

Current report No. 5/2012

Date prepared: 16 April 2012

Short name of issuer: PAMAPOL S.A.

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

Subject: Conclusion of an agreement on granting contractual guarantees under a renewable line of credit

The Management Board of Pamapol S.A. (the Issuer) announces that, on 16 April 2012, an agreement was signed between the Issuer and Towarzystwo Ubezpieczeń Euler Hermes S.A. with its registered office in Warsaw (Euler Hermes) on granting contractual guarantees under a renewable line of credit (the Agreement). The amount of the renewable line of credit was set at PLN 100 million, whereas the maximum guarantee sum of an individual guarantee cannot exceed PLN 19 million. The maximum period during which the guarantees granted under the Agreement are effective cannot exceed 72 months.

In accordance with the Agreement, Euler Hermes undertook to issue contractual guarantees to the Issuer during the period from 16 April 2012 to 15 April 2013 (tender, proper performance of a contract, and correct removal of faults and defects guarantees) for the benefit of the guarantee beneficiaries separately specified by the Issuer.

The Agreement also provides for the possibility of Euler Hermes issuing guarantees under the Agreement for the benefit of subsidiaries of the Issuer, namely: Zakłady Przetwórstwa Owocowo-Warzywnego "ZIĘBICE" Sp. z o.o. with its registered office in Ziębice, MITMAR Sp. z o.o. with its registered office in Głowno, and Warmiński Zakłady Przetwórstwa Owocowo-Warzywnego Sp. z o.o. with its registered office in Kwidzyna.

The conclusion of the Agreement is primarily for the purpose of ensuring the effectiveness of the implementation of tender procedures in which the Issuer and its subsidiaries participate, and of the proper implementation of future contracts concluded as a result of those procedures being favourably evaluated.

In order to secure possible claims by Euler Hermes resulting from the guarantees granted, the issuer signed 10 in blanco promissory notes together with promissory note declarations. The Issuer also submitted a declaration on voluntary submission to enforcement under the procedure of Article 777 CPC, in the form of a notarial deed. Euler Hermes may apply for an enforcement clause to be issued until 31 September 2020.

Moreover, in the case of a guarantee being granted in excess of PLN 500,000 for one of the subsidiaries, Euler Hermes has the right to demand an additional suretyship. If the Issuer acts as a member of a consortium, Euler Hermes reserves the right to demand a suretyship on the promissory note from the other members of the consortium.

Under the Agreement, the Issuer unconditionally and irrevocably undertakes to refund all costs incurred by Euler Hermes at the demand of the guarantee beneficiaries and arising from the guarantees granted to the Applicant on the basis of the Agreement, increased by interest and the costs of enforcement. Details on Euler Hermes' rights of recourse are set out in the General Conditions of Agreements on Granting Contractual Guarantees which are binding in the company.

Euler Hermes has the right to change the renewable limit during the life of the Agreement, where a change of the limit can only concern newly-granted guarantees. Euler Hermes has the right to refuse to grant a particular guarantee.

The Parties to the Agreement have the right to terminate the Agreement with fourteen days' notice of termination. In relation to those guarantees granted up to the day on which termination becomes effective, the provisions of the Agreement remain in force despite the termination.

The other conditions of the Agreement do not differ from the conditions normally applied in this type of agreement.

The Issuer accepted 10 per cent of equity as the criterion for deeming the Agreement as significant.