REPORT ON THE ACTIVITIES OF THE GROUP POL – MOT WARFAMA
IN FIRST HALF 2009
(for the period from 1 January 2009 to 30 June 2009)

Dobre Miasto, 28th August, 2009
SPIS TREŚCI

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The semi-annual consolidated financial statement of the Capital Group Pol-Mot Warfama in 2008 has been drawn up on the basis of:
International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)
Over the presented reporting period no change was made to the policy of the Company concerning principles of assets and liabilities valuation, as well as the financial results measurement assumed for the previous accounting year.
The present financial statement has been drawn up in the Polish currency – polski złoty (thousand; PLN).

2. General information about the Capital Group.

Company: POL – MOT WARFAMA Spółka Akcyjna
Seat: DOBRE MIASTO
Address: 11-040 Dobre Miasto, ul. Fabryczna 21
NIP 739-23-88-088
REGON 510481080
Joint stock: 22.180.000 PLN
Telephone number: (48 89) 615 34 00
Fax number: (48 89) 615 34 26
E-mail: sekretariat@warfama.pl
Website: www.warfama.pl

POL-MOT WARFAMA S.A. – dominant entity – was established in result of transformation of the legal form of the public limited company POL-MOT WARFAMA pursuant to the resolution dated 24 June 1997 transforming it into a joint-stock company. The company was established for indefinite period.
Pol-Mot Warfama S.A. is registered in the National Court Register by the District Court in Olsztyn VIII Economic Division at No.0.000013785 since 23 May 2001 (former registration number RHB 2234). The company activity is agricultural machinery production, according to PKD - 29.3 – Machinery production for agriculture and forestry. According to the Warsaw Stock Exchange classification: automotive industry

There are 3 companies in the Capital Group:

1. POL-MOT WARFAMA S.A. (dominant entity);

Pol-Mot Warfama S.A. is a recognized Polish manufacturer of agricultural machinery and equipment, like roll balers, manure spreaders, trailers, tractors, front loaders, machines for hay-silage crops and transport, machines for straw grinding and briquetting, grab-type loaders and backhoe loaders. The Company has a factory in Dobre Miasto near Olsztyn and two divisions in Biedaszki Małe near Kętrzyn and in Lublin. The Company holds 100% of shares in the
dependent entity POL-MOT Opalenica sp. z o.o. that produces agricultural machinery and its components.

On the day of drawing up of this report, the share capital of the Company was 22,180,000 ordinary bearer shares and was divided into 22,180,000 share, nominal value of each one was 1,00 PLN.

On the day of drawing up of this report, the Company was represented by:
1. Stanisław Kulas - President of the Board
2. Adam Dobieliński - Deputy President of the Board
3. Jan Andrzej Wielgus - Member of the Board
4. Karol Zarajczyk - Authorised clerk
5. Ewa Pradoń - Authorised clerk

2. FMR POL-MOT OPALENICA Sp z o.o. in Opalenica

The Factory of Agricultural Machinery „POL-MOT OPALENICA” Sp z o.o. in Opalenica, ul. 5 stycznia 68 form by virtue of notarial act Rep. A nr 4650/92, prepared by notary Marek Kolas in 31.12.1992. Company is registered by the District Court in Poznan IX Economic Division at No. 0000037387 since 10 June 2003. (REGON 632313592 NIP 788-00-07-741) The company activity is production of other machinery for agriculture and forestry, according to PKD - 29.32A.

The company was established for indefinite period. On the day of drawing up of this report, the share capital of the Company was 4,058,600.00 PLN ordinary bearer shares and was divided into 5,798 share, nominal value of each one was 700.00 PLN covered by POL-MOT Warfama SA in Dobre Miasto in 11 December 2006. On 31 July 2009 the General Meeting of FMR POL-MOT Opalenica Copartners and the extraordinary General Meeting of Pol-Mot Warfama SA pass a resolution to join to Pol-Mot Warfama SA. The merger will ensue by taking over the Pol-Mot Opalenica assets by Pol-Mot Warfama SA without increasing the Issuer initial capital. Nowadays the companies are waiting for register.

The Factory of Agricultural Machinery „POL-MOT-Opalenica” its activity started in 1950, as Capital Group of Pol-Mot Warfama in December 2006. The company is producer of welding steel constructions based on received constructional documentations and manufacturer of agricultural machinery used in preparing and giving hay-silage techniques, such as collecting trailers, silage grabs and tedders. FMR POL-MOT Opalenica get a TN-EN ISO 9001-2001 certificate.

3. FELGEX Sp z o.o. (in insolvency with seat in Dobre Miasto subsidiary - 93,4 %);

POL-MOT Warfama S.A. is a dominant entity toward FELGEX Sp. z o.o. in insolvency, which produce tractor, farm and forestry equipment, especially rims. Issuer owns 93,4 % shares in company initial capital and 93,4 % voices on the company co-partners meeting. On 11 July 2006
The Management Board submitted act of insolvency including liquidation of company assets in consequence of non-fulfilment company’s required liabilities. On 11 September 2006 the Court announced decree of bankruptcy. On 17 April 2009 decision of District Court in Olsztyn V Economic Division at No V Gup 7/06 closed the bankruptcy proceedings and on 10 July 2009 there was implemented the decision to remove the company from the Register of Companies.

Financial data of this subsidiary wasn’t relevant for POL-MOT Warfama SA Board of Management in the point of dominant entity financial appraisal and there isn’t any information on this consolidated financial statement.


The main objective of the Pol-Mot Warfama S.A. Capital Group is implementation of the strategy aimed at reaching the position of key manufacturer and distributor of agricultural machinery in Poland with use of a large network of dealers and creation of a modern organization with a prospective business model. In first half of 2009 the sales revenues of the Pol-Mot Warfama S.A Capital Group were 65 123 thousand PLN. These revenues were lower than the revenues in first half of 2008 by 12%.

In the first half of 2009 the gross profit on sales was 11 298 thousand PLN in comparison to the same period in 2008 there was a decrease by 17%.

The net profit of Capital Group was 3 189 thousand PLN in comparison to the net profit in the first half of 2008 was higher by over 125%.

The structure of the Company assets in the first half of 2009 was as follows: fixed assets 47% (in 2008 – 37%), current assets 53% (in 2008 – 63%). The decrease of reserves and trade debtors had a significant impact on changing in the structure of assets in 2008-2009.

The main source of financing assets in the first half of 2009 were short-term liabilities (participation in the structure is 32%, while in 2008 it was 39%), equity capital (in 2009 - 58%, while in 2008 - 52%), and long-term liabilities (participation in the structure on the same level as in 2008 and amounted 9%).
Table 1. Capital Group financial data in 2008-2009

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
<th>The value in first half of 2009</th>
<th>The value in first half of 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>% share in total assets</td>
<td>47%</td>
<td>37%</td>
</tr>
<tr>
<td>Current assets</td>
<td>% share in total assets</td>
<td>53%</td>
<td>63%</td>
</tr>
<tr>
<td>Equity capital</td>
<td>% share in total liabilities</td>
<td>58%</td>
<td>52%</td>
</tr>
<tr>
<td>Short-term liabilities</td>
<td>% share in total liabilities</td>
<td>32%</td>
<td>39%</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>% share in total liabilities</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Current ratio</td>
<td>Current assets</td>
<td>1,64</td>
<td>1,62</td>
</tr>
<tr>
<td>Short-term liabilities</td>
<td>Current assets - reserves</td>
<td>0,63</td>
<td>0,78</td>
</tr>
<tr>
<td>Quick ratio</td>
<td>Gross profit on sales</td>
<td>17,3%</td>
<td>18,7%</td>
</tr>
<tr>
<td></td>
<td>Revenues on sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit margin</td>
<td>Net profit</td>
<td>4,9%</td>
<td>1,9%</td>
</tr>
<tr>
<td></td>
<td>Revenues on sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on assets</td>
<td>Net profit</td>
<td>3%</td>
<td>1,2%</td>
</tr>
<tr>
<td></td>
<td>Total assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on equity</td>
<td>Net profit</td>
<td>5,2%</td>
<td>2,3%</td>
</tr>
<tr>
<td></td>
<td>Equity capital</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To calculate indexes for 2008, assets and capital were dated on 30.06.2008.


Table 2. The average employment in POL-MOT Warfama SA resulting from the contracts of employment

<table>
<thead>
<tr>
<th>Status on</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2008</td>
<td>503</td>
</tr>
<tr>
<td>30 June 2009</td>
<td>539</td>
</tr>
</tbody>
</table>

Table 3. The average employment in FMR Pol – Mot Opalenica Sp. z o.o. – dependent entity of the Issuer resulting from the contracts of employment

<table>
<thead>
<tr>
<th>Status on</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2008</td>
<td>129</td>
</tr>
<tr>
<td>30 June 2009</td>
<td>132</td>
</tr>
</tbody>
</table>
5. Description of significant risks and dangers with definition of the level of their impact on the Issuer.

Factors of risk related to the Issuer, his branch and the environment where the Issuer operates:

5.1. Risk of margins reduction
A possible strengthening of the competition on the market can cause use of aggressive sales strategies by the Issuer’s competitors. In such a situation it can be possible that the competitors will reduce their margins on the products which quality and price are similar to those offered by the Issuer. It can result in a necessity of margins reduction by the Issuer, what can negatively influence the revenues and results. The Issuer, counteracting a potential risk, uses the production scale effect and diversifies raw materials deliveries in order to control the margin level and resist a potential loss of market share.

5.2. Risk of dependence on key customers
Loss of key customers can negatively influence the financial position and results of the Company operating on the competitive market. In case of the strategic customers of the Issuer the risk is limited because of the previous cooperation in frames of the dealer agreement and joint elaboration of quality standards of the products. According to the Issuer, a long-term cooperation limits the risk of loss of such customers.

5.3. Risk related to scientific and development research of new products
A strong competition is the reason why the companies still have to modernize and implement new technological solutions in their products. The pressure put by the competition makes it necessary to incur expenses for research and development aimed at elaboration of better products adapted to needs and requirements of the customers. Implementation by the Group of a wrong research and development policy can lead in the future to the situation where the products are less modern than the products of the competition. At the same time it is not sure that all expenses for research and development will contribute to an increase of revenues and profits of the Group. In the presence of the agriculture development in Poland, the Issuer pursues a policy aimed at introduction of technological modifications in the produced machines and offering products fulfilling individual needs of customers.

5.4. Risk of rotation/loss of the key staff
The strong position of the Issuer on the market is connected with the stability of employment of the specialized staff of Capital Group, as well as the production workers (welders, metal workers, turners). According to the Issuer, skills improvement of the employees and all activities aimed at their appropriate motivation should result in a better cooperation with the customers and suppliers and influence the quality of the products.

5.5. Risk related to the temporary production suspension
The temporary production suspension caused by a possible devastation or loss of a part or the entire fixed assets or lack of the production continuity resulting from prolonged machines failures or black outs can cause missing deadlines of execution of some orders placed by the customers. Worsening of the quality standards of the customers services and delays in the orders execution can lead to a decrease in participation of the Issuer on the market and thus to
worsening of the financial results and the decrease in sales of the Issuer. The above mentioned phenomenon is not likely to happen.

5.6. Risk related to the macroeconomic situation of Poland – economic prosperity of the country
The macroeconomic situation of Poland, especially the growth rate of GDP, is one of the most important factors that can impact the financial results of the Issuer. The decrease of the growth rate of GDP and the investment demand in the year 2008 unfavourably influenced the activity of the Group. Any further worsening of the economic prosperity also in the field of agriculture can contribute to a decrease in the financial result of the Group.

5.7. Risk related to planned capital investments
Realization of the planned investment depends on the stability of the market environment. There is a risk that the expenses incurred for a particular purpose can be insufficient, and implementation of projects can be difficult despite the utmost diligence of the Issuer. Besides, any organizational and legal problems can bring returns on capital different than expected. To minimize a possibility of such a risk, the Issuer, before making a decision of a capital investment, carries out an economic analysis of the undertaking.

5.8. Risk related to increased competition on the market of agricultural machinery manufacturers
On the market of agricultural machinery manufacturers there is a strong competition among companies from Poland and from other countries. Any competition increase and an entry on the Polish market of strong international manufacturers can consequently influence negatively the Issuer’s operation and his financial results. The Group, with a view to reducing the impact of such a risk on his results, by implementation of his strategic objectives, focuses his activities on improvement of the products and getting new orders from international contractors. The Issuer takes actions in the field of widening his offer to face the customers’ expectations.

5.9. Risk of exchange rate
In the execution of orders the Issuer makes purchases of materials and products which value is expressed in Euro or US dollar. Besides about 40% of the products of the Group are destined for export, which is the reason why the financial results of the Group depend to some extent on the exchange rate fluctuations. In order to protect the financial results from the risk of exchange rate fluctuations, the Issuer applies in the dependent entity Pol-Mot Opalenica sp. z o.o. a system of securities like term contracts “forward” for foreign currency that protect some export contracts of the company. In the dominating company Pol-Mot Warfama S.A. there is a natural hedging in Euro.

5.10. Risk of lack of utilization of EU funds for agriculture modernization by farmers
Since 2007 in frames of the UE funds for farmers the Program of Agricultural Areas Development (PROW) for the years 2007-2013 has been functioning. The Management Board is still monitoring the situation of the PROW program implementation and despite delays in funds payment in 2008, at the beginning of 2009 there is an increase of interest in the Company products due to the EU funds renewal. In case of delays with the Program funds payment, the risk of a lower demand for agricultural machinery and equipment in that period should be taken in consideration, which undoubtedly will influence the financial results of the Issuer.
5.11. Risk of increase of prices of basic raw materials used by the Issuer in production
Steel is the major raw material used by the Capital Group in the production activities. Steel prices are vulnerable to economic trends, they increase in the periods of dynamic economic growth and fall in the periods of worsening of the prosperity. High prices of steel in these periods had a negative impact of the financial result of the Capital Group. The Management Board takes action to optimize purchase and utilization of raw materials.

6. Information about basic products, foods and services with their value and quantity description and participation of particular products, foods and services (if relevant) or groups of them in the total sales of the Company, and changes hereof in the reporting period.

The Issuer is a recognized manufacturer of agricultural machinery and equipment on the domestic market. The range of products is composed of the following groups:
- line for straw, hay and green forage harvesting (roll balers, bale wrapping machines, bale loader trailers),
- manure spreaders,
- trailers,
- front loaders TUR with equipment,
- agricultural tractors,
- grab-type loaders and backhoe loaders,
- container systems (container chassis and containers),
- lines (machines and devices) for the production of ecological briquettes,
- crop machines,
- spare parts for the products.

The Issuer offers also services in the range of:
- cold metal forming,
- cutting,
- welding.

FMR Pol-Mot Opalenica Sp. z o.o. completes the offer with the following products:
- silage selector,
- bale wrapping machines and round bale rewinders,
- swath collector,
- rotating shakers
- forage containers.
Table 4. Total revenues from sales of the Capital Group in the first half of 2009 and 2008 in PLN thousand

<table>
<thead>
<tr>
<th>Product/service/goods</th>
<th>I half of 2009 In thousand PLN</th>
<th>Structure</th>
<th>I half of 2008* In thousand PLN</th>
<th>Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line for straw, hay and green forage harvesting (roll balers, bale wrapping machines, bale loader trailers),</td>
<td>8 021</td>
<td>12,3%</td>
<td>15 735</td>
<td>21,5%</td>
</tr>
<tr>
<td>Trailers</td>
<td>9 763</td>
<td>15,0%</td>
<td>8 031</td>
<td>11,0%</td>
</tr>
<tr>
<td>Manure spreaders</td>
<td>9 365</td>
<td>14,4%</td>
<td>7 683</td>
<td>10,5%</td>
</tr>
<tr>
<td>Equipment for loaders</td>
<td>7 595</td>
<td>11,7%</td>
<td>6 475</td>
<td>8,8%</td>
</tr>
<tr>
<td>Other products with spare parts</td>
<td>7 159</td>
<td>11,0%</td>
<td>7 477</td>
<td>10,2%</td>
</tr>
<tr>
<td>Tractors</td>
<td>3 406</td>
<td>5,2%</td>
<td>6 547</td>
<td>8,9%</td>
</tr>
<tr>
<td>Front loaders TUR</td>
<td>5 287</td>
<td>8,1%</td>
<td>5 614</td>
<td>7,7%</td>
</tr>
<tr>
<td>Services</td>
<td>195</td>
<td>0,3%</td>
<td>600</td>
<td>0,8%</td>
</tr>
<tr>
<td>Machines for fodder mixing and distribution</td>
<td>9 978</td>
<td>15,3%</td>
<td>9 495</td>
<td>13,0%</td>
</tr>
<tr>
<td>Elements of agricultural machinery</td>
<td>3 439</td>
<td>5,3%</td>
<td>5 507</td>
<td>7,5%</td>
</tr>
<tr>
<td>Other products</td>
<td>915</td>
<td>1,4%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>65 123</td>
<td>100%</td>
<td>73 164</td>
<td>100%</td>
</tr>
</tbody>
</table>

*The above revenues of the Capital Group for 2008 do not include the amount 153 thousand PLN related to the sales between the subjects of the Group.

Graphic listing of sales of the particular products in first half of 2009 and 2008

In the first half of 2009 the Pol-Mot Warfama S.A. Capital Group increased the sales of trailers and manure spreaders in comparison to the same period in 2008. In turn there was a decrease in sale line for straw, hay and green forage harvesting and tractors in the analyzing period. The Company are
going to market tractors, which would be produced with cooperation of Turkish company Hattat Tarim (Current report 15/2009). This action would considerably widen the range of tractors. Furthermore Pol-Mot Warfama S.A. cooperates with a network of several dealers who offer its product throughout the country.

The mechanical briquetting machine BM-60 used for biomass production had been given authorization to use the promotional label "WYRÓB NA MEDAL" ("Product for the Medal") that at the AGROTECH fair. This award confirms the innovative technology of the product and its high quality, as well as environmentally-friendly technological solutions.

Thanks to many years experience and the skilled staff the Company manufactures products of high quality. Implementation in the factory of the quality management system, complying with ISO 9001 standards finished in March 2000 with receiving a quality certificate from Germanischer Lloyd from Hamburg. In 2003, with new regulations in effect, the Company obtained the ISO 9001:2000 certificate.

7. Information about markets, with regard to division into the domestic and international market and information about suppliers.

An important area of the activity of the Group Pol-Mot Warfama S.A. is export sales. The company exports its products to Sweden, Norway, Denmark, Holland, Belgium, Czech Republic, Croatia, Lithuania, Slovakia, Latvia, Ukraine and Russia.

As from the second half of 2008 there is a downward trend of export sales due to global economic crisis. Comparing first half of 2009 to the same period year before, export sales fell down.

The main export products are trailers, especially one-side turned ones (purchased generally by dealers from Sweden and Norway) and three-sides turned (with removable sides). In response to market needs the single-axle (T-040, T-042, T-080) and double-axle agricultural trailers (T-604, T-610) was modernized. These trailers were equipped in central lock and new renowned profiles of boards Fuhrmann and Profilcar. Moreover the Company widen the product range by mass production of new double-axle trailer T-670. In connection with this fact the export sales of T-041/S and T-041/K trailers and trailers with central lock noticed significant increase respectively in Sweden, Norway and Czech Republic and Slovakia.

The export sales of the dependent Company Pol-Mot Opalenica Sp. z o.o. in the first half of 2009 were 13,5 million PLN. The main contractor of this company is still the company Trioliet Mullos B.V. from Holland that cooperates with Pol-Mot Opalenica Sp. z o.o. on the basis of the agreement of cooperation dated 10 October 2005.

The basic condition of reaching high sales volume was implementation of the products modernization program by improving existing constructions, introduction of new products with better working performance, quality and easier operation.
Table 5. Main range of products for sale of the Capital Group with division into the domestic and international market in the first half of 2009:

<table>
<thead>
<tr>
<th>Products</th>
<th>1st half 2009 POLAND in thousand PLN</th>
<th>1st half 2009 ABROAD in thousand PLN</th>
<th>TOTAL:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line for straw, hay and green forage harvesting (roll balers, bale wrapping machines, bale loader trailers)</td>
<td>7 488</td>
<td>533</td>
<td>8 021</td>
</tr>
<tr>
<td>Trailers</td>
<td>7 830</td>
<td>1 933</td>
<td>9 763</td>
</tr>
<tr>
<td>Manure spreaders</td>
<td>8 900</td>
<td>465</td>
<td>9 365</td>
</tr>
<tr>
<td>Equipment for loaders</td>
<td>7 529</td>
<td>66</td>
<td>7 595</td>
</tr>
<tr>
<td>Other products with spare parts</td>
<td>7 159</td>
<td>0</td>
<td>7 159</td>
</tr>
<tr>
<td>Tractors</td>
<td>3 406</td>
<td>0</td>
<td>3 406</td>
</tr>
<tr>
<td>Front loaders TUR</td>
<td>5 258</td>
<td>29</td>
<td>5 287</td>
</tr>
<tr>
<td>Services</td>
<td>195</td>
<td>0</td>
<td>195</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>48 590</strong></td>
<td><strong>16 533</strong></td>
<td><strong>65 123</strong></td>
</tr>
</tbody>
</table>

Products of the dependent entity - Pol-Mot Opalenica Sp. z o.o.:

| Machines for fodder mixing and distribution                            | 0                                    | 9 978                                 | 9 978      |
| Elements of agricultural machines                                      | 19                                   | 3 420                                 | 3 439      |
| Other products                                                          | 806                                  | 109                                   | 915        |
| **TOTAL:**                                                               | **48 590**                           | **16 533**                            | **65 123** |

With a group of strategic suppliers the Company concluded agreements of cooperation. The company Pol-Mot Warfama S.A. systematically points towards opening consignment storehouses in the factory in Dobre Miasto. For few years the participation of import in purchases has been increased because of the strengthening of the Polish currency. However with regard to the weakening of PLN towards Euro and dollar in I half of 2009, the Group is implementing a conception of suppliers’ diversification, focusing on domestic subjects. This idea, depending on the Polish currency value to Euro and dollar, will be continued also in II half of 2009.

The Company POL-MOT Warfama S.A. has one supplier who in the first half of 2009 exceeded the level of 10% of revenues from sales - Stalbud Mikluszka Maria with the seat in Brodnica, reaching the level of 15% of total revenues from sales.

8. Information about significant contracts concluded by the Company.

Summary of the significant contracts concluded in the first half of 2009:

**POL-MOT WARFAMA S.A.**

- Co-operation agreement dated on February 2nd 2009 with INVEST-MOT sp z o.o. limited liability company with the seat in Warsaw to execute a project of gaining and utilization of all types of biomass for the purpose of electric energy production. POL-MOT Warfama S.A. joined to Bioenergia Invest sp. z o. o. and purchased company’s shares (Current report 5/2009).

POL-MOT OPALENICA Sp. z o.o.

- Contract dated 07.01.2009 for term foreign exchange operations with PKO BP S.A. with the seat in Warsaw.
- Annex no. 11 dated 08.06.2009 to the contract of overdraft credit No 270/13/RB/2004.
- Annex no. 3 dated 10.03.2009 to the contract of overdraft credit No 80560807.

Additionally the companies of the Capital Group renew every year their insurance contracts like:
- property insurance against break-in and robbery, devastation, fire and other fortuitous events,
- insurance of electronic devices against all risks,
- motor vehicle insurance of the Company cars and
- insurance of goods during domestic transport (CARGO).

The insurance contracts guarantee an operating stability, the total amount of the insurance Premium doesn’t exceed 10% of the own capital of the Group, ipso facto non classifying these contracts as significant.

9. Information about the Issuer’s organizational or capital connections with other entities and definition of its major domestic and international investment (securities, financial instruments, intangible and legal values and real estates).

Pol-Mot Warfama S.A. holds 100% of shares in the Company FMR Pol-Mot Opalenica Spółka z o.o. with the seat in Opalenica, thus creating the Capital Group Pol-Mot Warfama. The purchase of the abovementioned shares took place on 11 December 2006.

In 2008 the Company Pol-Mot Warfama S.A. concluded currency option contracts which cost amounted to 812 thousand PLN. On the day 30 June 2009 and on the day of publication of this statement the Company does not have any open positions on these contracts.

The dependent company Pol-Mot Opalenica sp. z o.o. concluded currency option contracts (forward type) with the aim of insuring singular exportation contracts of the Company. On the day 30 June 2009 the Company does not have any open positions on these contracts.

The development strategy of the Capital Group elaborated by the Management Board of the dominant entity assumes a production growth and widening of the products range by modernization of the machines park and the production capacity increase. The development of the Group is due to the strategy implementation. The Group expects a widening of the offer and gaining new markets.

In the first half of 2009 the Group renewed paint room. This investment helped to improve the quality of the products and make the process faster and more detailed. Moreover the scientific and development research in the field of ecological briquettes production for the power industry has been carried out in cooperation with the company INVEST-MOT.

At the same time the Management Board implemented a wide range of construction works in the factories of the dominant entity concerning the modernization of the existing production halls and auxiliary rooms.
10. Transactions with parent entities if their single or total value from the beginning of the reporting period exceeds the equivalent of 500,000 EUR.

In the Capital Group of POL-MOT Warfama there was no transaction concluded in the reporting period exceeds the equivalent of 500,000 EUR.

11. Information on taken loans and loan agreements, including their due dates, and on warranties and guarantees granted.

POL-MOT Warfama S.A. in the first half of 2009 cooperates with the following banks:

- Kredyt Bank S.A. in Warsaw in according to agreements:
  - the limit of debt in the form of letter of credit without financing concluded on November 12th, 2007;

POL-MOT Opalenica Sp. z o.o. in the first half of 2009 proceeds co – operations with the following banks:

- Millennium Bank S.A. in Warsaw, the loan agreement No 80560807, concluded in 12.03.2007, annex dated on 11.09.2009 in 10.03.2009.
- Powszechna Kasa Oszczędności Bank Polski S.A. in Warsaw, the loan agreement No 270/13/RB/2004, annex for one year in 08.06.2009.

12. Information on taken loans and loan agreements, including their due dates, and on warranties and guarantees granted, with acknowledgement loans, warranties and guarantees given to related entities.

POL-MOT Warfama S.A. granted a credit to POL-MOT Holding S.A. amounted 503 thousands PLN. POL-MOT Opalenica sp. z o.o. didn’t credit any loans or warranties and guarantees in the first half of 2009.

13. In the event of the issue of securities in the period covered by the financial statements – allocation of receipts from the issue by Issuer.

According to presented in issuing prospect aims, incomes were assigned for financing the purchase of production machinery, technology investments, information technology and repayment debts.

14. Explanation of differences between the achieved financial results and previously published forecasts.

Pol-Mot Warfama S.A. did not publish any forecasts for the year 2008.
15. Assessment and identification of possible threats and actions taken by the Group or to be taken in order to prevent possible threats, including reasons concerning the management of Pol-Mot Warfama Group’s financial resources.

In the first half of 2009 the Capital Group POL-MOT Warfama turned a profit on the level of 3 189 kPLN, which accounts for 125% increase in comparison to the first half of 2009. The return on assets ratio and return on equity ratio increased and amounted respectively 3,1% and 5,2% (in the first half of 2008 amounted respectively 1,3% and 2,5%).

On a 30.06.2009 the Group’s equity increased by 5,5% in comparison with the data on a 31.12.2008 and amounted 60 762 kPLN.

Liabilities and reserves to equity ratio decreased from 0,96 to 0,72 in comparison with the data on the end of 2008.

The debt ratio in the first half of 2009 decreased from 49% to 42% in the end of 2008.

The total debt ratio in the first half of 2009 decreased from 61% to 49% in comparison to the end of year 2008.

Liquidity ratios increased – current ratio: increased from 1,48 to 1,64 and quick ratio: from 0,52 to 0,61. Liquidity ratios are at safe levels, which confirm the Group’s positive financial standing. Pol-Mot Warfama S.A.

The Board of Directors of Company on a day of publication of the report didn’t predict any threats for meeting the Group’s obligations.

16. Assessment of contemplated projects performance, including capital investments against possessed funds, taking into account possible changes in the financing structure of this activity.

Pursuant to the development financing strategy, investment projects will be implemented, based on obtained long-term loans and the Group’s own funds. If the possessing funds wouldn’t be enough for financing additional investment, The Board of Management didn’t exclude debts, loans or other forms of financing available on the market. The Company is going to take advantage of the possibility of UE grant programs for financing investments in big corporations.

17. Assessment of extraordinary factors and events influencing the financial results achieved in the first half of 2009, including the extent to which these factors and extraordinary events influenced the achieved results.

The most significant internal factors influencing the development of Pol-Mot Warfama S.A. are:

Positive factors:
- implement new products on the market (Manure spreaders N-266, N-265, Roll-balers)
- improving existing range of products,
- maintenance good relationship with regular customers, suppliers and dealers,
- building distribution chains and gaining new customers and contracts,

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participation in fairs and promotional events which improves company’s image and increases the volume of sales.

**Negative impact:**
- higher prices of goods and imported raw materials,
- costs of currency forward transactions on secured transactions in the subsidiary POL-MOT Opalenica sp. z o.o.,
- lower interest of the Company’s products on the export market due to the global economic crisis
- maintenance of the low agriculture production profitability level in country.

18. **Characteristics of external and internal factors vital for the Company’s development and description of prospective development of business activity, taking into account elements of the developed marketing strategy.**

The Board of Management would continue development strategy of the Capital Group. The basis assumption of realized medium-term strategy is strengthening its position on the market, which should be reflected in higher share in domestic market. Long-term strategy assumes development by the implementation of new products and using distributions channels and positioning these products on the domestic market and abroad.

One of the strategy element is increasing direct import share in purchasing new machines and facilities, which aren’t producing in Company, but widening the product range. On May 20, 2009 Pol-Mot Warfama S.A signed an agreement with Turkish company Hattat Tarim Mak. San. ve Tic. A.S. concerning cooperation of tractors production. The Hattat company would supply to POL-MOT Warfama S.A. inter alia, drivelines manufactured under license known Finnish company. Moreover tractors would be equipped in engines of English company Perkins. The first tractor would be presented on AGROSHOW 2009 in Bednary near Poznań.

Moreover the POL-MOT Warfama S.A. with its headquarter in Dobre Miasto granted approval certificate No PL*4152*00, licensed by Ministry of Infrastructure for vehicle 21A (the pick-up with double cab) ZX-AUTO Grand Tiger. Gained certificate is an international document which enables selling Grand Tiger not only in domestic market but also abroad (Current report 8/2009).

Pol-Mot Warfama S.A. would like to implement next activities in the second half of 2009:

- consolidation with FMR Pol-Mot Opalenica sp. z o.o, which makes lower activity costs and improves production profitability. On July 31, 2009 on the Co-partners Meeting of FMR POL-MOT Opalenica and the Extraordinary Meeting of POL-MOT Warfama S.A passed a resolution to join to POL-MOT Warfama S.A.,
- modernization of production infrastructure in fabrics, where there are implemented modern technology enabled automatization production process,
- increasing production capacity, efficiency and quality of producing elements; to increasing productivity and production economic, the Group are going to modernization production and stocks infrastructure ,
- widening range of products by canvassing,
- as a Marketing strategy – products distribution by the best and most effective dealer.
- as a Pol-Mot Opalenica sp. z o.o activity:
  ● maintain co-operation conditions with significant recipient, Trioliet from Holland,
  ● Increasing the volume of sales by the growth of efficiency and realization planned investments.

19. Organizational changes in the Pol-Mot Warfama S.A. Group, including their causes; changes in the basic principles of managing.

No organizational changes or changes in the basic principles of managing Pol-Mot Warfama S.A. occurred in 2007.

20. Changes in management and supervisory board, principles regulating the appointment and dismissal of managerial staff and the rights of managerial staff, in particular, the right to decide on the issue or purchase of shares.

POL-MOT Warfama S.A.:

The Management Board in 30.06.2009:
1. Stanisław Kulas - The President of The Management Board
2. Adam Dobieliński - The Vice-President of The Management Board
3. Jan Wielgus - Member of the Management Board

The Management Board of Pol-Mot Warfama S.A. hasn’t any special rights, besides those ones from commercial corporations’ code.

Supervisory Board in 30.06.2009:
1. Andrzej Zarajczyk - The Chairman of The Supervisory Board
2. Ryszard Mrozek - The Deputy Chairman of The Supervisory Board
3. Zbigniew Janas - The Member of The Supervisory Board
4. Henryk Goryszewski - The Member of The Supervisory Board
5. Paweł Gilewski - The Member of The Supervisory Board
6. Michał Szwonder - The Member of The Supervisory Board

In the first half of 2009 there were no changes in the composition of the Supervisory Board.

POL-MOT Opalenica sp. z o.o.:

The Management Board in 30.06.2009:
1. Aniela Bartkowiak - The President of The Management Board
2. Kazimierz Sak - Member of the Management Board
3. Krzysztof Kańduła - Member of the Management Board

Supervisory Board in 30.06.2009:
1. Andrzej Zarajczyk - The Chairman of The Supervisory Board
2. Ryszard Mrozek - The Deputy Chairman of The Supervisory Board
3. Marek Wolniewicz - The Member of The Supervisory Board  
4. Stanisław Kulas - The Member of The Supervisory Board  
In the first half of 2009 there were no changes in the composition of the Supervisory Board.

21. Agreements concluded between Issuer and Management Board, predicted refund in the case of resignation or dismissed from position without any reason or in the case of takeover or merger.

Members of The Management Board are employed on a labour contract. In case of breaking the agreement by employer, employees are entitled to severance pay or indemnification according to labour law.

22. The Total amount and net value of shares possessing by Management and Supervisory Board.

<table>
<thead>
<tr>
<th>Management Board:</th>
<th>Position:</th>
<th>Total volume of shares</th>
<th>% of shares in total amount of voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ewa Pradoń*</td>
<td>Authorised clerk</td>
<td>1 797</td>
<td>0.00008</td>
</tr>
<tr>
<td>Supervisory Board:</td>
<td>Position:</td>
<td>Total volume of shares</td>
<td>% of shares in total amount of voting rights</td>
</tr>
<tr>
<td>Andrzej Zarajczyk **</td>
<td>The Chairman of The Supervisory Board</td>
<td>13 732 242**</td>
<td>61.91**</td>
</tr>
</tbody>
</table>

* Ewa Pradoń - Owns shares indirectly by closely related person.  
** Andrzej Zarajczyk Dominant entity over INVEST-MOT Sp. z o.o. in connection with this, also a directly dominant entity over POL-MOT Holding S.A. in Warsaw. Pol-Mot Holding S.A. owns 13 732 242 shares which amounts 61.91% of total votes.

23. Company shareholders holding directly or indirectly at least 5% of votes at the General Meeting of Shareholders.

According to Company’s best knowledge, on a day of passing the semi-annual report for 2009, shareholders with more than 5% of total votes on the General Shareholders’ Meeting are:

<table>
<thead>
<tr>
<th>Shareholders Structure</th>
<th>Number of Shares</th>
<th>% of share capital</th>
<th>Number of votes</th>
<th>% of total vote number</th>
</tr>
</thead>
<tbody>
<tr>
<td>POL-MOT HOLDING S.A.*  Warsaw and its dependent companies</td>
<td>13 732 242</td>
<td>61.91</td>
<td>13 732 242</td>
<td>61.91</td>
</tr>
<tr>
<td>Union Investment TFI S.A. in Warsaw</td>
<td>1 250 000</td>
<td>5.64</td>
<td>1 250 000</td>
<td>5.64</td>
</tr>
<tr>
<td>Others</td>
<td>7 197 758</td>
<td>32.45</td>
<td>7 197 758</td>
<td>32.45</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>22 180 000</td>
<td>100.00</td>
<td>22 180 000</td>
<td>100.00</td>
</tr>
</tbody>
</table>

* Invest – Mot sp. z o.o. – dominant entity over Pol-Mot Holding S.A.,
24. Information on any agreements, known to Issuer (concluded also after balance sheet date), that in the future may lead to changes in the proportion of shares held by former shareholders and bondholders.

On a day of passing the annual report the Management Board of POL-MOT Warfama S.A. has no knowledge of any agreements concluded in 2009, and leading to changes in the proportion of shares held by former shareholders and bondholders in the future. However on the shareholders structure may influence the establishment of the Incentive and Loyalty Programme and the Incentive Programme. The General Annual Meeting of POL-MOT Warfama S.A. in April 27, 2007 pass a resolution 17/2007 concerning the establishment of the Incentive Programme for the Company’s employee and on May 6th, 2008 pass a resolution 28/2008 concerning the establishment of the Incentive and Loyalty Programme for the Company’s employee

Abovementioned programmes were implemented by issuing subscription warrants, which entitled to preference assumption of shares from conditional raised share capital after fulfilment some criterion (Art 453 § 2, The commercial Code).

25. Pointing shareholders, which have special control rights against POL-MOT Warfama.

In share equity there aren’t any shares, which give special control rights against Capital Group companies.


Information about Incentive Programme is placed in point 24 of annual report.

27. Any restrictions concerning conveying proprietary right and execute voting rights of Issuer.

According to the arrangements of the Prospectus, the dominant shareholder (POL-MOT HOLDING S.A.) committed that within 12 months from the date of the first quotation (25.01.2008), wouldn’t sell any shares without approval Millennium DM. Simultaneously Shareholder committed wouldn’t concluded any agreement, which causes conveying proprietary rights within 12 months from the date of first quotation. Obligation didn’t refer to:
- Sale of shares in response to call for enlist for selling shares, with the exemption of call announced on the basis of Article 72 “Ustawy o ofercie”.

According to Company’s best knowledge, there weren’t determined any others restriction in the field of conveying proprietary right and execute voting rights.

28. Information of agreement with entity authorised to audit of financial statement.

In accordance with regulation of the Article 66, Section 4, the Accounting Act from September 29th, 1994 and § 26 Point 19 of the Article of Association, Supervisory Board chose the auditor.
The Supervisory Board by the regulation No 264/2008 form October 10th, 2008 chose Grant Thornton Frącowski Sp. z o.o. (limited liability company) with its headquarter in Poznań pl Wiosny Ludów 2, entitled to audit financial statements under reference number 238.

On 25 November 2008 was concluded the agreement, which also include financial statement for 2008 and for the first half of 2009.
The amount of salary was 98 800 PLN net.

29. Statement of responsible persons for information in annual report from Capital Group’s activity.

The Management Board declares that, to the best of its knowledge, the semi-annual consolidated financial statement for the year 2009, and comparative data, have been compiled in accordance with the binding accounting principles and truly, accurately and clearly reflect the actual and financial condition, as well as the financial result of the Capital Group. The Report on the Activities of the Capital Group contains a true description of development and achievements, as well as the condition of the Capital Group, including basic risks and threats.
The Management Board declares that the entity authorised to audit financial statement, auditing the semi-annual consolidated financial statement for the year 2009, was selected pursuant to the binding regulations. The auditors auditing the consolidated financial statement satisfied all conditions required to issue an objective and independent opinion, in accordance with relevant provisions of Polish law.

DOBRE MIASTO, 28th August, 2009

................................................................. ................................. .................................
Stanisław Kulas                        Adam Dobieński                   Jan Andrzej Wielgus
The President of The Management Board  The President of The Management Board  Member of the Management Board