MAKARONY POLSKIE CAPITAL GROUP

ABRIDGED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

RZESZÓW, 30 AUGUST 2011

The Abbreviated Consolidated Financial Statement of Makarony Polskie Group consists of:

1. General Information
2. Consolidated Selected Financial Data.
3. Consolidated Statement of Comprehensive Income
4. Consolidated Statement of Financial Standing
5. Consolidated Statement of Cash Flows
6. Statement of Changes in Consolidated Equity
7. Additional Explanatory Notes.

Chosen financial data in EURO were presented in accordance with §91 section 2 of the Regulation of the Minister of Finance of 19 February 2009:

- ✓ items of the statement on the financial standing were converted according to average exchange rate published by NBP biding on the balance sheet date (30 June 2011 1 EUR = 3.9866, 31 December 2010 1 EUR = 3.9603 PLN),
- ✓ items in the statement of comprehensive income were converted according to the exchange rate being the arithmetic mean of average exchange rates set forth by NBP, and biding on the last day of each month of the 1st half of 2011 - 1 EUR = 3.9673 and the 1st half of 2010 - 1 EUR = 4,0042 PLN.

Pursuant to §83 clause 3 of the Regulation of the Minister of Finance of 19 February 2009, Makarony Polskie S.A. does not submit a separate semi-annual non-consolidated statement. Abridged financial statement of Makarony Polskie S.A. and the report of the entity authorized to audit the financial statements containing information on the review of this statement constitutes an element of the semi-annual consolidated statement of Makarony Polskie Capital Group.

This Consolidated and Separate Financial Statements were reviewed by an entity authorized to audit financial statements and were approved by the Management Board for disclosure on 31 August 2011.

1. General Information

1.1 Basis for compiling the Consolidated Financial Statement

a) Declaration of compliance and the basis for compiling the Statement

The abridged consolidated financial statement was compiled in accordance with the International Accounting Standards approved by the European Union (EU) and the related interpretations issued in the form of implementing regulations of the European Commission (further – IFRS) which are applicable for interim financial reporting as approved by the European Union (IAS 34 – Interim Financial Reporting), and had been published and were binding at the time of compiling this abridged consolidated financial statement. Semi-annual abridged financial statement does not include all information and data required for disclosure in annual financial statements and it should be read together with the annual financial statement of the Group and the Parent Company for the year ending on 31 December 2010.

The principles of presentation with regard to this statement are also regulated by the provisions of the Regulation of the Minister of Finance of 19 February 2009 on the current and periodic information to be published by the issuers of securities (Journal of Laws 2009, No. 33, item. 259).

b) Basis for evaluation

This consolidated financial statement was compiled in accordance with a rule of historical cost accounting with the exception of fair value accounting in the case of selected assets, that is the components of an organized enterprise acquired under the purchase transaction for Tenczynek, assets acquired under the purchase transaction of Stoczek Company, including the value of the company resulting from these transactions, assets acquired under the purchase transaction of Abak Sp. z o.o. as well as land designated for investments.

c) The currency of the evaluation and presentation

The currency used by the Group for evaluation and in this Consolidated Financial Statement as well as the reporting currency for this Consolidated Financial Statement is Polish zloty (PLN).
Unless indicated otherwise, the financial data are presented in thousand PLN.

d) Applied accounting principles and the basis for compiling the statement

The accounting principles applied in compiling the semi-annual abridged consolidated financial statement are consistent with those used in course of preparing the annual financial statement of the Capital Group for the year ending on 31 December 2010 (published on 21 March 2011), and include the change resulting from inaccurate settlement of subsidy for fixed assets and the change in presentation of bonuses, rebates and discounts, as described below in point (f).

The consolidated statement of financial standing in addition to the current data contains comparable data as of 31 December 2010. The data presented in the consolidated statement of comprehensive income, consolidated statement of cash flows and the statement of changes in equity contain comparable financial data for the period from 1 January 2010 to 30 June 2010.

Time of operation of the specific companies included in the Group is unlimited. Financial statements of all companies were compiled for the same reporting period, by applying consistent principles of accounting. Fiscal year of the Groups companies is the calendar year.

The Financial Statement was compiled with the assumption of continued business activity by the companies of the Group in the foreseeable future. As of the date of the Financial Statement approval there were no indicators of any threat to continuing operations by the companies of the Group. No operations conducted by the Group were abandoned during the 1st half of 2011.
Financial statements of the parent company -Makarony Polskie S.A. and the subsidiary company -Stoczek Sp. z o.o. are compiled in accordance with IFRS.

All transactions, balances, revenues and costs incurred between the affiliated entities are subject to exclusion due to consolidation.

e) Explanations related to the seasonal or periodic character of operations with reference to the semi-annual performance of the Group

There are no significant seasonal or periodic trends in the Group's business.

f) Changes in the principles of compiling the financial statement

Makarony Polskie Company accounts for revenues resulting from the obtained subsidy designated for fixed assets by interim settlement of prepayments and accruals. During 2009-2010 revenues due to the obtained subsidy for the purchase of selected fixed assets were accounted for according to different rate than the depreciation rate of the same fixed assets, which resulted in discrepancy between the recognized costs and revenues. As a result of identifying this error the comparable data for 2009 and 2010 were adjusted.

The tables below show the adjusted values in the consolidated statements of financial standing in comparable periods, i.e. as of 31 December 2010, 30 June 2010 and 31 December 2009.

EQUITY AND LIABILITIES	31 December 2010 converted	31 December 2010 before adjustments
Retained profits/losses (profit/loss from previous years)	-1 075	-243
Net profit	2 175	3 170
Long-term prepayments and accruals	10 372	7 550
Short-term prepayments and accruals	725	1 720

EQUITY AND LIABILITIES	30 June 2010 converted	30 June 2010 before adjustments
Retained profits/losses (profit/loss from previous years)	-1 108	-277
Net profit	2 091	2 589
Long-term prepayments and accruals	10 677	8 353
Short-term prepayments and accruals	809	1 804

EQUITY AND LIABILITIES	31 December 2009 converted	31 December 2009 before adjustments
Retained profits/losses (profit/loss from previous years)	-243	-243
Net profit	1 367	2 198
Long-term prepayments and accruals	11 039	9 213
Short-term prepayments and accruals	725	1 720

The aforementioned adjustment affected the Group's net profit in 2010 by - 995 thousand PLN, and in 2009 by - 831 thousand PLN.

The table below shows the adjusted values in the consolidated statement of comprehensive income in the 1st half of 2010.

	01.01.2010-30-06.2010 converted	01.01.2010-30-06.2010 before adjustments
Other income	2 558	3 055
Net result	2 091	2 589
Net result per 1 share	0.23	0.28

The Group has also introduced a change in the presentation of bonuses and rebates related to sales of goods within modern and traditional retail systems. This adjustment in the 1st half of 2011 resulted in a decrease in the following items: "costs of sales" and "sales revenues on products" amounting to 1 740 thousand PLN. According to the Management Board the currently used presentation more accurately reflects the character of concluded transactions.

In the consolidated statement of financial standing for 31 December 2010 adjustments were introduced in the following items: "Income tax receivables" (amount before adjustment = 196 thousand PLN, amount after adjustment = 417 thousand PLN) and "Other receivables" (amount before adjustment 29 101 thousand PLN, amount after adjustment 28 880 thousand PLN).

g) Standards and interpretations applied for the first time in 2011

In the current year the Group has not applied new and amended IFRSs which have affected the values disclosed in the 1st half of 2011 and in previous years and which resulted in significant changes in the accounting policy and the presentation of financial statements.

h) Standards and interpretations adopted by IASB, and not approved by the EU

IFRSs in the form approved of by the EU at present do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following interpretations which as of 30 June 2011 have not yet been adopted for application:

IFRS 9 „Financial instruments" (applicable for annual periods starting on 1 January 2013 or after this date),
IFRS 10 „Consolidated financial statement" (applicable for annual periods starting on 1 January 2013 or after this date),
IFRS 11 „Joint Arrangements" (applicable for annual periods starting on 1 January 2013 or after this date),
IFRS 12 „Disclosure of Interests in Other Entities" (applicable for annual periods starting on 1 January 2013 or after this date),
IFRS 13 „Fair Value Measurement" (applicable for annual periods starting on 1 January 2013 or after this date),
IAS 27 (as amended in 2011) **„Separate Financial Statements"** (applicable for annual periods starting on 1 January 2013 or after this date),
IAS 28 (as amended in 2011) **„Investments in Associates and Joint Ventures"** (applicable for annual periods starting on 1 January 2013 or after this date),

Amendments to IFRS 1 „First-time Adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters" (applicable for annual periods starting on 1 July 2011 or after this date),
Amendments to IFRS 7 „Financial Instruments: Disclosures" – transfers of financial assets (applicable for annual periods starting on 1 July 2011 or after this date),
Amendments to IAS 1 „Presentation of Financial Statements" - Presentation of items of Other Comprehensive Income (applicable for annual periods starting on 1 July 2012 or after this date),
Amendments to IAS 12 „Income taxes" - Deferred Tax: Recovery of Underlying Assets (applicable for annual periods starting on 1 January 2012 or after this date),

Amendments to IAS 19 „Employee Benefits" – changes in accounting for post-employment benefits (applicable for annual periods starting on 1 January 2013 or after this date).

According to the Group's estimates the above standards, interpretations and amendments to standards would not have significantly impacted the financial statement if they had been applied as of the balance sheet day. At the same time the regulations adopted by the EU do not provide for accountancy of guarantees related to the portfolio of assets and financial liabilities – principles related to this issue have not been adopted for use in the EU. According to the Group's estimates, the application of accounting principles for guarantees related to the portfolio of assets and financial liabilities in accordance with IAS 39 „Financial Instruments: Recognition and Measurement" would not have significantly impacted the financial statement if they had been adopted by the EU as of the balance sheet day.

i) Published standards which have not yet become effective

As of the day of approving this financial statement there were no standards, amendments to standards or interpretations which had been published and adopted for application in the EU and which had not yet become effective..

j) Uncertainty of estimates

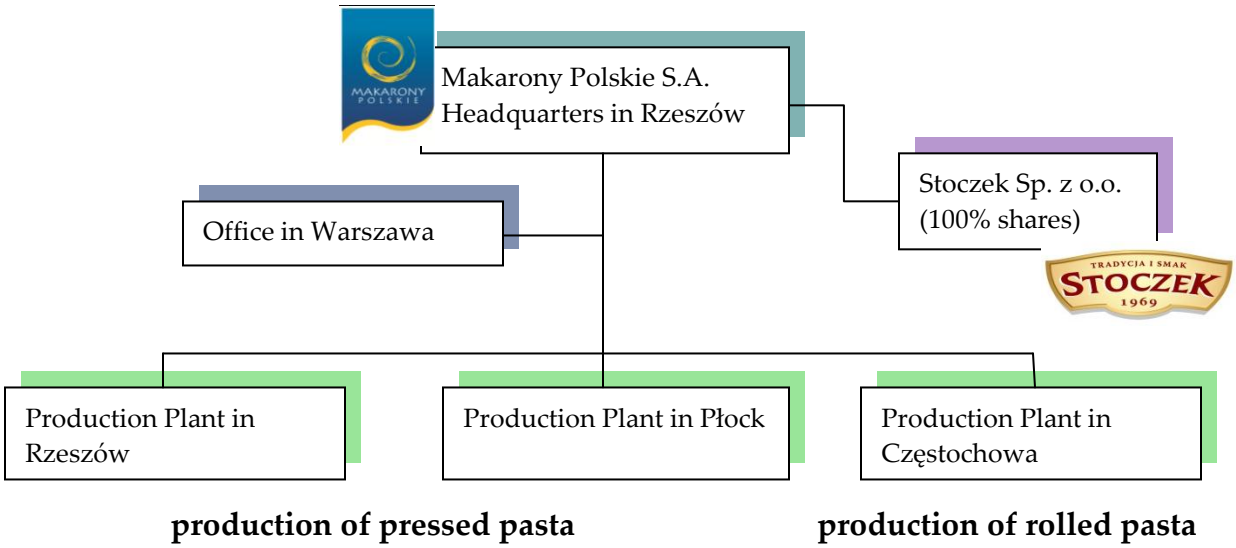
Below the basic assumptions are presented with regard to the future and key sources of uncertainty as of the end of the reporting period, which entail material risk of major adjustment of the values of the balance sheet assets and liabilities for the next fiscal year:

- depreciation rates,
- loss in the value of assets (including receivables),
- components of assets due to deferred income tax (companies recognize components of assets due to deferred income tax on the assumption that taxable profit gained in the future will allow for applying it; deterioration in taxable results in the future could result in the fact that this assumption would be unjustified),
- measurement of goodwill,
- measurement of reserves for losses related to the settlement of contracts with ARR.

As of the day of compiling this statement there is no evidence for setting off the value of Stoczek Company. Adequate tests, in accordance with applicable regulations, will be conducted in the 2nd half of 2011.

Assumptions regarding the future and the adopted estimates are consistent with the assumptions and estimates adopted by the Group for the financial statement for 2010.

1.2. The structure of Makarony Polskie Capital Group as of 30 June 2011, and on the day of submitting the statement



As of 30 June 2011, Makarony Polskie Capital Group ("Group") consisted of two companies: Makarony Polskie S.A. ("Parent Company", "Company") and the subsidiary Stoczek Sp. z o.o. with a seat in Stoczek Łukowski.
Makarony Polskie S.A. conducts business within the pasta production industry and sales.
After taking control of Stoczek Sp. z o.o. the Group expanded its product portfolio to include canned vegetable and meat products, fruit and vegetable preserves, as well as meat and meat-fat preserves. The transaction was held on 1 June 2007.

On 25 February 2011, Makarony Polskie S.A. acquired an Organized Part of an Enterprise from Gardenau (including fixed used for manufacturing and distribution of fruit and vegetable preserves under Tenczynek brand).
On 29 June 2011 Stoczek sp. z o.o. purchased from Makarony Polskie S.A. the aforementioned assets, including:

- fixed assets - machines and appliances constituting the technology lines for the production of fruit syrups, salads, and jams
- intangible and legal assets related to Tenczynek brand, i.e. trademarks, industrial designs and product recipes

Resulting from the transaction the catalogue of products on offer from the Group was expanded to include Tenczynek brand goods: syrups, salads, and pickled vegetables, vegetable preserves, jams and marmalades.

Makarony Polskie S.A.

Registered Seat: 35-082 Rzeszów, ul. Podkarpacka 15

Regional Court in Rzeszów, the 12th Commercial Department of the National Court Register

KRS Number 0000212001

Management Board Office: 01-217 Warszawa, ul. Kolejowa 5/7

Share capital: 27 750 213 PLN

Regon Number: 691674708

Tax identification number - NIP: 813-32-78-856

www.makarony.pl

Stoczek Sp. z o.o

Registered Seat: 21-450 Stoczek Łukowski, ul. Dwernickiego 5

Lublin-Wschód Commercial Court with a seat in Świdnik, 6th Commercial Division

KRS Number: 0000050439

Share capital: 15 207 800 PLN

Regon Number: 711584640

Tax identification number - NIP: 825-17-27-212

www.stoczek.com.pl

100% shares in the share capital of Stoczek Sp. z o.o are owned by Makarony Polskie S.A.. As of 30 June 2011, the share in the total number of votes at the Shareholder Meeting owned by the Parent Company in the Subsidiary Company equals its share in that entity's capital.

1.3 The number of employees in Makarony Polskie Group as of 30 June 2011:

- ✓ Makarony Polskie S.A. - 364 employees
- ✓ Stoczek Sp. z o.o - 106 employees

1.4 The Management Board of the Parent Company

On 30 June 2011, and on the day of disclosing this statement the Management Board of Makarony Polskie S.A. consisted of:

- ✓ Paweł Nowakowski - President of the Management Board,
- ✓ Krzysztof Rubak - Vice- President of the Management Board.

Number of Makarony Polskie S.A. shares owned by the Management Board members, and their nominal value as of the date of compiling the report:

Management Board	Shares owned by members of the Management Board on the date of compiling the report for the 1st half of 2011		Shares owned by members of the Management Board on the date of compiling the report for the 1st quarter of 2011	
	Number of shares	Nominal value	Number of shares	Nominal value
Paweł Nowakowski	218 066	654 198	218 066	654 198
Krzysztof Rubak	2 000	6 000	2 000	6 000

1.5 The Supervisory Board

As of 30 June 2011, the Supervisory Board consisted of:

- Zenon Daniłowski - Chairman of the Supervisory Board
- Marek Jutkiewicz - Co-Chairman of the Supervisory Board
- Grzegorz Słomkowski - Co-Chairman of the Supervisory Board
- Urszula Rogóż-Bury - Secretary of the Supervisory Board
- Marek Rocki - Member of the Supervisory Board

Number of Makarony Polskie S.A. shares owned by the Supervisory Board, and their nominal value as of the date of compiling the report:

Supervisory Board	Shares owned by members of the Supervisory Board on the date of compiling the report for the 1st half of 2011		Shares owned by members of the Supervisory Board on the date of compiling the report for the the 1st half of 2011	
	Number of shares	Nominal value	Number of shares	Nominal value
Zenon Daniłowski	130 000	390 000	130 000	390 000
Marek Jutkiewicz	1 360 000	4 080 000	1 360 000	4 080 000
Grzegorz Słomkowski*	1 183 040	3 549 120	1 183 040	3 549 120
Urszula Rogóż – Bury	12 680	38 040	12 680	38 040
Marek Rocki**	-	-	-	-

* The total number of shares owned by Mr Grzegorz Słomkowski (Co-Chairman of the Supervisory Board) and his wife.

1.6 The General Meeting of Makarony Polskie S.A.

As of 30 June 2011 the share capital of Makarony Polskie S.A. was 27 750 213 PLN, and was divided in the following way:

- ✓ 3 013 250 shares of series A,
- ✓ 1 169 750 shares of series B,
- ✓ 3 000 000 shares of series C,
- ✓ 1 735 821 shares of series D,
- ✓ 331 250 shares of series E.

The amount of the share capital of Makarony Polskie has not changed by the day of submitting this statement.

Shareholders who own directly or indirectly, via affiliated entities, the minimum of 5% votes in the total number of votes at the General Meeting of the Company's Shareholders as of the publication date of the report (in accordance with available information):

Shareholder	Number of shares	% share in the Share Capital	Number of votes at the General Meeting	% share in the total number of votes at the General Meeting
Agro-Technika S.A.	2 000 000	21.62%	2 000 000	21.62%
Elżbieta i Grzegorz Słomkowscy	1 183 040	12.79%	1 183 040	12.79%
Marek Jutkiewicz	1 360 000	14.70%	1 360 000	14.70%
OFE Polsat	488 733	5.28%	488 733	5.28%
Others, including:	4 218 298	45.60%	4 218 298	45.60%
TOTAL	**9 250 071**	**100.00%**	**9 250 071**	**100.00%**

1.7 The Management Board of the Subsidiary Company

As of 30 June 2011, the Management Board of Stoczek Sp. z o.o. consisted of:

- ✓ Leszek Trzciński – President of the Management Board.

2. Selected Financial Data - Makarony Polskie Capital Group

	Selected financial data	30 June 2011	30 June 2010	30 June 2011 (in thousand EUR)	30 June 2010 (in thousand EUR)
1	Net sales revenue on products, services, goods and materials	115 757	74 080	29 178	18 501
2	Profit (loss) from continuing operations	2 112	3 175	532	793
3	Gross profit (loss)	753	2 211	190	552
4	Net profit (loss) from continuing operation	- 325	2 092	-82	408
5	Net cash flows from operating activities	14 843	8 024	3 741	2 004
6	Net cash flows from investing activities	-4 824	-1 109	-1 216	-277
7	Net cash flows from financing activities	-9 754	-4 803	-2 459	-1 199
8	Total net cash flows	265	2 112	67	527
9	Total assets ***	151 729	132 206	38 060	33 383
10	Liabilities and provisions for payables ***	89 300	69 517	22 400	17 553
11	Long-term liabilities ***	20 419	30 125	5 122	7 607
12	Short-term liabilities ***	68 881	39 392	17 278	9 947
13	Equity ***	62 429	62 689	15 660	15 829
14	Share capital ***	27 750	27 750	6 961	7 007
15	Number of shares (ea.)	9 250 071	9 250 071	9 250 071	9 250 071
16	Weighted average number of shares in a given fiscal year	9 250 071	9 250 071	9 250 071	9 250 071
17	Profit/loss per one ordinary share (in PLN/EUR)	-0.04	0.23	-0.01	0.06
18	Book value per one share (in PLN/EUR)	6.75	6.78	1.69	1.71

*Net profit/loss per one ordinary share = net result/weighted average number of shares in the period
**Book value per one ordinary share = equity/number of shares as of a given balance sheet moment.
*** Comparable data related to the statement of financial standing as of 31 December

3. Consolidated Statement of Comprehensive Income

FOR THE PERIOD	01.01. 2011- 30.06.2011	01.01. 2010- 30.06.2010 converted
Net sales revenue	**115 757**	**74 080**
Net sales revenue on products and services	60 487	54 083
Net sales revenue on goods and materials	55 270	19 997
Prime costs	**96 078**	**60 501**
Cost of manufacturing sold products and services	56 786	41 923
Value of sold goods and materials	39 292	18 578
Gross sales profit (loss)	**19 679**	**13 579**
Costs of sale	9 787	9 177
Costs of general administration	3 176	3 329
Other income	2 663	2 558
Other costs	7 267	456
Profit (loss) on continuing operations	**2 112**	**3 175**

Financial income	125	142
Financial costs	1 484	1 107
Gross profit	**753**	**2 210**
Income tax - current	587	77
Income tax - deferred	491	42
Net profit (loss) on continuing operations	**-325**	**2 091**
Including, as distributed per:		
Shareholders of the Parent Company	-325	2 091
Non-controlling interest	-	-
Basic net result per one share in PLN	-0.04	0.23
Diluted net result in PLN	-0.04	0.23
Other total net profit/loss	-	-
Total net profit	**-325**	**2 091**
Total net profit distributed per:		
Shareholders of the Parent Company	-325	2 091
Non-controlling interest	-	-

4. Consolidated Statement of Financial Standing

ASSETS	30 June 2011	31 December 2010 converted	30 June 2010 converted	31 December 2009 converted
NON -CURRENT ASSETS	**95 628**	**90 620**	**86 918**	**86 917**
Property, plant & equipment	79 889	77 912	75 024	75 105
Goodwill	5 946	5 946	5 946	5 946
Other intangible assets	8 295	4 990	4 993	5 007
Long-term financial assets	394	394	394	374
Deferred tax assets	950	1 186	330	105
Long-term prepayments and accruals	144	192	231	380
CURRENT ASSETS	**56 101**	**41 586**	**43 046**	**29 884**
Inventories	19 572	11 287	11 189	8 636
Short-term receivables	33 915	28 880	26 727	19 176
Corporate income tax receivables	889	417	23	15
Loans granted	165	101	-	-
Cash and cash equivalents	635	363	3 100	938
Short-term prepayments and accruals	925	538	2 007	1 119
NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**	**-**	**1 162**
TOTAL ASSETS	**151 729**	**132 206**	**129 964**	**117 963**

EQUITY AND LIABILITIES	30 June 2011	31 December 2010 converted	30 June 2010 converted	31 December 2009 converted
EQUITY	**62 429**	**62 689**	**62 502**	**60 411**
Share capital	27 750	27 750	27 750	27 750
Other capital	34 119	33 839	33 769	31 537
Retained profit/loss (profit/loss from previous periods)	885	-1 075	-1 108	-243
Net profit	-325	2 175	2 091	1 367
NON-CURRENT LIABILITIES	**20 419**	**30 125**	**29 126**	**31 838**

Deferred tax provision	1 486	1 230	972	705
Long-term bank loans and borrowings	7 098	16 630	15 793	19 570
Provision for pension and similar (long-term) benefits	279	257	214	184
Long-term prepayments and accruals	9 966	10 372	10 677	11 039
Non-current liabilities from finance lease agreements	1 590	1 636	1 470	340
CURRENT LIABILITIES	**68 881**	**39 392**	**38 336**	**25 714**
Short-term bank loans and borrowings	10 360	9 320	2 255	2 639
Current financial liabilities	3 107	2 597	1 381	3 788
Other current liabilities	47 494	26 521	32 809	18 434
Corporate income tax liabilities	127	-	77	-
Short-term prepayments and accruals	713	725	809	725
Provision for pension and similar (short-term) benefits	97	132	386	71
Other short-term provisions	6 983	97	619	57
TOTAL LIABILITIES	**89 300**	**69 517**	**67 462**	**57 552**
TOTAL EQUITY AND LIABILITIES	**151 729**	**132 206**	**129 964**	**117 963**

5. Consolidated Statement of Cash Flows - Indirect Method

FOR THE PERIOD	**01.01. 2011-30.06.2011**	**01.01.2010-30.06.2010 converted**
Operating cash flows		
Profit before tax	**753**	**2 210**
Adjustments by:	**14 090**	**5 814**
Amortization and depreciation	3 095	2 705
Foreign exchange gains/losses	-16	-438
Interest costs and income	694	757
Investment profits/losses	-94	-50
Movements in provisions	6 873	948
Movements in inventories	-8 280	-1 469
Movements in receivables	-5 034	-8 823
Movements in liabilities, prepayments and accruals	19 736	12 199
Paid/reimbursed corporate income tax	-916	-15
Other adjustments	-1 968	-
Net operating cash flows	**14 843**	**8 024**
Investment cash flows		
Inflows on the sale of fixed assets and intangible assets	3 015	78
Outflows on the acquisition of tangible fixed assets, and intangible assets	-7 779	1 166
Outflows on the acquisition of financial assets	-	-21
Loans granted	-60	-
Net cash flows on investing activities	**-4 824**	**-1 109**
Cash flows on financing activities		

Cash inflows from loans and borrowings	340	114
Repayment of loans and borrowings	-8 824	-4 313
Repayment of finance lease liabilities	-558	-369
Interest paid	-812	-724
Other financial income	100	489
Net cash flows on financing activities	**-9 754**	**-4 803**
Increase/decrease in cash and cash equivalents	**265**	**2 112**
Cash, cash equivalents and loans in current account at the beginning of the period	**366**	**938**
Profit/loss on exchange rate differences related to the evaluation of cash, cash equivalents and loans in current account	**4**	**50**
Cash, cash equivalents and loans in current account at the end of the period	**635**	**3 100**

6. Statement of Changes in Consolidated Equity

From the period from 1 January 2011 to 30 June 2011

	Share capital	Other capitals	Current year loss	Profit/loss from previous years	Total
As of 1 January 2011	**27 750**	**33 839**	**-**	**1 100**	**62 689**
Profit distribution/covering losses	-	280	-	-215	65
Net loss in the 1st half of 2011	-	-	-325	-	-325
As of 30 June 2011	**27 750**	**34 119**	**-325**	**885**	**62 429**

From the period from 1 January 2010 to 30 June 2010 - converted

	Share capital	Other capitals	Current year profit	Profit/loss from previous years	Total
As of 1 January 2010	**27 750**	**31 537**	**-**	**1 955**	**61 242**
Error adjustment		-	-	-831	-831
As of 1 January 2010 after adjustment	**27 750**	**31 537**	**-**	**1 124**	**60 411**
Profit distribution/covering losses	-	2 232	-	-2 232	-
Net profit in the 1st half of 2010	-	-	2 091	-	2 091
As of 30 June 2010	**27 750**	**33 769**	**2 091**	**-1 108**	**62 502**

From the period from 1 January 2010 to 31 December 2010 - converted

	Share capital	Other capitals	Current year profit	Profit/loss from previous years	Total
As of 1 January 2010	**27 750**	**31 537**	**-**	**1 955**	**61 242**
Error adjustment	**-**	**-**	**-**	-831	-831
As of 1 January 2010 after adjustment	**27 750**	**31 537**	**-**	**1 124**	**60 411**
Profit distribution/covering losses	-	2 198	-	-2 198	-
Other changes in the capital	-	104	-	-	104
Net profit for 2010	-	-	2 175	-	2 175
As of 31 December 2010	**27 750**	**33 839**	**2 175**	**-1 075**	**62 689**

7. Additional Explanatory Notes

Explanatory Notes to the Statement of Comprehensive Income

Note No. 1

Revenue on sale of products, services, goods and materials - according to operating segments

For administrative purposes the Group is divided into business units according to the products and services on offer.

Makarony Polskie Group distinguishes operating segments shown in the following chart:

Sales according to segments:	For the period from 01.01. to 30.06.2011	For the period from 01.01. to 30.06.2010
Pasta	52 291	48 204
Ready-made meals	17 808	10 626
Pickled vegetables and other vegetable preserves	38	-
Jams	1 166	600
Syrups	648	-
Raw materials	42 806	13 158
Other	1 000	1 492
Total	**115 757**	**74 080**

Basic information on operating segments:

For the period from 01.01. to 30.06.2011	Pasta	Ready-made meals	Pickled and other preserved vegetables	Jams	Syrups	Raw materials	Other	Segments altogether
Revenues								
Sales to external customers	**52 291**	**17 808**	**38**	**1 166**	**648**	**42 806**	**1 000**	**115 757**
Sale between segments	-	-	-	-	-	-	-	-
Total revenues by reporting segments	52 291	17 808	38	1 166	648	42 806	1 000	115 757
Other income	-	-	-	-	-	-	-	2 663
Group's total revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**118 420**
Costs by segments	**49 060**	**22 236**	**17**	**935**	**640**	**22 408**	**782**	**96 078**
Profit and loss by segments	**3 231**	**-4 428**	**21**	**231**	**8**	**20 398**	**218**	**19 679**
Financial revenues	-	-	-	-	-	-	-	125
Financial costs	-	-	-	-	-	-	-	1 484
Administrative costs	-	-	-	-	-	-	-	3 176
Costs of sales	-	-	-	-	-	-	-	9 787
Other costs	-	-	-	-	-	-	-	7 267
Elimination of profit/loss between segments	-	-	-	-	-	-	-	-
Remaining profit or loss	-	-	-	-	-	-	-	-
Amounts not assigned	-	-	-	-	-	-	-	-
Gross profit/loss on continued operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**753**

Two new segments: „pickled and other preserved vegetables" and „syrups" have been defined resulting from the acquisition of assets under the purchase contract for Organized Part of Tenczynek Enterprise – transaction of 25 February 2011.

Loss on the sales of products incurred by the companies under the contracts concluded with the Agricultural Market Agency in the 1st half of 2011 amounted to 6 831 thousand PLN (ready-made meals and pasta). Profit on the sales of barley executed as the settlement of the same contracts amounted in this period to 20 247 thousand PLN.

The Group has applied IFRS 8 "Operating Segments". In accordance with the requirements set forth by IFRS 8, identification of segments should be based on internal reports related to these elements, which are regularly verified by persons responsible for assigning resources to a given segment and for assessing its financial results. The Companies of the Group operate mainly within the territory of Poland, whose regions should be recognized as a unified area due to the proximity of their locations, similar economic conditions and general risk.

Revenue on sale of products, services, goods and materials - geographical structure

	For the period from 01.01. to 30.06.2011	**For the period from 01.01. to 30.06.2010**
Domestic	106 358	67 609
Export, including:	9 399	6 471
-EU countries	7 672	5 604
-other countries	1 727	867
Total	**115 757**	**74 080**

Note No. 2 Other income

	For the period from 01.01. to 30.06.2011	**For the period from 01.01. to 30.06.2010 converted**
State subsidies	361	1 508
Gain on sales of property, plant and equipment	47	8
Reversal of impairment losses due to depreciation of receivables	21	22
Reversal of impairment losses due to depreciation of inventories	52	4
Reversal of impairment losses due to depreciation of tangible fixed assets	59	59
Releasing other reserves	50	10
Compensations and complaints	82	26
Reimbursement of court fees and bailiff's charges	-	2
Setting off revenues on the contract with AMA	-	884
Difference between the value of purchased assets (Tenczynek) and the value of the transaction set off against revenues	1 968	-
Other	23	35
Total	**2 663**	**2 558**

Income and profits not attributed directly to the operating activities of the Group are classified as other income. This category includes subsidies received, proceeds from sales of property, plant and equipment,

received compensation related to reimbursement of court fees, reimbursement of overpaid tax liabilities, excluding corporate income tax, and received indemnities for the loss of the companies' assets covered by insurance.

Other income also includes the reversal of revaluation write-off due to depreciation of assets as well as revenues connected with settlement of the contract with AMA.

Note No. 3 Other costs

	For the period from 01.01. to 30.06.2011	For the period from 01.01. to 30.06.2010 converted
Loss on sale of property, plant and equipment	-	17
Establishing reserves	483	11
Write-offs to receivables	37	-
Write-off on fixed assets under construction	17	-
Donations	50	4
Penalties and fines	60	28
Deficiencies in working capital	-	12
Incurred damages	-	3
Court and bailiff's charges	19	2
Recharged expenditure	378	119
Removing damaged and expired inventories	71	25
Write-offs on inventories of finished products	97	232
Estimated loss on sale of products under the contracts with AMA	6 045	-
Other	10	3
Total	**7 267**	**456**

The category of other costs includes costs and losses which are not directly related to the operating activities of the Group. The category includes losses on sales of property, plant and equipment, granted donations - financial and otherwise, to other entities, such as public benefit organizations, as well as the consequences resulting from guarantees and warranties extended to other entities.

Other costs also include revaluation write-offs for assets and estimated losses on sale of products under the contracts with AMA.

Note No 4
Other items related to assets, liabilities, equity, revenues, costs and net profits or cash flow account which are not typical due to their character, size or scope.

a) Acquisition of Organized Part of Tenczynek Enterprise – bargain purchase in accordance with IFRS 3

On 25 Feb. 2011 Makarony Polskie S.A. executed a contract with Gardenau Sp. z o.o. regarding the purchase of the Organized Part of the Enterprise "Tenczynek" ("OPE"). In accordance with the said Contract Makarony Polskie Company became an owner of the following assets constituting the OPE:

- trading and distribution contracts with the previous customers of Gardenau Sp. z o.o.
- intangible and legal assets of Gardenau Sp. z o.o., i.e. trademarks, industrial designs and product recipes;
- selected fixed assets, including production lines for fruit syrup, production lines for salads, production lines for jams;
- selected product inventories;
- Makarony Polskie did not take over liabilities which Gardenau Sp. z o.o. is subject to.

The value of the transaction is 3.1 million PLN. The payments due for the purchase of OPE were executed in a few instalments from 25.02 to 10.03.2011 Gardenau Sp. z o.o. may receive an additional amount of 1 million PLN provided that the sales of Tenczynek brand products effected by the Group in the period from executing the said contract to the end of 2011 will not be lower than 9.3 million PLN. .

There are capital relations between the Company and the Seller. Mr Marek Jutkiewicz, who is a significant shareholder of Makarony Polskie S.A. and until 24 February 2011 was a member of the Supervisory Board of Makarony Polskie S.A.; he is also a majority shareholder of the controlling company Gardenau Sp. z o.o. Mr Marek Jutkiewicz was again appointed to the Supervisory Board of Makarony Polskie S.A. on 29 March 2011.

In the statement of financial standing of Makarony Polskie, the acquired assets as of the moment of purchase were qualified as property, plant and equipment designated for sale.

Acquired assets	**Amount in thousand PLN**
Fixed assets	2 635
Finished products	97
Intangible and legal assets	350
Value of transaction	**3 098**
Provisional liability to Gardenau Company	**1 000**

On 29 June 2011 Stoczek sp. z o.o. purchased from Makarony Polskie S.A. the aforementioned assets, including:

- fixed assets - machines and appliances constituting the technology lines for the production of fruit syrups, salads, and jams
- intangible and legal assets related to Tenczynek brand, i.e. trademarks, industrial designs and product recipes.

At the same time in accordance with the said contract Stoczek took over the aforementioned provisional liability amounting to 1 million PLN.

A: Assets estimated to their fair value registered by Stoczek *	Amount in thousand PLN
Fixed assets	2 608
Value of Tenczynek brand (including intangible and legal assets)	3 318
Total	**5 926**
Executed price payment	2 958
Provisional liabilities (towards Makarony Polskie)	1 000
B. Executed price payment + provisional liability	**3 958**
Difference (B-A) carried through other income	**1 968**

*Initial settlement of assets purchase

At the moment of acquisition the Group performed an initial evaluation of Tenczynek brand. The amount for the brand value recorded in the assets of Stoczek totalled at 3 318 thousand PLN (the value of the brand takes into account the aforementioned trademarks, recipes and industrial designs).

The fair value of assets purchased by Stoczek (including the value of Tenczynek brand) at the moment of purchasing amounted to 5 926 thousand PLN, the sales price was 3 958 thousand PLN. The difference between the fair value of the purchased assets and the purchase price resulting from the agreement amounting to 1 968 thousand PLN was included in the item „Other income" of the consolidated statement of comprehensive income. The sales of Tenczynek brand products executed so far and sales plans for 2011 have been presented in the Report on the Activities of the Group".

b) Accounting for contracts concluded with the Agricultural Market Agency

On 14 February 2011 Makarony Polskie S.A. and Stoczek Sp. z o.o. concluded contracts with the Agricultural Market Agency, regarding the supply of food products for charitable organizations, under the "Food aid programme for the European Union poorest people, 2011"

Under the 2011 contract Makarony Polskie S.A. is going to deliver spiral pasta amounting to 10 740 thousand PLN to storage facilities conducted by the Polish Food Banks Federation and Caritas Polska. Similarly, Stoczek Sp. z o.o. is going to deliver 2 types of ready-made meals amounting to 15 975 thousand PLN to the same storage facilities by the end of 2011.

The remuneration for the delivery of pasta and ready-made meals has the form of barley grains held in intervention storages in Poland; the expected average price for the sales of barley will be approx. 786 PLN/t, whereas the purchase price is 404 PLN/t. At the moment of awarding the contract the companies acquired ownership of barley grain constituting the remuneration for the contract at the constant price and constant exchange rate for EUR= 3.9847.

The basic principle in accounting for the contracts with AMA involves including proportional results on sales of the products and goods (barley grain) in relevant time periods.

Taking into consideration the time difference in the sales of products and sales of grains (by the end of June 2011, 80% of the barley sales and less than 40% of product sales were effected) the statement of comprehensive income includes "other costs" containing reserves created for expected losses resulting from the sales of products in proportion to the sales of barley in the given period. The estimated value of the reserve results from the calculation of the expected cost of manufacturing the product. The profit in these contracts results from the difference between the aforementioned loss on the sale of products and profit on the sale of barley.

Note No 5. Data on the financial results and shares which were used for the calculation of the basic and diluted profit per 1 share

	For the period from 01.01. to 30.06.2011	For the period from 01.01. to 30.06.2010 converted
Net profit/loss per 1 share	-0.04	0.23
Book value per 1 share in PLN	6.75	6.78

	For the period from 01.01. to 30.06.2011	For the period from 01.01. to 30.06.2010 converted
Net profit/loss on continuing operation attributed to shareholders of the Parent Company	-325	2 091
Net profit/loss on discontinued operation attributed to shareholders of the Parent Company	-	-
Net profit/loss attributed to shareholders of the Parent Company	-325	2 091
Net profit/loss attributed to ordinary shareholders, applied for calculation of diluted profit/loss per 1 share	N/A	N/A

	For the period from 01.01. to 30.06.2011	For the period from 01.01. to 0.06.2010
Weighted average number of issued ordinary shares applied for calculation of basic profit/loss per 1 share	3 250 071	3 250 071
Dilution impact	N/A	N/A
Adjusted weighted average number of ordinary shares applied to calculate diluted profit/loss per 1 share	N/A	N/A

Net profit per 1 share is calculated by dividing net profit for the period attributed to ordinary shareholders of the Parent Company by weighted average number of issued ordinary shares in the period.

Diluted profit per 1 share is calculated by dividing net profit for the period attributed to ordinary shareholders of the Parent Company (after deducting interest on redeemable privileged shares convertible into ordinary shares) by the weighted average number of ordinary shares in the period (adjusted by the impact of the diluting options and diluting redeemable privileged shares convertible into ordinary shares).

In 2011 and in 2010, as well as by the date of compiling this statement there were no factors diluting the share capital in the Parent Company.

Book value per 1 share is quotient of the equity by the number of shares as of the given balance sheet moment.

Note No. 6
Share capital

As of 30 June 2011

	Type of shares	Privilege type	Number of shares	Nominal value of 1 share in PLN	Value of the series (issue) at nominal value in thousand PLN	Method of payment for the capital	Registration date	Entitlement to dividend (from)
A series	bearer	ordinary shares	3 013 250	3	9 040	Cash contributions	05.07.2004	01.01.2004
B series	bearer	ordinary shares	1 169 750	3	3 509	In-kind contributions	29.10.2004	01.01.2004
C series	bearer	ordinary shares	3 000 000	3	9 000	Cash contributions	18.04.2007	01.01.2007
D series	bearer	ordinary shares	1 735 821	3	5 207	Cash contributions	22.06.2007	01.01.2007
E series	bearer	ordinary shares	331 250	3	994	Cash contributions	11.02.2008	01.01.2008
Total			**9 250 071**		**27 750**			

Note No. 7
Dividends paid and approved to be paid

On 23 May 2011 the Annual General Meeting of Stoczek Sp. z o.o. shareholders adopted a resolution on sharing the profit of this Company for 2010. Part of the net profit amounting to 2 286 thousand PLN was designated for the payment of the dividend to the only shareholder of Makarony Polskie S.A.

For the consolidation purpose this amount is excluded from the financial revenues of the group. The dividend was paid out on 7 June 2011.

Note No. 8
Remuneration of the Management Board and the Supervisory Board of the Parent Company

The overall amount of remuneration paid to the members of the Management Board of Makarony Polskie S.A. in the 1st half 2011 amounted to 338 thousand PLN.

The remuneration of members of the Supervisory Board of Makarony Polskie S.A. in the 1st half 2011 totalled at 104 thousand PLN; in the analogous period of 2010 it amounted to 108 thousand PLN.

Members of the Management Board and the Supervisory Board of Makarony Polskie S.A. did not receive any remuneration from the subsidiary company.

Note No. 9
Settlements among the affiliates

During the period from 1 January 2011 to 30 June 2011 Makarony Polskie did not conclude one-time transactions with the subsidiary company Stoczek Sp. z o.o. which would exceed 10% of the overall value of sales.

During the period covered by this report there were no significant transactions between the affiliated companies. The transactions between the affiliated entities were related to typical settlement of trading accounts. Makarony Polskie S.A. provided distribution and marketing services to Stoczek Sp. z o.o., in accordance with the strategy of reducing structural costs by centralizing certain functions of the Group. The total value of the transactions did not exceed 10% of the overall value of sales in each company.

All contracts concluded between the Companies of the Group contain terms and conditions which do not differ from those generally accepted in the market

Settlements between affiliates (all transactions were excluded from consolidation).

Affiliate	Sale to affiliates	
	For the period from 01.01. to 30.06.2011	For the period from 01.01. to 30.06.2010
Parent Company - Makarony Polskie S.A.	1 203	239

Affiliate	Amounts due from affiliates		Amounts due to affiliates	
	As of 30.06.2011	As of 31.12.2010	As of 30.06.2011	As of 31.12.2010
Parent Company - Makarony Polskie S.A.	3 595	287	2 853	1 357
- from/to Stoczek Sp. z o.o.	3 595	287	2 853	1 357

Affiliate	Sale to affiliates	
	For the period from 01.01. to 30.06.2011	For the period from 01.01. to 30.06.2010
Subsidiary Stoczek Sp. z o.o	5 184	1 962

Affiliate	Amounts due from affiliates		Amounts due to affiliates	
	As of 30.06.2011	As of 31.12.2010	As of 30.06.2011	As of 31.12.2010
Subsidiary Stoczek Sp. z o.o	2 853	1 357	3 595	287
- from/to Makarony Polskie S.A.	2 853	1 357	3 595	287

Note No. 10
Information on changes in estimated values regarding the consolidated financial statement

a) Changes in provisions

	As of beginning of the period	Established	Applied and released	As of the end of the period
For retirement pensions and similar benefits:	**388**	**38**	**50**	**376**
a) long term	256	23	-	279
b) short term	132	14	50	97
Other provisions, including:	**97**	**6 961**	**76**	**6 983**
a) reserve for estimated losses on the contract with AMA:	-	6 045	-	6 045
b) other	97	916	76	937
Total	**485**	**6 999**	**126**	**7 358**

b) Assets and reserves on deferred tax

	As of beginning of the period	Established	Applied and released	As of the end of the period
Assets due to deferred income tax	1 186	86	321	950
Deferred income tax provision	1 230	256	-	1 486

c) Revaluation write-offs on assets

	As of beginning of the period	Established	Applied and released	As of the end of the period
Revaluation write-offs on receivables	730	60	21	769
Revaluation write-offs on inventory	191	97	52	236
Revaluation write-offs on tangible fixed assets	2 519	17	60	2 476

Note No. 11
Material events after the reporting period

In the period from 30 June 2011 until the date of compiling this report there were no significant or irregular events in the operation of Makarony Polskie Group which have been not reflected in this financial statement.

Note No. 12

Off-balance sheet items

Off-balance sheet items	30 June 2011	31 December 2010
1.Contingent assets	**62 509**	**32 147**
1.1.From affiliates due to:	39 053	16 756
-received guarantees and warranties	35 853	13 596
-collaterals on property	3 200	3 200
1.2.From other entities due to:	23 456	15 151
-received guarantees and warranties	15 996	15 346
-promissory notes	7 460	5
2. Contingent liabilities	**184 517**	**159 338**
2.1. To affiliates, due to	50 404	28 147
-extended guarantees and warranties	35 854	13 597
-collaterals on property	14 550	14 550
2.2. To other entities, due to	134 113	131 191
-notes payable	67 918	55 159
-collaterals on property	66 195	76 032
Total off-balance sheet items	**-122 008**	**-127 191**

Value of the received guarantees, collaterals, notes payable, mortgages and other off-balance sheet liabilities are presented in the above table as maximum values, without exclusions between the affiliates.

Resulting from crediting agreements concluded by the companies of Makarony Polskie Group and due to received guarantees as described in the "Report on Activities of the Group", the value of collaterals established on property, plant and equipment, as of 30 June 2011, amounted to 80 745 thousand PLN.

Note No. 13
Significant litigations held by courts, authorities conducting arbitration settlements or public administration bodies

During the 1st half of 2011 and until the day of compiling this statement Makarony Polskie Group was not subject to any pending significant litigations.

Krzysztof Rubak
Vice-President of the Management Board

Paweł Nowakowski
President of the Management Board

Rzeszów, 30 August 2011

MAKARONY POLSKIE S.A.

ABRIDGED SEMI-ANNUAL SEPARATE FINANCIAL STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

RZESZÓW, 30 AUGUST 2011

The Abbreviated Financial Statement of Makarony Polskie Company consists of:

8. General Information
9. Separate Selected Financial Data.
10. Separate Statement of Comprehensive Income
11. Separate Statement of Financial Standing
12. Separate Statement of Cash Flows
13. Statement of Changes in Equity
14. Additional Explanatory Notes.

Chosen financial data in EURO were presented in accordance with §91 section 2 of the Regulation of the Minister of Finance of 19 February 2009:

- ✓ items of the statement on the financial standing were converted according to average exchange rate published by NBP biding on the balance sheet date (30 June 2011 1 EUR = 3.9866, 31 December 2010 1 EUR = 3.9603 PLN),
- ✓ items in the statement of comprehensive income were converted according to the exchange rate being the arithmetic mean of average exchange rates set forth by NBP, and biding on the last day of each month of the 1st half of 2011 - 1 EUR = 3.9673 and the 1st half of 2010 - 1 EUR = 4,0042 PLN.

15. General Information

1.1 Basis for compiling the Consolidated Financial Statement

a) Declaration of compliance and the basis for compiling the Statement

The abridged financial statement of Makarony Polskie S.A. was compiled in accordance with the International Accounting Standards approved by the European Union (EU) and the related interpretations issued in the form of implementing regulations of the European Commission (further – IFRS) which are applicable for interim financial reporting as approved by the European Union (IAS 34 – Interim Financial Reporting), and had been published and were binding at the time of compiling this abridged financial statement. Semi-annual abridged financial statement does not include all information and data required for disclosure in annual financial statements and it should be read together with the annual financial statement of the Company for the year ending on 31 December 2010.

The principles of presentation with regard to this statement are also regulated by the provisions of the Regulation of the Minister of Finance of 19 February 2009 on the current and periodic information to be published by the issuers of securities (Journal of Laws of 2009, No. 33, item. 259).

b) Basis for evaluation

This separate financial statement was compiled in accordance with a rule of historical cost accounting with the exception of fair value measurement in the case of selected assets, i.e. the assets acquired under the purchase transaction of Abak Sp. z o.o. as well as land designated for investments.

c) The currency of the evaluation and presentation

The currency used by the Company for evaluation and in this Separate Financial Statement as well as the reporting currency for this Financial Statement is Polish zloty (PLN).
Unless indicated otherwise, the financial data are presented in thousand PLN.

d) Applied accounting principles and the basis for compiling the statement

The accounting principles applied in compiling the semi-annual abridged financial statement of Makarony Polskie S.A. are consistent with those used in course of preparing the annual financial statement of Makarony Polskie S.A. for the year ending on 31 December 2010 (published on 21 March 2011), and include the change resulting from inaccurate settlement of subsidy for fixed assets and the change in presentation of bonuses, rebates and discounts, as described below in point (f).
The separate statement of financial standing in addition to the current data contains comparable data as of 31 December 2010. For the data presented in the separate statement of comprehensive income, separate statement of cash flows and the statement of changes in equity contain comparable financial data for the period from 1 January 2010 to 30 June 2010.

Time of operation of Makarony Polskie S.A. is unlimited. Fiscal year of the Company is the calendar year.

As of the date of the Financial Statement approval there were no indicators of any threat to continuing operations by the Company. No operations conducted by the Makarony Polskie S.A. were abandoned during the 1st half of 2011.

e) Explanations related to the seasonal or periodic character of operations with reference to the semi-annual performance of the Company

There are no significant seasonal or periodic trends in the business of Makarony Polskie S.A.

f) Changes in the principles of compiling the financial statement

Makarony Polskie Company accounts for revenues resulting from the obtained subsidy designated for fixed assets by interim settlement of prepayments and accruals. During 2009-2010 revenues due to the

obtained subsidy for the purchase of selected fixed assets were accounted for according to different rate than the depreciation rate of the same fixed assets, which resulted in discrepancy between the recognized costs and revenues. As a result of identifying this error the comparable data for 2009 and 2010 were adjusted.

The tables below show the adjusted values in the separate statements of financial standing in comparable periods, i.e. as of 31 December 2010, 30 June 2010 and 31 December 2009.

EQUITY AND LIABILITIES	**31 December 2010 converted**	**31 December 2010 before adjustments**
Retained profits/losses (profit/loss from previous years)	-831	-
Net profit	-716	279
Long-term prepayments and accruals	10 373	7 551
Short-term prepayments and accruals	725	1 720

EQUITY AND LIABILITIES	**30 June 2010 converted**	**30 June 2010 before adjustments**
Retained profits/losses (profit/loss from previous years)	-831	-
Net profit	1 854	2 352
Long-term prepayments and accruals	10 677	8 353
Short-term prepayments and accruals	809	1 804

EQUITY AND LIABILITIES	**31 December 2009 converted**	**31 December 2009 before adjustments**
Retained profits/losses (profit/loss from previous years)	-	-
Net profit	1 401	2 232
Long-term prepayments and accruals	11 040	9 214
Short-term prepayments and accruals	725	1 720

The aforementioned adjustment affected the Company's net profit in 2010 by - 995 thousand PLN, and in 2009 by - 831 thousand PLN.

The table below shows the adjusted values in the separate statement of comprehensive income in the 1st half of 2010.

	01.01.2010-30-06.2010 converted	**01.01.2010-30-06.2010 before adjustments**
Other income	2 388	2 886
Net result	1 854	2 352
Net result per 1 share	0.20	0.25

Makarony Polskie S.A. has also introduced a change in the presentation of bonuses and rebates related to sales of goods within modern and traditional retail systems. This adjustment in the 1st half of 2011 resulted in a decrease in the following items: "costs of sales" and "sales revenues on products" amounting to 1 517 thousand PLN. According to the Management Board the currently used presentation more accurately reflects the character of concluded transactions.

g) Standards and interpretations applied for the first time in 2011

In the current year the Company has not applied new and amended IFRSs which have affected the values disclosed in the 1st half of 2011 and in previous years and which resulted in significant changes in the accounting policy and the presentation of financial statements.

h) Standards and interpretations adopted by IASB, and not approved by the EU

IFRSs in the form approved of by the EU at present do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following interpretations which as of 30 June 2011 have not yet been adopted for application:

IFRS 9 „Financial instruments" (applicable for annual periods starting on 1 January 2013 or after this date),
IFRS 10 „Consolidated financial statement" (applicable for annual periods starting on 1 January 2013 or after this date),
IFRS 11 „Joint Arrangements" (applicable for annual periods starting on 1 January 2013 or after this date),
IFRS 12 „Disclosure of Interests in Other Entities" (applicable for annual periods starting on 1 January 2013 or after this date),
IFRS 13 „Fair Value Measurement" (applicable for annual periods starting on 1 January 2013 or after this date),
IAS 27 (as amended in 2011) **„Separate Financial Statements"** (applicable for annual periods starting on 1 January 2013 or after this date),
IAS 28 (as amended in 2011) **„Investments in Associates and Joint Ventures"** (applicable for annual periods starting on 1 January 2013 or after this date),

Amendments to IFRS 1 „First-time Adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters" (applicable for annual periods starting on 1 July 2011 or after this date),
Amendments to IFRS 7 „Financial Instruments: Disclosures" – transfers of financial assets (applicable for annual periods starting on 1 July 2011 or after this date),
Amendments to IAS 1 „Presentation of Financial Statements" - Presentation of items of Other Comprehensive Income (applicable for annual periods starting on 1 July 2012 or after this date),
Amendments to IAS 12 „Income taxes" - Deferred Tax: Recovery of Underlying Assets (applicable for annual periods starting on 1 January 2012 or after this date),

Amendments to IAS 19 „Employee Benefits" – changes in accounting for post-employment benefits (applicable for annual periods starting on 1 January 2013 or after this date).

According to the Company's estimates the above standards, interpretations and amendments to standards would not have significantly impacted the financial statement if they had been applied as of the balance sheet day. At the same time the regulations adopted by the EU do not provide for accountancy of guarantees related to the portfolio of assets and financial liabilities – principles related to this issue have not been adopted for use in the EU. According to the Company's estimates, the application of accounting principles for guarantees related to the portfolio of assets and financial liabilities in accordance with IAS 39 „Financial Instruments: Recognition and Measurement" would not have significantly impacted the financial statement if they had been adopted by the EU as of the balance sheet day.

i) Published standards which have not yet become effective

As of the day of approving this financial statement there were no standards, amendments to standards or interpretations which had been published and adopted for application in the EU and which had not yet become effective..

j) Uncertainty of estimates

Below the basic assumptions are presented with regard to the future and key sources of uncertainty as of the end of the reporting period, which entail material risk of major adjustment of the values of the balance sheet assets and liabilities for the next fiscal year:

- depreciation rates,
- loss in the value of assets (including receivables),
- components of assets due to deferred income tax (companies recognize components of assets due to deferred income tax on the assumption that taxable profit gained in the future will allow for applying it. Deterioration in taxable results in the future could result in the fact that this assumption would be unjustified),
- measurement of goodwill,
- measurement of reserves for losses related to the settlement of contracts with ARR.

16. Selected Financial Data - Makarony Polskie S.A.

	Selected financial data	30 June 2011	30 June 2010	30 June 2011 (in thousand EUR)	30 June 2010 (in thousand EUR)
1	Net sales revenue on products, services, goods and materials	79 431	63 445	20 021	15 845
2	Profit (loss) from continuing operations	-1 879	2 664	-474	665
3	Gross profit (loss)	-469	1 973	-118	493
4	Net profit (loss) from continuing operation	-621	1 854	-157	408
5	Net cash flows from operating activities	3 742	4 472	943	1 117
6	Net cash flows from investing activities	838	-821	211	-205
7	Net cash flows from financing activities	-4 525	-1 520	-1 141	-380
8	Total net cash flows	55	2 131	14	523
9	Total assets ***	124 087	117 705	31 126	29 721
10	Liabilities and provisions for payables ***	64 736	57 733	16 238	14 578
11	Long-term liabilities ***	18 912	23 263	4 744	5 874
12	Short-term liabilities ***	45 824	34 470	11 495	8 704
13	Equity ***	59 351	59 972	14 888	15 143
14	Share capital ***	27 750	27 750	6 961	7 007
15	Number of shares (ea.)	9 250 071	9 250 071	9 250 071	9 250 071
16	Weighted average number of shares in a given fiscal year	9 250 071	9 250 071	9 250 071	9 250 071
17	Profit/loss per one ordinary share (in PLN/EUR)	-0.07	0.20	-0.02	0.05
18	Book value per one share (in PLN/EUR)	6.42	6.48	1.61	1.64

*Net profit/loss per one ordinary share = net result/weighted average number of shares in the period
**Book value per one ordinary share = equity/number of shares as of a given balance sheet moment.
*** Comparable data related to the statement of financial standing as of 31 December

17. Statement of Comprehensive Income - Makarony Polskie S.A.

FOR THE PERIOD	01.01. 2011- 30.06.2011	01.02. 2010- 30.06.2010 converted
Net sales revenue	**79 431**	**63 445**
Net sales revenue on products and services	51 472	44 545
Net sales revenue on goods and materials	27 959	18 900
Prime costs	**66 313**	**51 954**
Cost of manufacturing sold products and services	47 142	32 871
Value of sold goods and materials	19 171	19 083
Gross sales profit (loss)	**13 118**	**11 491**
Costs of sale	9 305	8 176
Costs of general administration	2 623	2 887
Other income	871	2 388
Other costs	3 940	152
Profit (loss) on continuing operations	**-1 879**	**2 664**

Financial income	2 408	121
Financial costs	988	812
Gross profit (loss)	**-469**	**1 973**
Income tax - current	17	77
Income tax - deferred	135	42
Net profit (loss) on continuing operations	**-621**	**1 854**
Other total net profit/loss	-	-
Total net profit	**-621**	**1 854**

18. Statement of Financial Standing - Makarony Polskie S.A.

ASSETS	30 June 2011	31 December 2010 converted	30 June 2010 converted	31 December 2009 converted
NON -CURRENT ASSETS	**81 791**	**82 172**	**79 198**	**79 064**
Property, plant & equipment	55 392	55 806	52 766	52 738
Goodwill	-	-	-	-
Other intangible assets	4 954	4 958	4 949	4 943
Long-term financial assets	20 972	20 972	20 972	20 951
Deferred tax assets	329	244	280	95
Long-term prepayments and accruals	144	192	231	337
CURRENT ASSETS	**42 296**	**35 533**	**37 733**	**26 384**
Inventories	10 272	8 947	8 080	5 219
Short-term receivables	29 994	25 626	25 067	19 354
Corporate income tax receivables	889	196	23	15
Loans granted	165	101	-	-
Cash and cash equivalents	305	247	2 908	726
Short-term prepayments and accruals	671	416	1 655	1 070
NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**	**-**	**1 162**
TOTAL ASSETS	**124 087**	**117 705**	**116 931**	**106 610**

EQUITY AND LIABILITIES	30 June 2011	31 December 2010 converted	30 June 2010 converted	31 December 2009 converted
EQUITY	**59 351**	**59 972**	**62 543**	**60 688**
Share capital	27 750	27 750	27 750	27 750
Other capital	34 048	33 769	33 770	31 537
Retained profit/loss (profit/loss from previous periods)	-1 826	-831	-831	-
Net profit	-612	-716	1 854	1 401
NON-CURRENT LIABILITIES	**18 912**	**23 263**	**25 239**	**25 689**
Deferred tax provision	1 355	1 134	921	694
Long-term bank loans and borrowings	6 108	10 242	12 214	13 462
Provision for pension and similar (long-term) benefits	222	207	174	153
Long-term prepayments and accruals	9 966	10 373	10 677	11 040
Non-current liabilities from finance lease agreements	1 261	1 307	1 253	340
CURRENT LIABILITIES	**45 824**	**34 470**	**29 149**	**20 233**

Short-term bank loans and borrowings	8 715	8 122	860	860
Current financial liabilities	2 975	2 495	1 335	3 772
Other current liabilities	29 577	23 047	25 155	14 794
Corporate income tax liabilities	-	-	77	-
Short-term prepayments and accruals	713	725	809	725
Provision for pension and similar (short-term) benefits	70	56	381	57
Other short-term provisions	3 774	25	523	25
TOTAL LIABILITIES	**64 736**	**57 733**	**54 388**	**45 922**
TOTAL EQUITY AND LIABILITIES	**124 087**	**117 705**	**116 931**	**106 610**

19. Statement of Cash Flows – Makarony Polskie S.A.

FOR THE PERIOD	**01.01. 2011-30.06.2011**	**01.01. 2010-30.06.2010**
Operating cash flows		
Profit before tax	**-469**	**1 973**
Adjustments by:	**4 211**	**2 499**
Amortization and depreciation	2 264	1 915
Foreign exchange gains/losses	-18	-439
Interest costs and income	478	469
Dividend income	-2 286	-
Investment profits/losses	-44	-8
Movements in provisions	3 778	852
Movements in inventories	-1 324	-1 698
Movements in receivables	-4 368	-5 713
Movements in liabilities, prepayments and accruals	6 427	7 136
Paid/reimbursed corporate income tax	-694	-15
Other adjustments	-2	-
Net operating cash flows	**3 742**	**4 472**
Investment cash flows		
Inflows on the sale of fixed assets and intangible assets	3 006	8
Outflows on the acquisition of tangible fixed assets, and intangible assets	-4 394	-808
Outflows on the acquisition of short-term financial assets	-	-21
Loans granted	-60	-
Other income – dividends from subsidiary company	2 286	-
Net cash flows on investing activities	**838**	**-812**
Cash flows on financing activities		
Cash inflows from loans and borrowings	340	-
Repayment of loans and borrowings	-3 881	-1 249
Repayment of finance lease liabilities	-501	-287
Interest paid	-583	-475
Other financial income	100	491
Net cash flows on financing activities	**-4 525**	**-1 520**
Increase/decrease in cash and cash equivalents	**55**	**2 131**

Cash, cash equivalents and loans in current account at the beginning of the period	**247**	**726**
Profit/loss on exchange rate differences related to the evaluation of cash, cash equivalents and loans in current account	**3**	**51**
Cash, cash equivalents and loans in current account at the end of the period	**305**	**2 908**

20. Statement of Changes in Equity - Makarony Polskie S.A.

From the period from 1 January 2011 to 30 June 2011

	Share capital	Other capitals	Current year loss	Profit/loss from previous years	Total
As of 1 January 2011	**27 750**	**33 769**	**-**	**1 547**	**59 972**
Profit distribution/covering losses	-	279	-	-279	-
Net profit in the 1st half of 2011	-	-	-612	-	-621
As of 30 June 2011	**27 750**	**34 048**	**-612**	**-1 829**	**59 351**

From the period from 1 January 2010 to 30 June 2010 - concerted

	Share capital	Other capitals	Current year profit	Profit/loss from previous years	Total
As of 1 January 2010	**27 750**	**31 537**	**-**	**2 232**	**61 519**
Error adjustment		-	-	-831	-831
As of 1 January 2010 after adjustment	**27 750**	**31 537**	**-**	**1 401**	**60 688**
Profit distribution/covering losses	-	2 232	-	-2 232	-
Net profit in the 1st half of 2010	-	-	1 854	-	1 854
As of 30 June 2010	**27 750**	**33 770**	**1 854**	**-831**	**62 543**

From the period from 1 January 2010 to 31 December 2010 - converted

	Share capital	Other capitals	Current year profit	Profit/loss from previous years	Total
As of 1 January 2010	**27 750**	**31 537**	**-**	**2 232**	**61 519**
Error adjustment	**-**	**-**	**-**	**-831**	**-831**
As of 1 January 2010 after adjustment	**27 750**	**31 537**	**-**	**1 401**	**60 688**
Profit distribution/covering losses	-	2 232	-	-2 232	-
Net profit for 2010	-	-	-716	-	-719
As of 31 December 2010	**27 750**	**33 769**	**-716**	**-831**	**59 972**

21. Additional Explanatory Notes

Note No. 1
Other income

	For the period from 01.01. to 30.06.2011	For the period from 01.01. to 30.06.2010 converted
State subsidies	361	1 507
Gain on sales of property, plant and equipment	44	8
Reversal of impairment losses due to depreciation of receivables	4	13
Compensations and complaints	69	25
Setting off revenues on the contract with AMA	-	723
Recharged costs	384	109
Other	9	3
Total	**871**	**2 388**

Income and profits not attributed directly to the operating activities of the Company are classified as other income. This category includes subsidies received, proceeds from sales of property, plant and equipment, received compensation related to reimbursement of court fees, reimbursement of overpaid tax liabilities, excluding corporate income tax, and received indemnities for the loss of the company's assets covered by insurance.

Other income also includes the reversal of revaluation write-off due to depreciation of assets as well as revenues connected with settlement of the contract with AMA.

Note No. 2
Other costs

	For the period from 01.01. to 30.06.2011	For the period from 01.01. to 30.06.2010 converted
Write-offs to receivables	28	-
Donations	37	4
Penalties and fines	58	28
Deficiencies in working capital	17	3
Incurred damages	-	3
Court and bailiff's charges	9	-
Recharged expenditure	386	114
Estimated loss on sale of products under the contracts with AMA	3 405	-
Total	**3 940**	**152**

The category of other costs includes costs and losses which are not directly related to the operating activities of the Company. The category includes losses on sales of property, plant and equipment, granted donations, financial and otherwise, to other entities, such as public benefit organizations, as well as the consequences resulting from guarantees and warranties extended to other entities.

Other costs also include revaluation write-offs for assets and estimated losses on sale of products under the contracts with AMA.

Note No. 3
Information on changes in estimated values regarding the separate financial statement

a) Changes in provisions

	As of beginning of the period	Established	Applied and released	As of the end of the period
For retirement pensions and similar benefits:	**263**	**29**	**-**	**292**
a) long term	207	15	-	222
b) short term	56	14		70
Other provisions, including:	**25**	**3 774**	**25**	**3 774**
a) reserve for estimated losses on the contract with AMA:	-	3 405	-	3 405
b) other	25	369	25	369
Total	**288**	**3 803**	**25**	**4 066**

b) Assets and reserves on deferred tax

	As of beginning of the period	Established	Applied and released	As of the end of the period
Assets due to deferred income tax	244	85	-	329
Deferred income tax provision	134	221	-	1 355

c) Revaluation write-offs on assets

	As of beginning of the period	Established	Applied and released	As of the end of the period
Revaluation write-offs on receivables	401	50	4	447

Note No. 4
Paid out dividends (total or per one share) separately for ordinary and other shares

Not applicable

Note No. 5

Significant litigations held by courts, authorities conducting arbitration settlements or public administration bodies

During the 1st half of 2011 and until the day of compiling this statement Makarony Polskie S.A. was not subject to any pending significant litigations.

Note No. 6
Information on one or more significant transactions concluded by the Company with affiliated entities

On 29 June 2011 Stoczek sp. z o.o. purchased from Makarony Polskie S.A. the following assets acquired previously under the purchase contract related to Organized Part of Tenczynek Enterprise (excluding the inventory if finished products):

- fixed assets - machines and appliances constituting the technology lines for the production of fruit syrups, salads, and jams
- intangible and legal assets related to Tenczynek brand, i.e. trademarks, industrial designs and product recipes.

The value of the transaction was 2 958 thousand PLN.

At the same time in accordance with the said contract Stoczek took over the aforementioned provisional liability amounting to 1 million PLN. Payment of this amount will be effected if the sales of Tenczynek brand products executed by the Group by the end of 2011 will not be lower than 9.3 million PLN.

Note No. 7
Material events after the reporting period

In the period from 30 June 2011 until the date of compiling this report there were no significant or irregular events in the operation of Makarony Polskie S.A. which have been not reflected in this financial statement.

Note No. 8

Off-balance sheet items

Off-balance sheet items	30.06. 2011	31.12. 2010
1.Contingent assets	**23 456**	**15 351**
1.1.From affiliates (due to):	-	-
-received guarantees and warranties	-	-
-mortgages established or property, plant and equipment of affiliated entities	-	-
1.2.From other entities (due to):	**23 456**	**15 351**
-received guarantees and warranties	15 996	15 346
-promissory notes	7 460	5
2. Contingent liabilities	**140 077**	**129 484**
2.1. To affiliates, (due to):	39 053	16 796
-extended guarantees and warranties	35 853	13 596
-collaterals on property	3 200	3 200
2.2. To other entities, (due to):	101 024	112 688
-notes payable	34 829	45 656
-collaterals on property	66 195	67 031
Total off-balance sheet items	**-116 621**	**-114 133**

Resulting from the concluded crediting agreements and due to received guarantees as described in the "Report on Activities of the Group", the value of collaterals established on Makarony Polskie S.A. property, plant and equipment, as of 30 June 2011, amounted to 69 395 thousand PLN.

Krzysztof Rubak
Vice-President of the Management Board

Paweł Nowakowski
President of the Management Board

Rzeszów, 30 August 2011