Financial Statement of Sarantis Polska S.A.
for the period
from 1 January 2019 to 31 December 2019

Contents:

STATEMENT OF FINANCIAL POSITION

	Nota	31 December 2019	31 December 2018 *(transformed data)*
ASSETS			
Fixed assets			
Property, plant and equipment	3	26 456 096	19 005 504
Intangible assets	4	10 782 689	11 204 354
Perpetual usufruct of land	6	3 241 000	3 241 000
Shares in affiliated companies	7	23 825 899	19 499 060
Investment properties	5	-	4 901 802
Loans granted	14	49 938 750	13 500 000
Total fixed assets		**114 244 434**	**71 351 720**
Current assets			
Inventory	9	52 841 440	42 119 499
Trade and other receivables	10	71 446 470	62 671 598
Income tax receivables	11	933 127	-
Transitional accounts	13	3 851 796	3 084 946
Cash and cash equivalents	15	644 401	116 368
Total current assets		**129 717 234**	**107 992 411**
Assets classified as held for sale	16	**4 919 315**	**-**
TOTAL ASSETS		**248 880 983**	**179 344 131**
LIABILITIES			
Nominal share capital	17	56 800 000	56 800 000
Nominal share premium	17	1 055 603	1 055 603
Capital from revaluation of property		3 486 341	3 486 341
Retained profits	18	67 863 831	48 645 098
Total equity		**129 205 775**	**109 987 042**
Long-term liabilities			
Long-term bank loans		31 938 750	-
Provision for retirement benefits		216 029	213 305
Deferred tax provision	8	1 202 935	501 525
Lease liabilities		3 875 670	-
Total long-term liabilities		**37 233 384**	**714 830**
Short-term liabilities			
Trade and other liabilities	23	58 953 649	63 223 469
Lease liabilities		1 653 840	-
Bank loan liabilities	19	17 531 869	4 250 435
Tax liabilities	24	-	1 168 355
Dividend payables		4 250 000	-
Transitional accounts		52 466	-
Total short-term liabilities		**82 441 824**	**68 642 259**
Total liabilities		**248 880 983**	**179 344 131**

The Management Board:

President of the Board	*Vice President of the Board*	*Vice President of the Board*	*Member of the Board*
Kyriakos Sarantis	*Konstantinos Rozakeas*	*Konstantinos Stamatiou*	*Meintanis Vasileios*
Member of the Board	*Member of the Board*	*Member of the Board*	
Grigorios Sarantis	*Elpiniki Sarantis*	*Grigorios Sarantis*	

STATEMENT ON THE RESULT AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2019	31 December 2018
Continuing of acitivity			
Sales income	**25**	**289 921 345**	**298 010 155**
Other income	**26**	242 615	321 258
Change of the inventory product balance		2 624 443	(485 177)
Cost of work performed by the entity for its own needs		1 817 200	2 210 781
Depreciation		(3 410 078)	(1 349 959)
Consumption of materials and power		(70 892 652)	(67 304 721)
External services		(29 451 316)	(29 827 717)
Taxes and fees		(400 482)	(303 424)
Salaries		(20 858 300)	(21 303 613)
Social insurance and other benefits		(4 057 941)	(3 660 702)
Other cost by nature		(354 255)	(329 044)
Cost of trade goods and materials sold		(142 548 627)	(146 886 159)
Other costs	27	(2 026 488)	(1 683 274)
Total cost on operating activity		**(269 558 496)**	**(270 923 009)**
Profit from operating activities		**20 605 464**	**27 408 404**
Financial revenues	28	8 404 745	1 962 183
Financial expenses	28	(1 606 667)	(2 590 578)
including leasing interest		(157 911)	-
Net financial revenues and expenses		**6 798 078**	**(628 395)**
Profit before tax		**27 403 542**	**26 780 009**
Income tax	29	(3 934 809)	(4 899 246)
Net profit		**23 468 733**	**21 880 763**
Net other comprehensive income			
Items not transferred to the financial result			
Revaluation of property and plant		-	4 304 124
Income tax related to revaluation of property, plant and equipment		-	(817 784)
Other net total income		**-**	**3 486 340**
Total comprehensive income		**23 468 733**	**25 367 103**

The Management Board:

President of the Board
Kyriakos Sarantis

Vice President of the Board
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Konstantinos Stamatiou

Member of the Board
Meintanis Vasileios

Member of the Board
Grigorios Sarantis

Member of the Board
Elpiniki Sarantis

Member of the Board
Grigorios Sarantis

STATEMENT OF CASH FLOWS

	Note	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018 *(transformed data)*
Cash flows - operational activity			
Gross profit from the business activity		**27 403 542**	**26 780 009**
Adjustments for:		(30 818 307)	(1 894 708)
Depreciation and impairment of property, plant and equipment		3 410 078	1 349 959
(Profit)/loss on account of foreign exchange differences		39 487	312 781
Profit from the sale of property, plant and equipment		34 668	(1 992)
Interest income and profit sharing		(8 318 952)	(1 403 372)
Interest expenses		1 010 785	231 433
Increase/decrease in inventories		(10 721 943)	(7 785 541)
Increase in trade and other receivables	34	(9 153 382)	4 460 676
Increase in trade and other payables	34	(1 467 625)	6 853 654
Change in the value of accruals and deferrals		(707 332)	(662 496)
Change in provisions		2 724	(97 042)
Income tax paid		(4 946 815)	(5 152 768)
Net cash flows from operating activities		**(3 414 765)**	**24 885 301**
Cash flows - investment activities			
Revenues generated from sale of fixed assets	34	6 878	4 426
Revenues from dividends		7 765 211	1 403 372
Acquisition of tangible fixed assets and intangible assets	34	(6 099 158)	(10 181 743)
Payments for property investments		(17 513)	(4 284 514)
Loans granted to affiliates		(36 438 750)	-
Expenses for financial assets		(4 326 839)	-
Interest received from affiliated entities		480 687	353 877
Net cash used in investing activities		**(38 629 484)**	**(12 704 582)**
Cash flow - financial activities			
Revenues due to credit and loans		58 085 684	16 797 935
Repayment of loans and borrowings		(12 865 500)	(12 547 500)
Interest paid		(954 337)	(583 954)
Dividends paid		-	(30 008 180)
Other financial expenses		(39 000)	(338 424)
Payments under finance leases		(1 654 078)	-
Net cash provided by/(used in) financial activities		**42 572 769**	**(26 680 123)**
Net change in cash and cash equivalents		528 520	(14 499 404)
Effect of exchange rate changes		(487)	25 643
Balance sheet change in the cash value		528 033	(14 473 761)
Cash and cash equivalents on 1 January		116 368	14 590 129
Cash and cash equivalents on 31 December		**644 401**	**116 368**

The Management Board:

President of the Board	*Vice President of the Board*	*Vice President of the Board*	*Member of the Board*
Kyriakos Sarantis	*Konstantinos Rozakeas*	*Konstantinos Stamatiou*	*Meintanis Vasileios*
Member of the Board	*Member of the Board*	*Member of the Board*	
Grigorios Sarantis	*Elpiniki Sarantis*	*Grigorios Sarantis*	

STATEMENT OF CHANGES IN EQUITY

	Nominal share capital	Nominal share premium	Revaluation Reserve	Retained earnings	Total equity
Equity as at 1 January 2018	**56 800 000**	**1 055 603**	**-**	**56 856 989**	**114 712 592**
Net profit	-	-	-	21 880 763	21 880 763
Revaluation of property	-	-	3 486 341	-	3 486 341
Profit (loss) from previous years	-	-	-	(84 474)	(84 474)
Dividend paid to shareholders	-	-	-	(30 008 180)	(30 008 180)
Equity as at 31 December 2018	**56 800 000**	**1 055 603**	**3 486 341**	**48 645 098**	**109 987 042**
Net profit	-	-	-	23 468 733	23 468 733
Dividend to be paid to shareholders	-	-	-	(4 250 000)	(4 250 000)
Equity as at 31 December 2019	**56 800 000**	**1 055 603**	**3 486 341**	**67 863 831**	**129 205 775**

The Management Board:

President of the Board
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Vice President of the Board
Konstantinos Rozakeas

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Member of the Board
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Member of the Board
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Member of the Board
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Member of the Board
Grigorios Sarantis

ADDITIONAL INFORMATION AND EXPLANATIONS

The general information

1. Name , address, the basic object of the activity of the Company

The business of the company Sarantis Polska S.A. , hereinafter referred to as statement "Company", is mainly the sales activity in the scope of household articles made of artificial materials and skin care cosmetics.
The Company was registered on 24.01.1991 by the District Court in Warsaw under the number RHB 25872.
The Company was entered in the National Court Register of Entrepreneurships on 12.11.2001 under the number 0000050586.
On 24.04.2003 the Company was transformed to Joint Stock Company – entered in the National Court Register of Entrepreneurships under the number 0000158603.
On 24.10.2004 the Company changed it's name to Sarantis Polska S.A.

Company address
ul. Puławska 42 c
05-500 Piaseczno

Main Warehouse address
Moszna Parcela
05-840 Brwinów

2. Management Board of the Company

On 31 December 2019 the Management Board is composed of :
Kyriakos Sarantis – President of the Board
Konstantinos Rozakeas – Vice President of the Board
Konstantinos Stamatiou - Vice President of the Board
Meintanis Vasileios – Member of the Board
Grigorios Sarantis – Member of the Board
Elpiniki Sarantis – Member of the Board
Grigorios Sarantis – Member of the Board

To represent the Company are entitled:
1) President of the Management Board acting individually or
2) two Vice Presidents of the Management Board acting jointly or
3) Member of the Management Board acting jointly with the Vice President

3. Supervisory Board

The composition of the Supervisory Board as of 31 December 2019 was as following:
Pantazis Sarantis
Elpiniki Sarantis
Aikaterini Sarantis

4. Statutory auditor
Grant Thornton Frąckowiak sp. z o.o. sp. k.
ul. Abpa Antoniego Baraniaka 88 E
61-131 Poznań

5. Name of the parent company
GR Sarantis SA, Greece

6. Principles of presentation

Information on principles adopted for preparation of financial statement for 2019

The financial statement has been prepared in accordance with accounting principles contained in the International Financial Reporting Standards adopted by the European Union. The financial statement covers the period from 1 January to 31 December 2019 and the comparative period from 1 January to 31 December 2018.
The financial statement is compliant with all IFRS requirements adopted by the EU and present a true and fair view of the Company's financial position as of 31 December 2019 and 31 December 2018, results of its activity and cash flows for the year ended 31 December 2019 and 31 December 2018.

7. Statement of the Management Board

1) The Management Board of Sarantis Polska S.A. hereby honestly and sincerely declares that to the best of its knowledge the foregoing financial statement and comparative data were prepared in compliance with International Financial Reporting Standards adopted by the European Union (IFRS). The statement reflects true and fair view on financial position and its financial result of Sarantis Polska S.A. and that the Management Board Commentary on the Company's Operations presents true overview of Company's development, achievement and business situation of Company, including basic risks and exposures.
2) The Management Board of Sarantis Polska S.A. declares that the entity, authorized to audit and conduct the audit of financial statements, was selected in compliance with the law and that entity and auditors conducting the audit met the conditions to issue an independent opinion in compliance with relevant regulations of the domestic law.

Basis for the preparation of the report and accounting principles

Basic of the financial statement

Financial statement of Sarantis Polska S. A. is prepared in accordance with International Accounting Standards adopted by European Union. The statement was prepared assuming that the company will continue its activity in the nearest future. On the day in which this statement was accepted there is no circumstances indicating any danger to continue of business activity of Company.

Consolidated financial statement

Consolidated financial statement, which includes also subsidiary entities is performed by highest level parent company GR Sarantis SA, based in Athens, Greece.

Functional currency and presentation currency of financial statements

The financial statement is presented in Polish zlotys after rounding to full sums. The Polish zloty is a functional and reporting currency of the Company.

Judgments and evaluations

Judgments, evaluations and assumptions, which have significant influence on accounting principles, presenting value of assets, liabilities, costs and incomes are required by the Management Board. Evaluations and assumptions based on the historical experience and other factors rationally justified, their results allow to estimate balance sheet value of assets and liabilities. Real value may be different from estimated value. Evaluations and assumptions are verified on a current basis. Change in accounting estimations is included in the period in which the accounting estimations were changed or in the current and future periods.

Fixed assets

A model based on a revalued value is used to value a property.
The fair value of the property is determined on the basis of current market information by an independent appraiser once every three to five years, provided that market conditions do not change significantly. Otherwise, the fair value measurement is carried out at least once a year.
The excess from the revaluation of real estate is included in other comprehensive income and disclosed in the total amount in equity. An increase in fair value is recognized as income to the extent that it reverses the revaluation decrease that was previously recognized as an expense in the period.
The decrease in fair value is recognized as the cost of a given period. However, the decrease due to revaluation is recognized in other comprehensive income to the amount of the excess from the revaluation accumulated earlier in equity.
The surplus arising from the change in the fair value of a given asset, accumulated in equity, is transferred to the undistributed result from previous years at the moment of removing the asset from the statement of financial position.

Other than real estate property, property, plant and equipment are measured at the cost including the purchase price and costs directly related to the asset being put into use.
Property, plant and equipment are depreciated (amortized) using the straight-line method and impairment losses.
The costs of current maintenance of assets affect the financial result of the period in which they were incurred.

Depreciation of property, plant and equipment starts since when it is available for use that means it is in the location and condition necessary for it to be capable of operating. The beginning of the depreciation starts not later than one month after acquisition date and follows in the manner intended by the management, over the period reflecting their estimated economic useful life. The correctness of applied periods, depreciation methods and residual value of fixed assets is verified on each balance sheet day and respective adjustments are made if it is necessary.

The following types of useful life are used for fixed assets:

Buildings and constructions 6 - 40 years
Machinery and equipment 2 - 20 years
Vehicles and others 2 - 10 years

If there have been events or changes which indicate that the carrying amount of fixed assets may not be recoverable, the assets are analyzed. If there are indications of impairment, the company makes estimation of recoverable amounts of particular assets. Loss is included if accounting value of asset is higher than estimated recoverable value.
The recoverable amount of property, plant and equipment reflects the higher of the following values: net selling price and value in use. Impairment allowances are recognized as other operating costs in the profit and loss.
Profit and loss resulting from the removal tangible fixed asset from the balance sheet are calculated as difference between net incomes from disposal, and balance sheet value and shown as income or cost in the profit and loss account

Investment real estate property

The investment real estate property is held due to revenues from rent or increase in its value and is measured based on the fair value model.
On subsequent balance sheet days, investment property is measured at fair value, determined by an independent appraiser, taking into account the location and nature of the property and current market conditions.
Gains or losses arising from changes in the fair value of investment property are recognized in profit or loss in the period in which changes occurred, as other operating income or expenses.
Investment real estate is removed from the statement of financial position at the time of its disposal or permanent withdrawal from use, if no economic benefits are expected in the future. Gains or losses resulting from these transactions are defined as the difference between sales revenue and the net value of these fixed assets. These profits and losses are recognized in the result in other operating income or expenses in the period in which the liquidation or sale of an investment property was effected, when the buyer takes control over the sold component of property .

Leasing (from 2019)

For each contract concluded on or after January 1, 2019, the Company decides whether the contract is or includes leasing. Leasing is defined as a contract or part of a contract that delegates the right to control the use of an identified asset (underlying asset) for a given period in exchange for consideration. To this reason, three basic aspects are analyzed:

• whether the contract relates to an identified asset that is either clearly specified in the contract or implicitly when the asset is made available to the Group,

• whether the Company has the right to obtain substantially all economic benefits from the use of the asset over the entire useful life to the extent specified in the contract,

• whether the Company has the right to direct the use of the identified asset over the entire useful life.

At the commencement date, the Company recognizes an asset under the right of use and a liability under the lease. The right of use is initially measured at the purchase price consisting of the initial value of the lease liability, initial direct costs, an estimate of the costs expected in connection with the dismantling of the underlying asset and the lease payments paid on or before the start date, less leasing incentives.

The Company depreciates use rights on a straight-line basis from the start date until the end of the useful life period or the end of the lease term, depending on which of these dates is earlier. If there are indications, the rights to use are tested for impairment in accordance with IAS 36.

As at the commencement date, the Company measures the lease liability at the present value of the remaining lease payments using the interest rate of the lease, if it can be easily determined. Otherwise, the lessee's marginal interest rate applies.

Lease payments included in the value of the lease liability consist of fixed lease payments, variable lease payments dependent on the index or rate, amounts expected to be paid as a guaranteed residual value and payments for call options if they are reasonably certain.

In subsequent periods, the lease liability is reduced by repayments made and increased by accrued interest. The valuation of the lease liability is updated to reflect changes in the contract and the reassessment of the lease term, exercise of the call option, guaranteed residual value or lease payments dependent on the index or rate. In principle, the revaluation of the liability is recognized as an adjustment to the asset due to the right of use. The company uses practical standards approved for short-term leasing and leasing in which the underlying asset is of low value. For such contracts, lease payments are recognized in profit or loss on a straight-line basis over the lease term. The Company presents right of use in the same items of the statement of financial position as the underlying assets, i.e. in tangible fixed assets.

Intangible assets

Intangible assets are recognized if it is probable that expected future economic benefits, which are directly attributable to the assets, will cause increase of entity. Initially intangible assets are stated at acquisition or construction cost. After initial recognition, intangible assets are measured at acquisition or construction cost less amortization and impairment allowances. Intangible assets with a definite useful life are amortized when it is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management over their estimated economic useful life. The correctness of the applied amortization periods and rates is periodically reviewed, at least at the end of the reporting year, and potential adjustments to amortization allowances are made in the subsequent periods. Intangibles with indefinite useful life are not subject to depreciation. Their value is reduced by potential impairment allowances.

The standard economic useful lives for amortization of intangible assets are following:
Acquired licenses, patents, and similar intangible assets 5 - 50 years
Acquired computer software 5 - 50 years

Other intangible assets are verified in terms of impairment allowances at the end of each reporting period. If there are indications of impairment, and the carrying amount exceeds the estimated recoverable amount, the value of those assets or the related cash-generating units is decreased to the recoverable amount. The recoverable amount of those assets is the higher of the following values net selling price or their value in use.

Valuation of shares in subsidiary entities

Shares in subsidiary entities are valued according to acquisition cost less accumulated impairment losses.

Financial instruments

Financial instruments other than derivatives.

Receivables and deposits are presented on date of origin. All other financial assets (with assets valued at fair value by financial results) are included at transaction date, which is a day, when the Company starts to be a part in mutual obligations regarding particular financial instruments.

The Company does not recognize financial assets upon expiration of the contractual rights to receive cash flows from this asset or starting from the moment in which the rights to cash flows from the financial asset are transferred in transaction transferring generally all important risks and benefits resulted from its ownership. Each share in transferring financial assets which is created or is in the Company's ownership is treated as a component of assets or as a liability.

Financial assets and liabilities are compensated and presented in financial statement in net amount only when the Company has valid title to compensation of particular financial assets and liabilities or the Company is going to settle given transaction of compensating financial assets and liabilities in net amount or is going to settle financial liabilities and at the same time realize financial assets.

Investments are classified by the Company in following categories: financial instruments estimated by financial results at fair value, investments retained until the maturity term, receivables and loans and financial assets available to sale.

Financial instruments estimated by financial results at fair value

Financial assets are classified as the investment valued at fair value by the financial results, when they are designated to turnover or are designated to valuation at fair value in the initial moment of presentation. Financial assets are classified to assets valued at fair value by financial results when the Company manages such investments actively and decides about sale and purchase of them based on their fair value. These transactional costs are allocated directly to profit or loss of current period at the moment in which they have been incurred. Financial assets valued at fair value by financial results are valuated as fair value. All profits and loss are included in profit and loss of current period. Financial assets valued at fair value by the financial results include capital securities, which in other case will be classified as designated to sale.

Investments retained until the maturity term

In case when the company has possibility and intention to hold debt securities to maturity term, they are classified as a financial assets held to maturity term. At the beginning all financial assets held to maturity term are presented in fair value increased by direct costs. Evaluation of financial assets is realized in accordance to amortized cost with effective interest rate method, after the decreasing by the potential impairment losses. Sale or reclassification financial assets of significant amount held to maturity in other term, causes reclassification of all investments held to maturity term to investments available to sale. Thus the Company is prohibited of presenting acquired investments as financial assets held to maturity until the end of financial year and for the next two years.
Financial assets held to maturity include bonds.

Receivables and loans

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Except the assets with the maturity date above 12 months after the balance sheet date, receivables and loans are designated as current assets. Trade receivables and other receivables are valuated in amount of the amortized costs using effective interest rate decreased by allowances for bad debts.

Derivative Financial assets not available for sale

Derivatives are initially recognized at fair value, transaction costs are recognized at the moment of incurring in profits or losses of current period. After the initial presentation, the Company values the derivatives at fair value, profits and losses resulted from the changes of fair value are included in the mentioned below manner.
When the derivative is not designated as the security instrument, all changes of its fair value are immediately included in profit and loss of current period.

Inventories

Inventories are measured at the lower of cost and net realizable value, considering any inventory allowances. The net realizable value is the selling price estimated in the ordinary course of business activity less the estimated costs of completion and the estimated selling costs.
Cost of goods sold is determined based on the weighted average costs formula.

Receivables

Trade receivables and other receivables are presented when the determined amounts become due to Company. Trade receivables and other receivables are valuated in payment date with consideration of allowances for bad debts.

Non-collectible receivables are deducted into the profit and loss account at the time of declaring that they are non-collectible.

Cash and cash equivalent

Cash includes cash in hand and cash at the bank. Cash equivalent are short-term high liquid investments., convertible to known amounts of cash and exposed to small risk of change of the value. Cash is valuated in the nominal value in accordance with the fair value.

Trade incomes

Probability of derived economic benefits and possibility to determine the amount of income let the Company recognize the incomes. Trade incomes are evaluated in net value after the reduction by tax on goods and services and discounts. Revenues from sales of goods are recognized at the time of delivery of the goods, when there has been a transfer of risks and rewards. Particular items of Company's costs are decreased by the reinvoiced amounts which are not an income.

Sales revenues

The Company recognizes revenue when it is probable that the economic benefits from the transaction and the amount of income will be determined in a reliable manner. The amount of revenues is determined according to the fair value of the received or due payment reduced by the value of granted rebates and the value of trade costs incurred related to cooperation with recipients. Revenues from the sale of goods are recognized when the goods are released, when the risks and benefits have been transferred.
Refunded amounts are not considered as revenue, but they reduce the relevant items of unit costs.

Equity capital

Equity capital is divided by the types accordance with low rights and resolutions of Company Statute.
Share capital is presented in the nominal value, in the amount according to the Company Statute and entry in the commercial register. Declared but no made contributions are included by due contributions to the initial capital. Own founds of the Company are decreased by due contributions to the share capital.
The capital from issuance of shares above their nominal value is created from the surplus of the issue price of shares above their nominal value less costs of this issue.
Non-divided profits for the previous years and the current results (profits) are presented in the financial statement as the retained profits.

Loan and credits

Loans and credits are presented at the fair value of received inflows decreased by the costs of transactions.
Loans and credits are valuated at the amortized acquisition price in accordance with effective interest rate.

Transactions in foreign currency

Transactions in foreign currency are carried out in accordance with exchange rate :

1) used in fact in this day, resulted from character of operation, in case of sale or purchase of currencies and incoming and outgoing payments,
2) average, published for particular currency by National Bank of Poland from the previous day from the day of outgoing or incoming payments, if the use of the exchange rate as in point 1 above is not possible and for the other operations.

Exchange rate differences and evaluations of financial assets and liabilities on the balance sheet date, in accordance with National Bank of Poland exchange rate on this day, are presented as financial costs or incomes in the profit and loss account.

Non-cash assets and liabilities, included in accordance with historical cost expressed in foreign currency are presented with historical exchange rate from the transaction day. Non-cash assets and liabilities included in accordance with fair value, expressed in foreign currency are calculated by exchange rate from the valuation day.

Exchange rate differences resulting from clearance of transactions in foreign currencies and valuation of assets and liabilities in cash on the balance sheet day are presented as financial costs or income in statement of complete income in net amount.

For the balance valuation, the following exchange rates were adopted:

Exchange rate at the day	*31.12.2019*	*31.12.2018*
USD	3,7977	3,7597
EUR	4,2585	4,3000
CHF	3,9213	3,8166
CZK	0,1676	0,1673
CNY	0,5455	0,5481

Income tax

The income tax includes current part and deferred part. Current and deferred income tax is included in profit or loss of current period, except the case, when it regards to merger of companies and items included immediately in equity or as other total income.

Current tax is an expecting amount of liabilities or receivables from income tax which have to be taxed for particular year, calculated with the use of tax rates, legally or actually binding as of the reporting day and corrections of tax liability regarding previous years.

Deferred tax is included in connection with temporary differences between balance sheet value of assets and liabilities and their value calculated for tax purposes. Deferred tax is not included in following cases:

- temporary differences resulted from initial presentation of assets or liabilities resulting from the transaction which is not a merger of companies and has not any influence for profit and loss of current period and for taxable income,
- temporary differences resulted from the investments in affiliated companies to the extent in which there is no possibility to sell it in the foreseeable future,
- temporary differences resulted from the initial presentation of goodwill.

Deferred tax is valued with the use of tax rates, which in accordance with expectations are going to be used when the temporary differences will be reversed - legally or actually tax rules binding up to reporting day are the base of this.

Assets and provisions for deferred tax are compensated when the company has possibility to execute legal title to conduct the compensation of current tax assets and provisions, subject to the assets and provisions for deferred tax regarding to the income tax, imposed by the same tax authority on the same tax payer or different tax payers, which are going to settle assets and provisions for deferred tax in net amount or at the same time to realize receivables and settle the liabilities.

Component of assets, from deferred tax for the purpose of transfer not settled amount tax loss and not used income tax relief and negative temporary differences, is included to the extent in which there is a possibility to have future income to tax, which allows for deduction of them.
Assets for deferred tax are reviewed as of the reporting day and they are reduced according to the possibility of generation profits in income tax, connected with them.

Fixed assets available to sale

Fixed assets available to sale satisfy following criteria:

- The Management Board declared intent of sale
- Assets are available to instantaneous sale in present condition
- Potential buyer is looked for
- Sale transaction is highly probable and the transaction will be settle during 12 months
- The trade price is rational and in accordance with the current fair value
- Probability of introduction of changes into disposal plan is inconsiderable

If the criteria are met after the balance sheet date, the assets are not reclassified at the end of the reporting year prior to the designation for sale. The reclassification is reflected in the reporting period when the criteria are met. Depreciation is discontinued for the asset when it is designated for sale.

Assets held for sale are measured at the lower of the following values: net carrying value or the fair value decreased by selling costs.

Provisions

The Company shall recognize a provision when it has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimation may be made of the amount of the obligation. The provisions are reviewed at balance sheet date and adjusted to reflect the best current estimation.

Liabilities

Trade and other liabilities are measured at the due amount.

Contingent liabilities

Contingent liabilities are defined as obligations that arise from past events and which are dependent on occurrence or non-occurrence of some uncertain future events. Contingent liabilities are not recognized in the balance sheet however the information on contingent liabilities is disclosed unless the probability of outflow of resources relating to economic benefits is remote.

Application of the accounting principles

The above principles are applicable for comparative data.

Impact of new Standards and interpretations on the Company's financial statements.

Changes in standards or interpretations in force and applied by the company since 2019.

New or amended standards and interpretations that are effective from January 1, 2019 and their impact on the Company's financial statements:

- New IFRS 16 Leasing

The new standard replaces IAS 17 and several interpretations. In addition to changing the definition of leasing, it introduces significant changes in the accounting of lessees: the standard requires that the value of the "right of use" and an equivalent financial liability be included in the balance sheet for each leasing contract. The right of use is then amortized, while the liability is measured at amortized cost. In certain situations specified in the standard, the lease liability is subject to revaluation, the effects of which are generally recognized as an adjustment to the value of the right of use.

Simplifications are foreseen for short-term contracts (up to 12 months) and contracts for the use of low-value assets, which the Company adopted in its accounting principles. This simplification consists in not including the lease liability in respect of these contracts.

The accounting approach to leasing from the lessor side is similar to the principles set out in the existing IAS 17.

The new standard has a significant impact on the Company's financial statements. As at the date of first application, the Company was a lessee in one lease agreement concluded for a period of up to 2023, under which it was entitled to use the production and storage facility located in Moszna-Parcela. The Company implemented IFRS 16 using a modified retrospective method, i.e. without transforming comparative data, including the combined effect of the first application of the standard as an adjustment to the opening balance of retained earnings on the date of first application. In addition, the Company applied the following practical solutions approved by the standard:

- as at the date of first application of IFRS 16, the Company did not re-assess whether the contract is a lease or whether it includes a lease; The company applied the standard only to contracts that before that date were identified as leasing in accordance with IAS 17 and IFRIC 4,
- the value of the right of use under contracts previously classified by the Company as operating leases in accordance with IAS 17 as at the date of first application of IFRS 16 was determined in the amount of lease liabilities adjusted for fees and prepayments recognized in the statement of financial position immediately before the date of first application,

- contracts whose leasing period ends in 2019 and for which contracts were annexed in 2019 whose term of validity fell within a period of less than 12 months (car leasing contracts), the Company recognizes as costs using the straight-line method during the leasing period, instead of recognizing liabilities from this title.

Due to the use of simplifications, the Company used IAS 36 as at the date of the first application of IFRS 16 to assess the need to recognize impairment losses on assets under the right of use. The analysis did not indicate such necessity.
In connection with the application of IFRS 16, the Company recognized as at the date of the first application of the usufruct right in the amount of 7 184 000 PLN and additional leasing liabilities in the amount of 7 184 000 PLN. The rights to use as at December 31, 2019 were presented in the statement of financial position in Note 3 under 'Buildings - IFRS 16' (5 493 333 PLN), while additional leasing liabilities under 'Lease liabilities' broken down into short-term portion (1 653 840 PLN) and long-term (3 875 670 PLN).

- Amendment to IFRS 9 Financial Instruments.

The change consists in allowing qualification to the category of assets measured at amortized cost of such instruments, which in the event of early repayment result in the entity receiving less than the sum of capital and accrued interest (so-called negative remuneration).
The change in the standard did not affect the financial statement due to the fact that there were no transactions covered by the changes.

- New IFRIC 23 "Uncertainty about tax treatment of income"

The interpretation to IAS 12 "Income Taxes" decides the approach to the situation when the interpretation of the provisions on income tax is not clear and it cannot be definitively assumed what solution will be accepted by tax authorities, including courts. Management should first assess whether it is likely that its interpretation will be accepted by tax authorities. If so, such an interpretation should be adopted for the preparation of the financial statements. If not, it should be taken into account the uncertainty of income tax amounts by the most probable or expected value method.
The new interpretation has no material impact on the financial statements, as the Company has not carried out transactions to which the changes relate.

- Amendment to IAS 28 "Investments in associates and joint ventures".

The amendment to the standard specifies that IFRS 9 should be applied to associates and joint ventures for financial instruments other than those accounted for using the equity method, even if these instruments are part of the net investment in such entity.
The change in the standard did not affect the financial statements because the Company does not have such financial instruments.

- Amendments to IAS 12, Income Taxes, IAS 23, Borrowing Costs, IFRS 3, Business Combinations and IFRS 11, 'Joint Arrangements'.

Smaller amendments to standards, introduced as part of annual changes to the standards (cycle 2015 - 2017):

  - IAS 12: The IAS Board clarified the way income is recognized as a consequence of dividends. Tax is recognized when an obligation to pay dividends is recognized as a charge on the result or other

comprehensive income or capital, depending on where the past transactions that generated the result are recognized.
- IAS 23: It was clarified that the debt originally intended to finance an asset that has already been completed is included in the total debt, the cost of which may later be capitalized in the value of other assets.
- IFRS 3: The IAS Board clarified that the rules regarding accounting for business combinations implemented in stages, including the need to value shares, also apply to previously held interests in joint operations.
- IFRS 11: the Supervisory Board clarified that a joint venturer, not exercising joint control, should he gain joint control over joint venture that is a venture, should not re-measure interests in that joint operation.

The changes did not affect the Company's financial statements because:
- The company is not a party to transactions subject to amendment to IAS 12,
- all adjustments of an asset of significant value are financed by the Company from funds obtained from outside specifically for this purpose,
- The Company does not conduct joint operations within the meaning of IFRS 11.

▪ Amendment to IAS 19 'Employee benefits'

According to the introduced change, if an asset or net liability under a defined benefit plan is re-measured as a result of changes, restrictions or settlement, an entity should:
- determine the current service cost and net interest for the period after re-valuation using the assumptions used for re-valuation, and
- determine net interest for the remaining period based on the discounted net asset or liability.

The change in the standard did not affect the financial statements, as the Company does not offer employees defined benefit post-employment programs.

Standards and interpretations in force in the version published by the IASB, but not approved by the European Union, are listed below in the section on standards and interpretations that have not entered into force.

Application of the standard or interpretation before the date of its entry into force

This financial statement does not make use of voluntary prior application of a standard or interpretation.

Published standards and interpretations that did not come into force for periods beginning on 1 January 2019 and their impact on the Company's Financial Statements.

Until the date of preparation of these financial statements, new or amended standards and interpretations have been published, effective for annual periods after 2019. The list also includes changes, standards and interpretations published but not yet approved by the European Union.

Standards and interpretations in force in the version published by the IASB, but not approved by the European Union, are listed below in the section on standards and interpretations that have not entered into force.

Application of the standard or interpretation before the date of its entry into force

This financial statement does not make use of voluntary prior application of a standard or interpretation.

Published standards and interpretations that did not come into force for periods beginning on 1 January 2019 and their impact on the Company's report. Until the date of preparation of these financial statements, new or amended standards and interpretations have been published, effective for annual periods after 2019. The list also includes changes, standards and interpretations published but not yet approved by the European Union.

- New IFRS 17 "Insurance Contracts"

A new standard regulating the recognition, valuation, presentation and disclosure of insurance and reinsurance contracts. The standard replaces the existing IFRS 4.

The Company estimates that the new standard will not affect its financial statements because it does not carry out insurance activity.

The standard applies to annual periods beginning on or after January 1, 2021.

- Amendment to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies (Policy), Changes in Estimates and Correction of Errors"

The change consists in the introduction of a new definition of the concept of "significant" (in relation to omission or misstatement in the financial statements). The current definition contained in IAS 1 and IAS 8 differed from the one contained in the Conceptual Framework for Financial Reporting, which could cause difficulties in making judgments by entities preparing financial statements. The change will harmonize the definitions in all applicable IAS and IFRS.

The Company estimates that the new standard will not affect its financial statements, as the materiality judgments made so far were consistent with those that would have been made using the new definition.

The changes apply to annual periods beginning on or after January 1, 2020.

- Amendment to IFRS 3 "Business combinations"

  The change concerns the definition of the project and covers primarily the following issues:

  - clarifies that the acquired set of assets and activities, in order to be treated as an enterprise, must also include input and significant processes that together will significantly participate in generating returns,
  - narrows down the definition of reimbursement, and thus also the venture, focusing on goods and services provided to recipients, removing from the definition the reference to reimbursement in the form of cost reduction,
  - adds guidelines and illustrative examples to facilitate the assessment of whether a significant process has been acquired as part of a merger,
  - skipping the assessment of whether it is possible to replace the missing input or process and continue operating the venture to obtain a refund, and
  - adds the optional option of performing a simplified assessment to exclude that the acquired set of activities and assets is a business.

  The change applies to business combinations for which the acquisition date falls during the first annual reporting period beginning on or after January 1, 2020, and for asset purchase transactions that occurred in that reporting period or later. Therefore, the change will not affect the data disclosed in the Company's current financial statements. At the moment, the Company is also unable to predict future acquisitions.

- Changes to references to conceptual assumptions in IFRS

  The Board prepared a new version of the conceptual assumptions of financial reporting. For consistency, the references to conceptual assumptions in individual standards have been adapted accordingly.

  The changes are effective for annual periods beginning on or after January 1, 2020, and in the Company's opinion, they will not affect its financial statements.

- Amendments to IFRS 9, IAS 39 and IFRS 7

  The IAS Board introduced changes to hedge accounting in connection with the planned reform of reference interest rates (WIBOR, LIBOR, etc.). These rates are often a hedged item, for example when hedging with an IRS instrument. The planned replacement of existing rates with new reference rates raised doubts as to whether the planned transaction is still highly probable, whether future hedged flows are still expected or whether there is an economic link between the hedged and hedging items. The change to the standards specified that it should be assumed in the estimates that reference rates will not change. The changes apply to annual periods beginning on or after January 1, 2020.Due to the fact that the Company does not apply hedge accounting, the uncertainty associated with interest rate-based derivatives will not affect its financial statements.

Amendment to IAS 1 "Presentation of Financial Statements"

The IAS Board clarified the rules for classifying liabilities into long or short-term mainly in two aspects:

- it has been clarified that the classification depends on the rights the entity has at the balance sheet date,
- management intentions regarding the acceleration or delay of payment of the commitment are not taken into account.

The amendments apply to annual periods beginning on or after January 1, 2022.

Due to the fact that the Company, in the case of overdraft facilities granted for a period longer than one year, is guided by the intention of the management board regarding repayment, it is expected that the balances of such loans will be presented as long-term rather than short-term liabilities.

The company intends to implement the above regulations within the deadlines provided for by standards or interpretations.

1. Transformation of comparative data for the Statement of financial position.

	Note	31 December 2018 (before transformation)	correction	31 December 2018 (after transformation)
ASSETS				
Fixed assets				
Property, plant and equipment	3	18 911 784	93 720	19 005 504
Intangible assets	4	11 204 354	-	11 204 354
Perpetual usufruct of land	6	3 241 000	-	3 241 000
Shares in affiliated companies	7	19 499 060	-	19 499 060
Investment property	5	4 901 802	-	4 901 802
Loan fo affiliated companies	14	13 500 000	-	13 500 000
Deferred fax assets	8	1 888 995	(1 888 995)	-
Total fixed assets		**73 146 995**	**(1 795 275)**	**71 351 720**
Current assets				
Inventory	19	39 957 591	2 161 908	42 119 499
Trade and other receivables	10	64 927 226	(2 255 628)	62 671 598
Deferred expenses	13	3 084 946	-	3 084 946
Csh and cash equivalents	15	116 368	-	116 368
Total current assets		**108 086 131**	(93 720)	**107 992 411**
TOTAL ASSETS		**181 233 126**	(1 888 995)	**179 344 131**
LIABILITIES				
Nominal share capital	17	56 800 000	-	56 800 000
Spare capital	17	1 055 603	-	1 055 603
Revaluation reserve		3 486 341	-	3 486 341
Retained earnings	18	48 645 098	-	48 645 098
Total equity		**109 987 042**	**-**	**109 987 042**
Long-term liabilities				
Deferred tax liabilities	8	2 390 520	(1 888 995)	501 525
Provisions for retirement benefis		213 305	-	213 305
Total long-term liabilities		**2 603 825**	**(1 888 995)**	**714 830**
Short-term liabilities				
Trade and other liabilities	23	63 223 469	-	63 223 469
Credit and loan liabilities	19	4 250 435	-	4 250 435
Liabilities to income tax	24	1 168 355	-	1 168 355
Total short-term liabilities		**68 642 259**	**-**	**68 642 259**
TOTAL LIABILITIES		**181 233 126**	**(1 888 995)**	**179 344 131**

2. Transformation of comparative data for the Statement of cash flows

	Note	01.01.2018- 31.12.2018 (before transformation)	correction	01.01.2018- 31.12.2018 (after transformation)
Cash flow operating activities				
Profit from continued activity		**26 780 009**	**-**	**26 780 009**
Adjustments for:		(1 988 428)	-	(1 894 708)
Non-cash:				
Depreciation and impairment of property, plant and equipment		1 349 959	-	1 349 959
(Profi)/loss on account of foreign exchange differences		312 781	-	312 781
(Profit)/loss on sale of fixed assets and intangible assets		(1 992)	-	(1 992)
Interest income and profit sharing		(1 403 372)	-	(1 403 372)
Interest expense		231 433	-	231 433
Change of working capital				
Increase/decrease in inventories		(5 623 633)	(2 161 908)	(7 785 541)
Increase/decrease in trade and other receivables		2 205 048	2 255 628	4 460 676
Decrease in trade and other payables		6 853 654	-	6 853 654
Change in the value of accrued assets and transitional accounts		(662 496)	-	(662 496)
Income tax paid		(5 152 768)	-	(5 152 768)
Change in reserves		(97 042)		(97 042)
Net cash flows from operating activities		**24 791 581**	**93 720**	**24 885 301**
Cash flow – investments activities				
Revenues generated from sale of fixed assets and intangible assets		4 426	-	4 426
Divident income		1 403 372	-	1 403 372
Acquisition of tangible fixed assets and intangible assets		(10 088 023)	(93 720)	(10 181 743)
Payments for investments property		(4 284 514)	-	(4 284 514)
Interest received from affiliates		353 877	-	353 877
Net cash used in investing activities		**(12 610 862)**	**(93 720)**	**(12 704 582)**
Cash flow – financila activities				
Revenues due to credit and loans		16 797 935	-	16 797 935
Repayment of loans and borrowings		(12 547 500)	-	(12 547 500)
Interest paid		(583 954)	-	(583 954)
Dividends paid		(30 008 180)	-	(30 008 180)
Other financial receipts		(338 424)	-	(338 424)
Net cash provided by / (used in) financial activities		**(26 680 123)**	**-**	**(26 680 123)**
Net change in cash and cash equivalents		(14 499 404)	-	(14 499 404)
Effect of exchange rate changes		25 643	-	25 643
Balance sheet change in the cash value		(14 473 761)	-	(14 473 761)
Cash and cash equivalents at 1st January		14 590 129	-	14 590 129
Cash and cash equivalents at 31th December		**116 368**	**-**	**116 368**

3. Tangible fixed assets

	31.12.2019	31.12.2018 *(transformed data)*
Buildings, premises and structures of land and water engineering	13 481 075	5 843 755
Machinery and technical equipment	6 035 964	2 702 489
Transportation means	214 362	343 391
Other fixed assets	1 205 827	641 771
Buildings – MSSF 16	5 493 333	-
Advances for fixed assets under construction	25 535	93 720
Fixed assets under construction	-	9 380 378
Total tangible fixed assets	**26 456 096**	**19 005 504**

In 2018, the company changed the rules for the valuation of buildings and land, assuming fair value.

The first application of the fair value valuation took place as of December 31, 2018 in accordance with the appraisal report prepared by a property appraiser, Ewa Borkowska-Karwowska, no. 4984.

According to the report, the market value of buildings which was partly under construction, amounted to 14 067 000 PLN.

As at the date of first application of IFRS 16, the Company was a lessee in one lease agreement concluded for a period of up to 2023, under which it was entitled to use the production and storage facility located in Moszna-Parcela.

In connection with the application of IFRS 16, the Company recognized as at the date of first application of the right to use standard in the amount of 7 184 000 PLN and additional leasing liabilities in the amount of 7 184 000 PLN.

As at December 31, 2019, the right to use, including depreciation write-offs, amounted to 5 493 333 PLN.

There are no tangible assets which are a security for liabilities of the company at December 31, 2019 and at December 31, 2018.

As at December 31, 2019 and December 31, 2018, the Company did not have any liabilities due to finance leases.

In 2019 and 2018, the Company did not make any changes to depreciation periods.

At December 31 ,2019 the Company had no future investment commitments.

As at December 31, 2018, the Company had future investment liabilities due to the expansion of the property in the amount of 1 200 000 PLN.

Changes in tangible fixed assets according to the category criterion:

Gross value of tangible fixed assets	Buildings, premises and structures of land and water engineering	Buildings MSSF 16	Machinery and technical equipment	Transportation means	Other fixed assets	Assets under construction	Advances for fixed assets under construction *(tranformed data)*	Total
Gross value as at 1st January 2018	**1 949 632**	**-**	**6 818 673**	**1 464 028**	**1 678 666**	**1 754 999**	**-**	**13 665 998**
Increases:	4 780 420	-	1 852 081	199 937	595 172	14 429 562	93 720	21 950 892
acquisition	3 894 446	-	1 852 081	199 937	595 172	13 306 241	93 720	19 941 597
revaluation	885 974	-	-	-	-	1 123 321	-	2 009 295
Decreases:	-	-	227 576	760	8 298	6 804 183	93 720	7 134 537
sales	-	-	76 480	-	-	-	-	76 480
liquidation	-	*	151 096	760	8 298	-	-	160 154
transfer	-	-	-	-	-	6 804 183	93 720	6 897 903
Gross value as at 31st December 2018	**6 730 052**	**-**	**8 443 178**	**1 663 205**	**2 265 540**	**9 380 378**	**-**	**28 482 353**
Gross value as at 01st January 2019	**6 730 052**	**7 183 589**	**8 443 178**	**1 663 205**	**2 265 540**	**9 380 378**	**-**	**35 665 942**
Increases:	7 992 635	-	3 952 136	-	728 782	2 959 814	25 535	15 658 902
acquisition	7 992 635	-	3 952 136	-	728 782	2 959 814	25 535	15 658 902
Decreases:	59 000		421 794	-	241 432	12 340 192	-	13 062 418
sales	59 000		50 639	-	-	-	-	109 639
liquidation	-		371 155	-	241 432	-	-	612 587
transfer	-	-	-	-	-	12 340 192	-	12 340 192
Gross value as at 31th December 2019	**14 663 687**	**7 183 589**	**11 973 520**	**1 663 205**	**2 752 890**	**-**	**25 535**	**38 262 426**

The difference between the value of property, plant and equipment presented as at January 1, 2019 and the value as at December 31, 2018 in the amount of 7 183 589 PLN is the amount resulting from the first application of IFRS 16, which is explained in Note 3.

Changes in tangible fixed assets according to the category criterion:

	Buildings, premises and structures of land and water engineering	Buildings MSSF 16	Machinery and technical equipment	Transportation means	Other fixed assets	Assets under construction	Advances for fixed assets under construction *(tranformed data)*	Total
Accumulated depreciation and impairment loss								
as at 31st January 2018	**714 841**	**-**	**5 439 474**	**1 150 684**	**1 555 405**	**-**	**-**	**8 860 404**
Increases:	171 455	-	526 358	169 889	76 663	-	-	944 365
Depreciation for the year	70 977	-	526 358	169 889	76 663	-	-	843 887
Revaluation	100 478	-	-	-	-	-	-	100 478
Decreases:	-	-	225 142	760	8 298	-	-	234 200
sales	-	-	76 398	-	-	-	-	76 398
liquidation	-	-	148 744	760	8 298	-	-	157 802
Accumulated depreciation and impairment loss						-	-	-
as at 31st December 2018	**886 296**	**-**	**5 740 690**	**1 319 813**	**1 623 770**	**-**	**-**	**9 570 569**
Increases:	313 769	1 690 256	618 662	129 029	164 726	-	-	2 916 442
Depreciation for the year	313 769	1 690 256	618 662	129 029	164 726	-	-	2 916 442
Decreases:	17 454	-	421 794	-	241 432	-	-	680 680
sales	17 454	-	50 639	-	-	-	-	68 093
liquidation	-	-	371 155	-	241 432	-	-	612 587
Accumulated depreciation and impairment loss							-	
as at 31th December 2019	**1 182 611**	**1 690 256**	**5 937 558**	**1 448 842**	**1 547 064**	**-**	**-**	**11 806 330**
Net accounting value:								
as at 1st January 2018	1 234 791	-	1 379 199	313 344	123 261	1 754 999	-	4 805 594
as at 31st December 2018	5 843 756	-	2 702 488	343 392	641 770	9 380 378	-	18 911 784
as at 31th December 2019	**13 481 076**	**5 493 333**	**6 035 962**	**214 363**	**1 205 826**	**-**	**25 535**	**26 456 095**

4. Intangible fixed assets

	31. 12.2019	31. 12.2018
Computer software	3 270 419	3 508 144
Trademarks, licenses	7 512 270	7 696 210
Total intangible fixed assets	**10 782 689**	**11 204 354**

Changes of intangible fixed assets were following:

Gross value of intangible fixed assets	Trademarks, licenses	Computer software	Total
Gross value as at 1st January 2018	**9 457 483**	**8 159 115**	**17 616 598**
Increases:	-	46 564	46 564
acquisition	-	46 564	46 564
Gross value as at 31st December 2018	**9 457 483**	**8 205 679**	**17 663 162**
Increases:	-	71 972	71 972
acquisition	-	71 972	71 972
Gross value as at 31st December 2019	**9 457 483**	**8 277 651**	**17 735 134**

Accumulated depreciation and impairment loss	Trademarks, licenses	Computer Software	Total
as at 1st January 2018	**1 577 333**	**4 375 403**	**5 952 736**
Increases:	183 940	322 132	506 072
depreciation for the year	183 940	322 132	506 072
Accumulated depreciation and impairment loss as at 31st December 2018	**1 761 273**	**4 697 535**	**6 458 808**
Increases:	183 940	309 697	493 637
depreciation for the year	183 940	309 697	493 637
Accumulated depreciation and impairment loss as at 31st December 2019	**1 945 213**	**5 007 232**	**6 952 445**
Net accounting value:			
as at 1st January 2018	7 880 150	3 783 712	11 663 862
as at 31st December 2018	7 696 210	3 508 144	11 204 354
as at 31st December 2019	**7 512 270**	**3 270 419**	**10 782 689**

In 2019 and 2018, the Company did not make any changes to depreciation periods.

5. Investment real estate

On January 9, 2018, in accordance with the notarial deed of rep A 61/2018, the Company acquired land with an area of 52,981 sq m, located in Środa Wielkopolska, intended for investment purposes, at a price of 4 238 480 PLN.

On 31 December 2018, the company revalued the value of the property, in accordance with the appraisal report prepared by Kancelaria Lis, Mizera i Wspólnicy Sp. z o.o. The value after revaluation is 4 901 802 PLN.

6. Perpetual usufruct

The Company use perpetual usufruct of land with 8 004 square meters which are property of the State Treasury and are located in Piaseczno, ul. Puławska 42C. The right of perpetual usufruct of land is by the Company regarded as equivalent to property due to the long period of use, 5 December 2089.In 2018, the company changed the rules for the valuation of buildings and land, assuming fair value.The first application of the fair value valuation took place as of 31 December 2018, in accordance with the appraisal report prepared by a property appraiser, Ewa Borkowska-Karwowska, no. 4984.The right of perpetual usufruct of land was also subject to reassessment. According to the report, the market value of this right amounted to 3 241 000 PLN.

7. Investment in associated companies

The company holds 80% of shares in Polipak, in the total value of 23 825 899 PLN.
On December 17, 2015, the Company acquired 70% of shares in Polipak Sp. z o.o. with headquarters in Środa Wielkopolska, Harcerska 16 street. On September 19, 2019, the Company acquired an additional 10% of shares in Polipak for 4 283 999 PLN.
The purchase agreement of Polipak includes the option to purchase the remaining 20% of shares, which may be exercised from January 1, 2023 to December 31, 2045. At the same time, a minority investor in the period from January 1, 2020 to December 31, 2045 has the option to resell the 20% shares held to Sarantis Polska S.A. The option price was set as 20% of the value representing the product of the average net result of Polipak for the three financial years preceding the valuation day and a multiplier of 6.32 constituting the "estimated value of the company", plus 20% of the sum of undistributed profits from financial years, starting from profit for 2019, from provided that the option price will not be lower than 5 600 000 PLN.
The Company has not carried out the valuation of options at fair value, because in the Company's opinion, due to the fact that options are derivatives related to equity investments without market price quotations from an active market, the fair value of options cannot be reliably determined.

8. Deferred tax

Deferred tax as at 31 December 2019 and 31 December 2018 is resulting from:

Assets due to deferred tax	**31.12.2019**	**31.12.2018**
Accruals	895 795	1 427 406
Assets for the temporary differences – inventories	171 171	157 471
Balance sheet valuation in foreign currency	103 678	9 268
Assets for the temporary differences – fixed assets	8 320	10 222
Assets – provisions for returns of goods	117 381	145 259
Assets arising from temporary differences - receivables	89 698	70 563
Liabilities not paid	7 803	8 448
Assets - provisions for retirement benefits	41 046	40 528
Assets - provision for receivables under the IFRS 9	-	19 815
Assets from unpaid interest Credit Suisse	10 101	-
Assets from advances	9 307	-
Other	33	15
	1 454 333	**1 888 995**

Provision for deferred tax	**31.12.2019**	**31.12.2018**
Assets and liabilities valuation in foreign currency	134 354	9 139
Provision for the temporary differences - assets	2 484 837	1 547 519
Valuation of fixed assets	-	817 784
Reserve under IFRS 16	6 874	-
Unpaid interest on receivables	31 203	16 078
	2 657 268	**2 390 520**

As of 2019, assets and the provision for deferred tax are presented in net value as a difference between assets and provision, respectively.

9. Inventories

	31.12.2019	**31.12.2018** *(transformed data)*
Trade goods	40 204 973	30 001 412
Finished products	5 263 889	2 721 787
Materials	6 630 075	7 234 392
Advances for the delivery of goods	742 503	2 161 908
	52 841 440	**42 119 499**

As at 31 December 2019 and 31 December 2018 has been not established any pledge on the inventories to secure the Company's liabilities. There was no write-off on inventories in the Company at the end of 2019 and 2018.

10. Trade receivables and other receivables

	31.12.2019	**31.12.2018** *(transformed data)*
Trade receivables from affiliated entities	6 418 563	6 497 810
Trade receivables from other entities	64 861 687	55 403 304
Provision for bad debts on trade receivables	(1 659 231)	(1 639 645)
Prepayment delivery of services	3 006	7 396
Other receivables from affiliated entities	38 679	29 123
Other receivables from other entities	1 785 211	2 375 055
Provision for bad debts on other receivables	(1 445)	(1 445)
Short-term receivables	**71 446 470**	**62 671 598**

Trade receivables are interest-free and their term of payment is 30-90 days. As at 31 December 2019 receivables in amount of 1 660 676 PLN have been considered as difficult to recover and Company created provision for bad debts.

Movements regarding provision for bad debts were following:

	01.01.2019-31.12.2019	**01.01.2018-31.12.2018**
Beginning of a period	**1 641 090**	**1 559 904**
Increases	157 760	139 352
Usage	(23 406)	(48 328)
Decreases – reversal	(114 767)	(9 838)

At the end of a period	**1 660 677**	**1 641 090**

Starting from 2018, in addition to write-offs for receivables created on an individual basis, the Company estimates general provisions for credit losses, assuming that a significant increase in risk occurs when the receivables are overdue for more than 90 days. As at December 31, 2019, the Company did not need to create a provision in this respect. As at December 31, 2018, the value of the provision for receivables estimated in this way was 104 289 PLN.

Below is an analysis of trade receivables as at December 31, 2019 and December 31, 2018 which presents no overdue receivables.

			Overdue, but recoverable				
Year	**Total**	**Not overdue**	**< 30 days**	**30 - 60 days**	**60 - 90 days**	**90 -120 days**	**> 120 days**
2019	69 621 019	69 621 019	-	-	-	-	-
2018	60 261 469	60 261 469	-	-	-	-	-

Currency structure of short-term trade receivables and other receivables

	31.12.2019	**31.12.2018**
Receivables in the local currency	64 229 341	55 230 027
Receivables in the foreign currency	7 985 167	9 801 488
	72 214 508	**65 031 515**

	31.12.2019	**31.12.2018**
Receivables in EUR	7 781 153	7 980 837
Receivables in USD	202 998	1 820 651
Receivables in CZK	1 016	-
	7 985 167	**9 801 488**

Concentration of credit risk, connected with trade receivables is limited due to a lot of Company's clients and their dispersion, mainly in Poland.

11. Income tax receivables

	31.12.2019	**31.12.2018**
Income tax receivables	933 127	-
	933 127	**-**

12. Transactions with affiliated entities

Loans granted	**31.12.2019**	**31.12.2018**
Polipak Sp. z o.o. - Poland	18 000 000	13 500 000
Gr. Sarantis SA, Greece	31 938 750	-
	49 938 750	**13 500 000**

Receivables from affiliated entities	**31.12.2019**	**31.12.2018**
Sarantis Czech Republic s.r.o.	244 199	826 302
Gr. Sarantis SA, Greece	1 653 625	1 027 183
Sarantis Romania SA Romania	1 675 317	1 899 306
Sarantis D.O.O., Serbia	6 848	-
Sarantis Bulgaria Ltd. Bulgaria	755 449	601 068
Sarantis Hungary Kft. Hungary	1 361 278	2 081 595
Sarantis Portugal LDA, Portugal	62 756	22 163
Ergopack LTD, Ukraine	121 980	-
Sarantis Slovakia s. r. o., Slovakia	536 826	-
Polipak Sp. z o.o. - Poland	286	5 797
	6 418 564	**6 463 414**

Other receivables – interest on loans	**31.12.2019**	**31.12.2018**
Polipak Sp. z o.o. - Poland	38 678	29 123
Gr. Sarantis SA, Greece	62 580	34 396
	101 258	**63 519**

Liabilities to affiliated entities	**31.12.2019**	**31.12.2018**
Sarantis Czech Republic s.r.o.	6 684	38 192
Gr. Sarantis SA Greece	4 432 793	1 630 706
Sarantis Romania SA, Rumunia	-	135 395
Sarantis Hungary Kft. Hungary	-	58 976
Sarantis D.O.O., Serbia	-	45 602
Sarantis Bulgaria Ltd. Bulgaria	-	13 657
Ergopack LTD, Ukraine	17 403	-
Sarantis Portugal LDA, Portugal	622	-
Polipak Sp. z o.o. Poland	7 787 983	4 881 375
	12 245 485	**6 803 903**

Liabilities for prepayments	**31.12.2019**	**31.12.2018**
Sarantis D.O.O., Serbia	896 493	465 961
Sarantis Czech Republic s.r.o.	864 560	-
	1 761 053	**465 961**

Investments liabilities	**31.12.2019**	**31.12.2018**
Polipak Sp. z o.o. Poland	432	-
	432	**-**

Other liabilities	**31.12.2019**	**31.12.2018**
Gr. Sarantis SA, Greece	219 456	203 216

	219 456	**203 216**

Dividend payables	**31.12.2019**	**31.12.2018**
Gr. Sarantis SA , Greece	4 250 000	-
	4 250 000	**-**

Income from the sales	**31.12.2019**	**31.12.2018**
Sarantis Czech Republic s.r.o.	5 938 843	6 798 545
Gr. Sarantis SA Greece	5 193 880	6 053 564
Sarantis Romania SA	12 631 956	11 693 812
Sarantis D.O.O. Serbia	11 453 203	11 203 245
Sarantis Bulgaria Ltd.	3 550 128	3 069 487
Sarantis Hungary Kft.	9 223 824	9 903 523
Sarantis Portugal LDA, Portugalia	718 491	315 367
Ergopack LTD, Ukraine	64 174	-
Sarantis Slovakia s. r. o., Slovakia	649 286	-
Polipak Sp. z o.o. Poland	-	12 369
	49 423 785	**49 049 912**

Other revenues	**31.12.2019**	**31.12.2018**
Sarantis Czech Republic s.r.o.	298 337	65 572
Sarantis Hungary Kft.	72 939	86 571
Gr. Sarantis S.A.,Greece	7 762	7 715
Sarantis Portugal LDA, Portugal	(829)	(487)
Polipak Sp. z o.o. Poland	86 065	19 229
Sarantis D.O.O., Serbia	7 276	-
Ergopack LTD, Ukraine	58 107	-
Sarantis Slovakia s. r. o., Slovakia	10 549	-
Sarantis Romania SA, Rumunia	21 360	1 211
	561 566	**179 811**

Financial income	**31.12.2019**	**31.12.2018**
Polipak Sp. z o.o.- Poland - interest	378 441	352 520
GR Sarantis SA, Greece - interest	164 826	
Polipak Sp. z o.o.- Poland - loan guarantee	72 356	79 041
Gr. Sarantis S.A.,Greece – loan guarantee	-	34 371
	615 623	**465 932**

Goods purchased from affiliated entities	**31.12.2019**	**31.12.2018**
Sarantis Czech Republic s.r.o	246 227	82 951
Gr. Sarantis SA, Greece	28 616 201	18 348 704
Sarantis Romania SA, Rumunia	17 527	215 004
Sarantis Hungary Kft., Hungary	20 681	31 801

Sarantis D.O.O., Serbia	42 278	8 317
Polipak Sp. z o.o., Poland	27 816 686	27 702 300
Ergopack LTD, Ukraine	17 744	-
Sarantis Bulgaria Ltd., Bulgaria	40	-
	56 777 384	**46 389 077**

Purchase of fixed assets	**31.12.2019**	**31.12.2018**
Gr. Sarantis S.A.,Greece	-	863
Polipak Sp. z o.o., Poland	-	85 300
	-	**86 163**

Other purchase affiliated entities	**31.12.2019**	**31.12.2018**
Gr. Sarantis SA, Greece	473 863	414 776
Polipak Sp. z o.o., Poland	1 614	4 585
Sarantis Bulgaria Ltd., Bulgaria	-	13 663
Sarantis Czech Republic s.r.o., Czech Republic	-	22 601
Sarantis D.O.O. Serbia	-	37 742
Sarantis Portugal LDA, Portugal	622	-
Sarantis Hungary Kft., Hungary	-	51 526
	476 099	**544 893**

Financial costs - affiliates	**31.12.2019**	**31.12.2018**
Sarantis Skopje Macedonia - interest	251 790	385 986
Gr. Sarantis SA, Greece – costs of loan guarantees	219 535	203 131
	471 325	**589 117**

13. Deferrals and accruals

Deferred expenses - assets	**31.12.2019**	**31.12.2018**
Subscriptions	3 798	2 445
Other deferrals: input VAT to deduction	3 621 964	2 924 434
Interest on the bond loan for GR Sarantis	62 580	-
Other	163 454	158 067
	3 851 796	**3 084 946**

14. Loans granted

	31.12.2019	**31.12.2018**
Loans granted – long-term	49 938 750	13 500 000
	49 938 750	**13 500 000**

Loans granted relate to loans granted to the subsidiary Polipak Sp. z o.o. and G.R Sarantis S.A. with a repayment date not earlier than 12 months from the balance sheet date.

15. Cash and cash equivalents

	31.12.2019	**31.12.2018**
Cash in hand	20 799	33 501
Cash in banks	575 863	58 545
Cash in bank of the Social Fund	47 525	24 322
Cash in transmit	214	-
	644 401	**116 368**

	31.12.2019	**31.12.2018**
In local currency	335 439	82 056
In foreign currency	308 962	34 312
	644 401	**116 368**

	31.12.2019	**31.12.2018**
Cash in EUR	285 090	12 542
Cash in USD	22 675	20 695
Cash in CHF	-	411
Cash in CNY	1 044	513
Cash in CZK	153	151
	308 962	**34 312**

Except the funds collected on the Company Social Fund account, the right to dispose of the other funds are unlimited. Concentration of credit risk connected with financial funds is limited because receipts from the sale are allocated proportionally in several financial institutions. Deposits are invested in this institution that offers the highest interest rate. According to the Polish law, the Company manages funds from Social Fund for its employees. The contribution paid on the Social Fund are deposited on the separate bank account.

16. Assets classified as held for sale

At the balance sheet date, the Company identified assets held for sale. As expected by the Company's Management Board, the assets will be sold during 2020.

Assets classified as held for sale	**31.12.2019**	**31.12.2018**
Land in Środa Wielkopolska	4 919 315	-
	4 919 315	**-**

17. Share capital and supplementary capital from the issuance of shares above their nominal value

Share capital of Sarantis Polska S.A. on 31 of December 2019 is 56 800 000 PLN and includes:

1 915 000 registered, not preferential A series shares
1 135 000 registered, not preferential B series shares
390 000 registered, not preferential C series shares
1 000 000 registered, not preferential D series shares
1 240 000 registered, not preferential E series shares

Nominal value of share is 10 PLN. GR Sarantis Cyprus Ltd. is the sole owner. Share capital has been paid in whole amount.
On 30 of November 2015 the Extraordinary General Meeting of the Company decided to increase the share capital by 10 000 000 PLN to the amount of 44 400 000 PLN, through the issue of new series D shares with a nominal value of 10 PLN each. All newly issued shares of Series D were acquired by the existing shareholder of the company GR Sarantis Cyprus Ltd. The amount of the capital increase was paid in full on 4 December 2015. Due to the registration of the share capital increase in the National Court Register on January 25, 2016, the amount of PLN 10 000 000 was presented on 31 December 2015 as the capital reserve.
On 4 May 2016, the Extraordinary General Meeting of the Company decided to increase the share capital by 12 400 000 PLN to the amount of 56 800 000 PLN, through the issue of new series E shares with a nominal value of 10 zł each. All newly issued shares were acquired by the existing shareholder of the company GR Sarantis Cyprus Ltd. The amount of the capital increase was paid on 20 May 2016 in the amount of PLN 7 000 000 and on 27June 2016 in the amount of 5 400 000 PLN.
On December 30, 2019, there was a merger of GR Sarantis Cyprus Ltd with GR Sarantis S.A. As a result of this merger, GR Sarantis S.A. became the sole shareholder of the Company.
Supplementary capital from the issuance of shares above their nominal value as at 31st December of 2019 is 1 055 603 PLN. It is a remained part of share premium (after the coverage of loss from the previous years), connected with the issuance of B series shares in 2003 (stock issue price was 20,12 PLN).

18. Retained profits and limitations connected with capital

	31.12.2019	31.12.2018
Profits retained from the previous years-supplementary capital	15 945 662	14 195 201
Profits retained from the previous years	28 449 436	12 653 608
Profit (loss) from previous years	-	(84 474)
Net profit in current period	23 468 733	21 880 763
Total retained profits	**67 863 831**	**48 645 098**

Based on § 396 of Code of Commercial Companies the Company is obligated to keep retained profits in 1/3 value of share capital. It can be used only for covering potential losses. The Company has to intend for this aim minimum 8% of current profit until it collects required equivalent 1/3 of share capital.
According to the resolution of the General Meeting of Shareholders dated 27 June 2019, the Company transferred to the reserve capital the amount of profit for 2018 years in the amount of 1 750 461 PLN.
Since 2010, the Company creates reserve capital from the distribution of profit for the payment of dividends. In 2019, the value of the reserve capital was increased by a part of the profit for 2018 in the amount of 15 880 302 PLN. The value of the reserve capital as at December 31, 2019 amounted to 28 449 436 PLN.
On June 27, 2019, the General Meeting of Shareholders decided to allocate a portion of the profit for 2019 in the amount of 4 250 000 PLN to pay dividends with a payment date of December 31, 2020. In 2019, no dividend was paid. The dividend paid in 2018 amounted to 30 008 180 PLN.

19. Suggested division of profit for 2019

The Management Board proposes a net profit for 2019, in amount of 23 468 733 PLN, allocate:

- in the amount of 21 591 234 PLN – to reserve capital
- in the amount of 1 877 499 PLN - to supplementary capital

20. Credits, loans and other liabilities

As at December 31, 2019, liabilities under loans totaled 49 470 619 PLN, including overdraft facilities in the amount of 17 531 869 PLN.
As at 31 December 2018 loan liabilities accounted for a total amount of 4 250 435 PLN.
On September 25, 2019, the Company took out a long-term loan of 7 500 000 EUR to finance the GR loan. Sarantis S.A. with a repayment date within 4 years of signing the contract.

At the end of the reporting period, the Company had multi-purpose banking lines for a total value of 56 900 000 PLN including available credit limits for a total value of 45 300 000 PLN.

All loans and multi-purpose lines used by the Company are secured by a corporate guarantee or surety agreement issued by GR Sarantis SA to the full amount. Overdraft facilities bear interest at a variable interest rate based on the WIBOR1M or EURIBOR1M / LIBOR1M reference rate plus the bank's margin.

In the period from January 29, 2019 to December 3, 2019, the Company benefited from a loan granted from Sarantis-Skopje from Macedonia in the amount of 3 000 000 EUR. The loan was repaid on December 3, 2019.

21. Leasing

The value of property, plant and equipment includes right-of-use assets with the following carrying amount that relate to the following classes of underlying assets and which were subject to the following depreciation charges in 2019:

The underlying asset class	**Carrying amount of the right of use**	**depreciation of the right of use**
	31.12.2019	**from 01.01 to 31.12.2019**
Buildings and structures	7 183 589	1 690 256
Total	**7 183 589**	**1 690 256**

The only leasing agreement in progress in 2019 is the lease of a high bay warehouse with a carrying value of the right of use in the amount of 7 183 589 PLN as at the balance sheet day. The leasing agreement was concluded until March 3, 2023.

Future minimum lease payments remaining as at the balance sheet date are:

	Lease payments payable in the period:			
	up to1 year	from 1 to 5 years	over 5 years	Total
As of 31.12.2019				
Leasing fees	1 787 436	4 021 731		-
Financial costs (-)	(116 857)	(106 836)		-
Current value	1 670 579	3 914 895	-	-

The Company does not recognize liabilities under short-term leases and leases in respect of which the underlying asset is of low value. In addition, contingent lease payments that depend on factors other than the index or rate are not included in the value of lease liabilities. In 2019, costs of car leasing constituting short-term leasing amounted to 1 833 681 PLN.

Total leasing expenditure in 2019 was:

	from 01.01 to 31.12.2019
Repayment of leasing liabilities	1 654 078
Interest repayment	157 911
Short-term leasing	1 833 681
Total expenses	**3 645 670**

As at the balance sheet date, the Company is obliged under short-term leases, to which it applies the simplification provided for in IFRS 16, to pay 212 000 PLN in the future

22. Financial instruments

Financial instruments in accordance with category:	**31.12.2019**	**31.12.2018**
Granted loans and own receivables:	**121 382 213**	**76 164 191**
- loans granted	49 938 750	13 500 000
- trade receivables	69 621 019	60 261 469
- other receivables	1 822 444	2 402 722
Cash	623 602	82 867
	122 005 815	**76 247 058**

Financial liabilities valued to the fair value by financial result

Trade liabilities	54 555 454	56 900 148
Loans and advances liabilities	17 531 869	4 250 435
Lease liabilities	5 529 511	-
Credit Suisse long-term loan liabilities	31 938 750	-

	109 555 584	**61 150 583**

Due to the short-term nature of the financial instruments, their fair value is not significantly different from their fair value.

23. Short-term trade payables and other liabilities

	31.12.2019	**31.12.2018**
Trade payables to affiliated entities	12 422 047	7 007 118
Trade payables to other entities	42 133 407	49 893 030
Liabilities towards to the State Budget	2 278 605	1 793 720
Prepayment from affiliated companies	1 761 053	465 961
Salary payables	-	27 513
Other liabilities	293 766	4 029 310
Other liabilities - affiliated companies	43 326	-
Special founds	21 445	6 817
Total short-term liabilities	**58 953 649**	**63 223 469**

Trade payables are interest-free and usually settled within 60-120 days.

			Overdue liabilities				
Year	**Total**	**Not overdue**	**< 30 days**	**30 - 60 day**	**60- 90 day**	**90-120 day**	**> 120 day**
2019	**54 555 454**	36 539 501	16 516 013	1 499 940	-	-	-
2018	**56 900 148**	40 774 335	14 459 876	1 631 354	21 692	12 891	-

Currency structure of short-term liabilities

	31.12.2019	**31.12.2018**
Liabilities in local currency	37 775 607	37 828 844
Liabilities in foreign currency	21 178 042	25 394 625
	58 953 649	**63 223 469**

	31.12.2019	**31.12.2018**
Liabilities in EUR	18 062 969	19 329 743
Liabilities in USD	3 115 073	6 064 882
	21 178 042	**25 394 625**

24. Income tax liabilities

	31.12.2019	**31.12.2018**
Income tax liabilities	-	1 168 355
	-	**1 168 355**

25. Sales revenue

	31.12.2019	**31.12.2018**
Revenue from goods sales	196 470 764	204 299 053
Revenue from products sales	92 702 575	93 419 456

Revenue from materials sales	748 006	291 646
	289 921 345	**298 010 155**

	31.12.2019	**31.12.2018**
Revenue from domestic sales	229 948 062	236 729 143
Revenue from export	59 973 283	61 281 012
	289 921 345	**298 010 155**

The Management statement includes detailed information about sales structure and basic factors affected on the sales value.

26. Other revenue

	31.12.2019	**31.12.2018**
Profits from sales of services	145 192	67 627
Provision expense reversal	-	97 045
Profits from sales of fixed assets	-	1 992
Received compensations	63 807	19 926
Reversal of provision for bad debts	10 478	9 838
Return of court fees	3 733	2 121
Stock count differences	-	11 960
Other	19 405	110 749
	242 615	**321 258**

27. Other operating costs

	31.12.2019	**31.12.2018**
Liquidation and decomposition of inventories	1 046 208	1 088 940
Provision for bad debts	53 734	35 063
Costs of legal proceedings	3 170	1 572
Donations	4 968	21 574
Insurance of receivables	191 960	158 759
Liquidation of property damages costs	36 557	33 025
Provisions for other operational costs	117 786	315 370
Provisions for retirement benefit	8 219	-
Others	515 145	28 971
Stock count differences	14 073	-
Anti-dumping duty	34 668	-
	2 026 488	**1 683 274**

28. Financial costs and revenues

Financial revenue	**31.12.2019**	**31.12.2018**

Interest revenue	544 185	352 520
Interest on receivables	82 198	142 521
Bank interest	3 547	63 678
Polipak dividend	7 774 767	1 403 372
Others	48	92
	8 404 745	**1 962 183**

Financial costs	**31.12.2019**	**31.12.2018**
Interest on liabilities	13 271	6 917
Bank interest	601 084	225 925
Interest on loans	251 790	385 896
Commissions, charges	318 777	502 261
Net exchange rate differences	116 655	1 379 860
Costs of loan guarantees	147 179	89 719
Interest under the leasing agreements	157 911	-
	1 606 667	**2 590 578**

29. Income tax

Major components of income tax for the years ended 31 December 2019 and 31 December 2018 are as follows:

	31.12.2019	**31.12.2018**
Current income tax	3 233 399	4 693 877
Creation/ reversal of deferred tax	701 410	205 369
Corrections of income tax from the previous years	-	-
Income tax shown in the profit and loss account	**3 934 809**	**4 899 246**

The difference between the amount of income tax shown in the profit and loss account and the amount calculated on the basic of tax rate is resulting from the following items:

	31.12.2019	**31.12.2018**
Gross financial results	27 403 542	26 780 009
The amount of the tax according to the tax rate **19%**	5 206 673	5 088 202
- tax effects of costs which are not revenue-earning costs	(1 271 864)	(188 956)
Current income tax	**3 934 809**	**4 899 246**
Effective tax rate	**14,36%**	**18,29%**

30. Credit risk management

The overall objective of the Company's market risk management is to reduce the volatility of cash flows and potential economic losses caused by the events that may have a negative impact on the individual. Market risk management includes identification, measurement and definition of risk mitigation, including aspects related to currency exchange rates and interest rates.

Credit risk

Credit exposure is monitored currently according with the credit policy realized by the Company. Evaluation of credibility is conducted in relation with clients lending needs over the determined amount. Blank promissory note from certain clients is a security for the Company. The part of the foreign receivables is insured in reputable insurance corporation. Additionally, receivables are regularly monitored by financial department.
Sales is stopped and receivables collection is started in connection with overdue receivables according with procedures.
The company is exposed to risk, that the creditors do not pay for their liabilities and cause the Copmany`s losses. The maximum exposition to risk is 71 036 282 PLN.

			Overdue receivables, which do not lose their values				
Year	**Total**	**Not overdue**	**< 30 days**	**30 - 60 days**	**60- 90 days**	**90-120 days**	**> 120 days**
2019	71 036 282	71 036 282	-	-	-	-	-
2018	61 613 267	61 215 711	-	397 556	-	-	-

As of 31 December 2019, 75% of all receivables were receivables from the hypermarkets, 13% from the clients of open market and 12% from the foreign customers. The Management Board considers that there is not significant concentration of credit risk, because of the great number of customers. Allowances for bad debts was made for receivables difficult to collect.
Credit risk connected with bank deposits in amount of 623 602 PLN, derivatives and other investments is not significant because the Company engages in transactions with institutions with established financial position.

Interest rate risk
Interest rate risk is associated with interest-bearing assets and liabilities. Interest rate fluctuations affect the financial costs and incomes. Increase of interest rates affects increase of the Company's financial cost, especially the cost of interest and the increase of accrued interest.
Sensitivity of gross financial results to exchange rates fluctuations which are rationally possible is presented in following table:

Interest rate risk

Financial statements item	Accounting value of financial instruments	Average interest rate in 2019	Influence on financial results (Increase by100 pb)	Influence on equity capital (Increase by 100 pb)	Influence on financial results (Decrease by100 pb)	Influence on equity capital (Decrease by100 pb)
Variable rate of interest assets Cash at bank	623 602	0,50%	6 236	6 236	-6 236	-6 236
			6 236	6 236	-6 236	-6 236

Exchange rate risk

Transactions of purchase goods in foreign currency are the main sources of exchange rate risk. Significant part of trade payables is in foreign currency specially in EUR and USD. The sales is generally conducted in Polish currency.

Sensitivity of financial results to USD, EUR, CHF, CNY and CZK exchange rates fluctuations which are rationally possible is presented in following table:

Exchange rate risk

Financial statement item	Accounting value of financial instruments	Average exchange rate in 2019	Influence on financial results (Increase by20%)	Influence on equity capital (Increase by 20%)	Influence on financial results (Decrease by20%)	Influence on equity capital (Decrease by20%)
Assets denominated in currency						
Receivable in EUR	7 781 153	4,2988	1 556 231	1 556 231	-1 556 231	-1 556 231
Receivable in USD	202 998	3,8399	40 600	40 600	-40 600	-40 600
Receivable in CZK	1 016	0,1675	203	203	-203	-203
Cash in EUR	285 090	4,2988	57 018	57 018	-57 018	-57 018
Cash in USD	22 675	3,8399	4 535	4 535	-4 535	-4 535
Cash in CNY	1 044	0,5559	209	209	-209	-209
Cash in CZK	153	0,1675	31	31	-31	-31
Liabilities denominated in currency						
Liabilities in EUR	18 062 969	4,2988	-3 612 594	-3 612 594	3 612 594	3 612 594
Liabilities in USD	3 115 073	3,8399	-623 015	-623 015	623 015	623 015
Total			-2 576 783	-2 576 783	2 576 783	2 576 783

Liquidity risk

The Company is exposed to liquidity risk arising from of the relationship of current liabilities to current assets. Operating activities are carried out under the assumption of maintaining a constant excess liquidity and credit lines. Receivables units are analyzed in Note 10. In accordance with the age structure, 100% of receivables are not overdue on 31 December 2019, and 100% as of 31 December 2018. Management believes that the carrying value of financial assets and liabilities reflect their fair value. In the opinion of the Management Board, because of a significant amount of cash on the balance sheet date, available credit, and good standing of the Company's financial result, the liquidity risk should be assessed as insignificant.

The maturity analysis of financial liabilities in 2019 and 2018 was as follows:

			Liabilities due in the period				
Year	**Total**	**Due before**	**< 30 days**	**30 - 60 days**	**60- 90 days**	**90-120 days**	**> 120 days**
2019	54 555 454	18 015 953	19 510 122	11 320 573	4 297 472	1 411 334	-
2018	56 900 148	16 125 813	19 384 504	14 489 252	5 295 193	1 605 386	-

Price risk

Price of materials is a component which has a major impact on the total profitability of Company. Changes in prices of purchasing raw materials can result from the international demand trends for the selected materials and from the exchange rates. In connection with big fluctuations of raw materials prices on the world markets and exchange rates, purchase department makes comparative analysis of purchases from different sources, to measure profitability of domestic and foreign purchases. It is a one of main instruments of price risk minimization. Another way to minimize price risk is a use of derivatives e.g. forwards to minimize fluctuations of exchange rates. The Company regularly monitors the profitability of individual products and on the basis of these data takes action related to the optimization of the purchase price or the sale of products.

31. Capital management

The main purpose of company capital management is retaining a good credit rating and safe capital indexes, which will support operational activity of the Company and increase value for its shareholders. The Company manages the capital structure and as a result of the economic changes conditions it enters a adjustments are made. For the purpose of retaining or correcting of capital structure, the company can regulate the dividend payment for shareholders, return the capital to shareholders or issue new shares.
In 2016 and 2015 years were issues of new shares of series D and E, which have been acquired by the sole shareholder of the Company. Paid-up share capital in the total amount of 22 400 000 PLN, was intended for investment purposes.

32. Conditional liabilities

	31.12.2019	**31.12.2018**	**Expiry date**
Guarantee issued for MLP Pruszków III Sp. z o.o. for security of liabilities execution	180 559 EUR	174 059 EUR	31.12.2020 r.
Guarantee issued for TDP Sp. z o.o. for security of liabilities execution	-	60 000 PLN	31.12.2018 r.
Guarantee issued for the Director of the Tax Administration Chamber in Warsaw, which is a security for the value of presents for a promotional lottery (Kolastyna brand)	-	41 670 PLN	19.05.2019 r.
Loan repayment guarantee for Polipak Sp. z o.o. for Bank Handlowy in Warsaw	-	10 000 000 PLN	31.12.2019 r.
Liabilities repayment guarantee for Polipak Sp. z o.o. for Millennium Bank S.A.	-	13 000 000 PLN	13.06.2021 r.
Liabilities repayment guarantee for Ergopack Ltd for Rymoplast Polska Sp. z o.o..	-	200 000 EUR	31.07.2019 r.
Letters of credit opened in banks:	1 876 777 USD	2 319 911 USD	

33. Tax settlements

Regulations regarding VAT, corporate and personal income tax, social insurance contributions are liable to frequent changes. As a result, there are often no references to recorded regulations or legal precedents. Regulations which are in force are ambiguous, causing differences in opinions about legal interpretations of tax regulations between bodies of state administration and companies. Tax settlements and other settlements (e.g. customs and currency) can be a subject of control conducted by bodies of state administration, which are able to impose significant fines, and additional liabilities may be charged with interest. These facts create tax risk in Poland which is higher than in countries with more developed tax systems. Tax settlements may be subject to inspection for a period of five years from the end of the year in which the tax was due. As a result of inspections, the existing tax settlements may be subject to additional tax liabilities.

34. The reasons of differences between balance sheet changes of some items and changes resulting from cash flow statement

	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018 *(transformed data)*
Balance sheet change of trade receivables and other receivables	(9 707 998)	4 564 965
Change in income tax receivables	545 061	-
Change in interest receivable on loan	9 555	-
Write-off for receivables related to retained earnings from previous years	-	(104 289)
Change of receivables in cash flow	**(9 153 382)**	**4 460 676**

	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Balance sheet change of long term liabilities	35 814 420	-
Balance sheet change of trade liabilities and other liabilities	13 747 099	13 647 433
Change in liabilities due to loans and advances	(45 220 184)	(4 250 435)
Change in lease liabilities	(5 529 511)	-
Change in income tax liability	1 168 355	458 891
Change in financial liabilities due to dividends	(4 250 000)	-
Change resulting from investment liabilities	2 802 195	(3 002 235)
Change of liabilities in cash flow	**(1 467 625)**	**6 853 654**

	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Net accounting value of fixed assets sold	41 546	82
Profit from fixed assets sold	(34 668)	1 992
Liquidation fixed assets	-	2 352
Change resulting from investment receivables	-	-
Income from fixed assets and intangibles sale	**6 878**	**4 426**

	01.01.2019-31.12.2019	01.01.2018 - 31.12.2018 *(transformed data)*
Accounting value of fixed assets and intangibles purchased	3 296 963	13 183 979
Change resulting from investment liabilities	2 802 195	(3 002 236)
Expenses for purchase of fixed assets and intangibles	**6 099 158**	**(10 181 743)**

35. Structure of employment

Average employment in Company was as follows:

	31.12.2019	31.12.2018
Sales and marketing	109,9	110,7
Storage and production	73	76,0
Administration	62,2	62,4
	245,1	**249,1**

36. Salaries of key management personnel

Total value of salaries paid in 2019 for key management personnel was 5 847 299 PLN. In 2018 total amount of salaries paid for key management personnel was 6 019 192 PLN. There were no payments in form of company's shares and no long-term benefits for employees.

37. Events after date of balance sheet day

On 27 of January 2020, the Company received a loan of 3 500 000 EUR from Sarantis-Skopje from Macedonia with a repayment date of 31 December 2020.

On February 21, 2020, the agreement for the purchase of the Luksja brand by the Sarantis Group was approved by the Office of Competition and Consumer Protection. The final contract was signed on February 28, 2020. Simultaneously with the contract for the purchase of the Luksja brand, a distribution contract was signed, under which Sarantis Polska became the sole distributor in Poland and in Central and Eastern European countries of brands such as Carex, Original Source, Morning Fresh, Imperia Leather and Bayleys of Bond Street.

The Management Board:

President of the Board	*Vice President of the Board*	*Vice President of the Board*	*Member of the Board*
Kyriakos Sarantis	*Konstantinos Rozakeas*	*Konstantinos Stamatiou*	*Meintanis Vasileios*
Member of the Board	*Member of the Board*	*Member of the Board*	
Grigorios Sarantis	*Elpiniki Sarantis*	*Grigorios Sarantis*	