hold any shares of the Company. In the 1st half of 2012, no changes concerning the share ownership by supervising individuals occurred.

8. Indication of proceedings taking place before a court, a relevant body of arbitration or a public administration body

No proceedings concerning liabilities or debts of the Company of total value equal to at least 10% of its equity capital are taking place before any court or public administration body.

9. Concluding by the issuer or their subsidiary one or more transactions with affiliated entities, if individually or jointly they are significant and were concluded on terms and conditions other than market conditions

There were no such events.

10. Information on the issuer or their subsidiary guaranteeing a credit or loan or giving guarantee – jointly to one entity or a unit dependent on it, if the value of the warranties or guarantees is equivalent to at least 10% of the issuer's equity capital

In the 1st half of 2012, the Company did not guarantee any credit or loan and did not give any guarantees.

11. Other information, important in the issuer's opinion for the evaluation of their personnel, property and financial condition, the financial result and changes in those data, and information important for evaluation of the issuer's capacity for performing the obligations

- The Extraordinary General Meeting on 13th March 2012 adopted Resolution no. 3 on redemption of 427,130 own shares (purchased in 2011) and Resolution no. 4 on lowering the share capital as a result of redemption of own shares.

- The Extraordinary General Meeting on 13th March 2012 adopted Resolution no. 6 on expressing consent to the Company purchasing own shares in order for redemption,

- The Annual General Meeting on 21st May 2012 adopted Resolution no. 24 on expressing consent to the Company purchasing own shares in order for redemption,

- In the reporting period, no changes occurred in the share capital of the Company.
  On 22nd May 2012 the District Court in Rzeszów, XII Economic Division of the National Court Register, made an entry of lowering of the Company's share capital in the register of entrepreneurs of the National Court Register, in accordance with the resolutions adopted by the Extraordinary General Meeting of "POLNA" S.A. on 13th March 2012.
  Lowering the Company's share capital occurred as a result of redemption of 472,130 pieces of the Company's own shares with the nominal value of PLN 3.80 per share.
  As a result of the redemption of the Company's own shares, the Company's share capital was lowered by the amount equal to the total nominal value of the redeemed shares, i.e. by PLN 1,794,094.00 (in words: one million seven hundred and ninety-four thousand ninety-four zlotys) and currently amounts to PLN 8,029,004.80 and is divided into 2,112,896 ordinary bearer shares with the nominal value of PLN 3.80 (three zlotys eighty groszy) each.

- On 31st May 2012, the Company signed an agreement with Podkarpacki Bank Spółdzielczy for a working capital credit in a current account in the amount of PLN 3,000 thousand to be used for the purposes of settling current payments in the case of temporary shortages of funds on the current account.

The terms and conditions included in the credit agreement are presented below.

Company (registered) name	No. of the agreement and date of concluding	Amount of credit remaining to be paid	Interest rate	Payment maturity date	Collateral
Podkarpacki Bank Spółdzielczy seated in Sanok, branch in Przemyśl	Agreement no. 20/RB/2012 of 31/05/2012	PLN 3,000 thousand.	Variable interest rate equal to a variable 1M WIBOR rate increased by 1.5 percentage point	30/05/2013	Contractual mortgage for the amount up to PLN 6,000 thousand, cession of rights from an insurance policy, a blank bill of exchange with a promissory note, a power of attorney authorizing to use a bank account

12. Indication of factors which in the issuer's opinion will influence the results achieved by them in the nearest future

The most important factors which may influence the Company's financial condition in the nearest future include:

- Decrease of demand for the manufactured products and potential lowering of the level of income from sales (in comparison to the 1st half of 2012),
- The drop of EUR/PLN exchange rate – if it continues over a longer period of time, will result in deterioration of profitability of export,
- Limited possibility of transferring the prices of materials and power to the final products, which may result in reduction of profitability of sales of products,
- An increase of financial costs related to the credit in the current account concluded in May 2012, amounting to PLN 3,000 thousand.
- Profits or losses from measurement of the possessed financial instruments.

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Piotr Woś	Andrzej Piszcz
Member of the Management Board	President of the Management Board

Przemyśl, 31st August 2012