

Current Report No. 38/2011

Date prepared: 2011-09-14

Short name of issuer PAMAPOL S.A.

Subject: Conclusion by a subsidiary of an agreement for a revolving credit facility

Legal basis: Article 56 par. 1 pt. 2 of the Act on Public Offerings – current and periodic information

Content of report:

The Management Board of PAMAPOL S.A. (the Issuer) announces that, on 13 September 2011, a credit agreement was signed between the Issuer's subsidiary Warmińskie Zakłady Przetwórstwa owocowo-Warzywnego Sp. z o.o. with its registered office in Kwidzyn (WZPOW, the Borrower) and Bank Gospodarki Żywnościowej Spółka Akcyjna with its registered office in Warsaw (the Bank) (the Agreement).

Under the Agreement, the Bank granted WZPOW a revolving credit facility up to the amount of PLN 32 million, designated for financing the purchase and storage of stocks of fruits and vegetables according to the rules set out in the Agreement and the "General Conditions of Credit for Institutional Customers at the Bank" (the Credit).

The Credit was granted for the period ending on 30 September 2012.

Legal security for the repayment of the Credit together with interest and other amounts due to the Bank comprises:

- a civil law suretyship granted by PAMAPOL S.A., Cenos Sp. z o.o., and Zakłady Przetwórstwa Owocowo-Warzywnego Ziębice Sp. z o.o.
 - a registered pledge on stocks of fruits and vegetables purchased using the Credit and on semi-finished products and products derived therefrom, where the value of the stocks pledged in relation to the amount of Credit used cannot be less than 120 per cent, and moreover, a cession of rights from an insurance policy and, until that time, transfer of ownership of the fruits and vegetables purchased using the Credit
 - a power of attorney to dispose of the bank accounts of the Borrower in the Bank
 - a registered pledge on fixed assets belonging to the Borrower having a value of PLN 5.8 million, together with a cession of rights from an insurance policy
 - a capped mortgage up to the amount of PLN 19 million on real property belonging to ZPOW Ziębice Sp. z o.o. together with a cession of rights from an insurance policy
 - a registered pledge on shares in the company ZPOW Ziębice Sp. z o.o. belonging to PAMAPOL S.A. of a nominal value of PLN 8 million
- a registered pledge on financial assets not belonging to the Company - an agreement concluded between the Bank and natural persons on 14 September 2011.

Interest on the Credit is variable, and determined in reference to the WIBOR 1M rate increased by the Bank's margin. The Credit will be made available in tranches. The Borrower is obliged to document its use of each tranche before the day on which a further tranche is drawn down, not later than within 30 days following the date on which funds are transferred.

In accordance with the provisions of the Annex, repayment of the Credit will be correlated with the level of financial reserves such that the relation between the value of stocks and the amount of Credit used cannot be less than 120 per cent (as from 31 December 2011, that relation will be in reference to the value of stocks from the 2011/2012 season). If the value of

stocks falls below 120 per cent of the amount of the Credit used, the Borrower will be obliged to repay the Credit to a level of 83 per cent of the value of the stocks.

Moreover, WZPOW submitted a declaration on voluntary submission to enforcement on the basis of an enforcement clause being presented by the Bank, which can be up to the amount of PLN 48 million. The Bank may apply for the issuance of such an enforcement clause up to 30 September 2015.

In the case where it is ascertained that the conditions of the Credit have not been upheld by WZPOW, or where WZPOW loses its creditworthiness, the Bank may terminate the Agreement, reduce the amount of the Credit, demand that a recovery programme be presented and implemented upon being approved by the Bank, refrain from making any unused part of the Credit available, demand the establishment of additional security for the repayment of the Credit, or increase its margin on the Credit.

Furthermore, the Bank may terminate the Agreement upon 30 days' notice or, in the case of a threat of WZPOW's bankruptcy, upon 7 days' notice. WZPOW may terminate the Agreement upon 3 months' notice.

The remaining conditions of the Agreement do not differ from those generally applied in such agreements.

Also, on 14 September 2011, in performance of the above Agreement, three separate suretyship agreements were signed between the Issuer and its subsidiaries CENOS Sp. z o.o. with its registered office in Września and Zakłady Przetwórstwa Owocowo-Warzywnego "ZIEBICE" Sp. z o.o. with its registered office in Ziębice (the Guarantors) and the Bank.

Under those suretyship agreements, each of the Guarantors separately undertook to guarantee the Borrower's obligations towards the Bank with regard to the Credit granted, including the obligations concerning interest, payments and charges due, and all costs of pursuing claims relating thereto existing at the time of granting the suretyship or which could arise in the future, up to the amount of PLN 16 million each. The suretyships were established indefinitely against payment in the amount of 0.1 per cent of the maximum amount of the suretyship to each of the Guarantors.

Each Guarantor separately submitted a declaration on submission to voluntary enforcement on the basis of enforcement clauses presented by the Bank, up to the amount of PLN 48 million. The Bank may apply for the issuance of enforcement clauses up to 30 September 2015. Furthermore, in performance of the above Credit Agreement, on September 14 2011 the Issuer signed an agreement on establishing a registered pledge in favour of the Bank on shares in the subsidiary Zakłady Przetwórstwa Owocowo-Warzywnego "ZIEBICE" Sp. z o.o. Under the agreement, the Issuer established a registered pledge in favour of the Bank up to the highest security amount of PLN 8 million on 16,000 shares having a nominal value of PLN 500 each. That pledge is to be entered in the pledge register maintained by the registry court.

In connection with the conclusion of the pledge agreement, the Issuer submitted a declaration on submission to voluntary enforcement under a bank enforcement clause, which the Bank

may issue up to the amount of PLN 48 million. The Bank may apply for the issuance of such an enforcement clause up to 30 September 2015.

In addition, in performance of the Credit Agreement, on 14 September 2011 Zakłady Przetwórstwa Owocowo-Warzywnego "Ziębice" Sp. z o.o. submitted a declaration on establishing a capped mortgage in favour of the Bank up to the amount of PLN 19 million on real estate located in Ziębice which is the subject of perpetual usufruct, covered by Land and Mortgage Register No. 44681. On the same day, Zakłady Przetwórstwa Owocowo-Warzywnego "Ziębice" Sp. z o.o. also concluded an agreement for a transfer of receivables under the property insurance agreement on the above real estate. The entry regarding the mortgage is to be entered in the appropriate register maintained by the registry court.