



**Financial Statement of Sarantis Polska S.A.
for the period
from 1 January 2016 to 31 December 2016**

INTRODUCTION TO THE FINANCIAL STATEMENT 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 16.11.2001 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 2016 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

Antonios Ayiostratitis – 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

In the period from 1 January to 31 December 2016, the following changes occurred in the composition of the Management Board:

- February 29, 2016 years - Nikos Evangelou resignation from the position of Vice President and appointment to this

position of Konstantinos Stamatou

- September 22, 2016 were appointed to the Management Board the following persons:

Meintanis Vasileios – Member of the Board

Antonios Ayiostratidis – Member of the Board

Grigorios Sarantis – Member of the Board

Elpiniki Sarantis – Member of the Board

Grigorios Sarantis – Member of the Board

3. Supervisory Board

The composition of the Supervisory Board as of 31 December 2016 was as following:

Pantazis Sarantis

Elpiniki Sarantis

Aikaterini Sarantis

In the period from 1 January to 31 December 2016, the following changes occurred in the Supervisory Board:

- February 29, 2016, was dismissed Konstantinos Stamatou
- September 22, 2016 was appointed Elpiniki Sarantis and Aikaterini Sarantis and were dismissed Vasileos Mentanis and Grigorios 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 Cyprus Ltd. , Cyprus

6. Name of the ultimate parent company

GR Sarantis SA, Greece

7. Principles of presentation

Information on principles adopted for preparation of financial statement for 2016

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 2016 and the comparative period from 1 January to 31 December 2015.

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 2016 and 31 December 2015, results of its activity and cash flows for the year ended 31 December 2016 and 31 December 2015.

8. 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.

Piaseczno, 14th February 2017.

The Management Board:




*President of the Board
Kyriakos Sarantis*



*Vice President of the Board
Konstantinos Rozakeas*




*Vice President of the Board
Konstantinos Stamatou*



*Member of the Board
Meintanis Vasileios*



*Member of the Board
Antonios Ajiostiritis*



*Member of the Board
Grigoris Sarantis*



*Member of the Board
Elpiniki Sarantis*



*Member of the Board
Grigoris Sarantis*

9. Significant 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

Fixed assets, excluding land and investment property, are estimated at cost which consists acquisition cost and direct costs related to bringing the fixed asset into use. Fixed assets are depreciated and subject to impairment allowances. The cost of current maintenance of property, plant and equipment is recorded in the financial result during the period when they are incurred. The cost of significant repairs and regular maintenance programs is recognized as property, plant and equipment and depreciated in accordance with their economic useful lives. 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 - 12 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

Finance lease

A lease contract, under IAS 17, is regarded as a finance lease if it transfers substantially all risks and rewards incidental to ownership of the leased asset.

Assets used under lease, tenancy, rental or similar contracts which meet the criteria defined in IAS 17, "Leases, are regarded as non-current assets and recognized at the lower of fair value of the leased asset at the commencement of the lease term and the present value of the minimum lease payments.

Depreciation methods for leased assets being depreciated are consistent with normal depreciation policies applied for similar Company owned assets and depreciation is calculated in accordance with IAS 16 and IAS 38.

If it is not certain that the lessee will obtain title to the asset before the end of the lease term, the asset is depreciated over the shorter of the lease term or the asset's economic useful life.

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 2 - 50 years

Acquired computer software 2 - 22 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 valued 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 valued 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 valued 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 valued 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 invoiced amounts which are not an income.

Equity capital

Equity capital is divided by the types accordance with law 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 funds 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 valued 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:

<i>Exchange rate at the day</i>	<i>31.12.2016</i>	<i>31.12.2015</i>
USD	4,1793	3,9011
EUR	4,4240	4,2615
CHF	4,1173	3,9394

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

New or amended standards and interpretations effective from 1 January 2016 and their impact on the Company's financial statements:

The amendments to IAS 19 "Employee Benefits"

The amendment involve clarifying the rules of conduct in case, when employees make contributions to cover the costs of defined benefit plan. The amendment in the European Union came into force for annual periods beginning on 1 February 2015 or later. The amendment did not affect the Company's financial statements, because the Company does not offer the defined benefit plans its employees. The amendment did not have a material impact on the Company's financial statements, because employees do not make contributions to cover the costs of defined benefit plans.

Amendments to IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 38 and IAS 24 resulting from the "Project of the annual amendments: cycle 2010-2012", which in the European Union went into force for annual periods beginning on February 1, 2015 or later. Amendments to the standards include:

- IFRS 2: The Board further clarified the standard changing or introducing new definitions of the following terms: market condition, the condition of the provision of services, the condition of vesting, the performance condition. The amendment did not affect the Company's financial statements.
- IFRS 3: The Board further clarified the rules for the valuation of conditional payment after the acquisition date, to be compatible with other standards (primarily with IFRS 9 / IAS 39 and IAS 37). The amendment did not affect the Company's financial statements.

- IFRS 8: The Board imposed on entities engaged in combining the operating segments requirement of additional disclosures regarding the combined segments and economic characteristics, due to which they joint. The amendment does not affect the Company's financial statements, because there were no connecting segments.
- IFRS 8: standard after the amendment provides that the requirement to disclose arrangements of total segment assets disclosed in the balance sheet is mandatory only if the value of the assets is disclosed by each segment. The amendment did not affect the Company's financial statements, because all activity is conducted in one segment.
- IAS 16 and IAS 38: The Board introduced the correction rules for calculating the gross amount and the accumulated amortization of the asset (an intangible asset) for the application of the revaluation model. The amendment did not affect the Company's financial statements because the Company does not apply the revaluation model.
- IAS 24: The definition of a related party has been extended to service providers of key management personnel. An appropriate disclosure has been also added. The amendment did not affect the Company's financial statements, because the responsibilities of the key management personnel have not been entrusted to other entities.

Amendment to IFRS 11 "Joint Arrangements to Contracts"

Under the amendment, an entity acquires an interest in a joint business constituting business (enterprise) will have to include the assets and liabilities of joint operations in applying the principles set out in IFRS 3, and thus, among others, value assets and liabilities at fair value and determine the value of the company. This amendment is effective for annual periods beginning January 1, 2016 or later. The amendment did not affect the Company's financial statements, as there were no such transactions.

Amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible assets"

According to the amendment of the method of depreciation of fixed assets based on the revenues earned from the use of the asset is not allowed. In case of intangible assets use of such methods has been limited. This amendment is effective for annual periods beginning January 1, 2016 or later. The amendment did not affect the Company's financial statements as the Company only uses straight-line depreciation method.

Amendment to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"

The amendment provides that the plant production (eg. Vines, fruit trees) will be excluded from the scope of IAS 41 and included in the scope of IAS 16 as being produced in-house assets. Due to this amendment it will not be necessary to determine the valuation of these plants at fair value at each balance sheet date, which up to now was required by IAS 41. This amendment is effective for annual periods beginning January 1, 2016 or later. The amendment did not affect the Company's financial statements as the Company does not conduct agricultural activities.

The amendments to IAS 27 "Separate Financial Statements"

According to the amendment, in the separate financial statements the shares in the subsidiary, joint venture or associate will be able to be valued at the equity method. To date, IAS 27 provided only for valuation in the purchase price or in accordance with IFRS 9 / IAS 39. This amendment is effective for annual periods beginning January 1, 2016 or later. The amendment did not have impact on the financial statements of the Company because the Company applies the cost method to the valuation of shares in subsidiaries.

Amendment in IAS 27 "Separate Financial Statements"

According to the amendment, in separate financial statements the shares in the subsidiary, joint venture or associate also will be able to be valued at the equity method. To date, IAS 27 provided only for valuation in the purchase price or in accordance with IFRS 9 / IAS 39. This amendment is effective for annual periods beginning January 1, 2016 or later. The amendment did not affect the Company's financial statements, since it was decided not to make use of the equity method.

Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34 resulting from the "Annual Improvements Project: Cycle 2012-2014", which entered into force for annual periods beginning on or after January 1, 2016 or later. Amendments to the standards include:

- IFRS 5: the amendment stipulates that if a company has changed the destiny of assets held intended for available for sale directly to intended for distribution to owners, or from intended for distribution to owners to available for sale, this means a continuation of the original plan and does not reverse the corrections made. The amendment did not affect the Company's financial statements, as there were no such transactions.
- IFRS 7: the amendment clarifies that the applicable from 2013, the disclosure requirements of the positions reported in net amounts do not apply to condensed interim financial statements, unless this information is required to be disclosed under the general rules of IAS 34. The amendment did not the impact on the Company's financial statements, since it concerns only the condensed interim financial statements.
- IFRS 7: The amendment introduces a new indicator that allows to evaluate whether involvement in transferred assets has been maintained. If the entity has transferred the assets, but has entered into a service agreement in which remuneration is dependent on the amount and maturity of the asset transferred, this means that an entity is continuing involvement in the asset. The Company concluded analyzed the transactions and assessed that this amendment does not affect them.
- IAS 19: The standard allows the use of a discounted cash interest rates appropriate for treasury securities if the market for the securities of commercial entities is illiquid. The change to the standard specifies that the depth of the market should be evaluated in terms of the currency of these securities, and not the country. The company analyzed the situation on the security markets and considered that this amendment has no impact on its report.
- IAS 34: standard allows for certain information required by IAS 34 for condensed interim financial statements to be presented in other documents that such interim statements accompany, for example, in the statement of operations. If the information is contained in the accompanying documents, a clear reference must be posted in the interim financial statements to the places where it is disclosed. Additional documents must be available to users on the same conditions and at the same time as the interim financial statements. Otherwise, the interim financial statements will be considered incomplete. The amendment apply only to the interim financial statements, therefore there in not any to these statements. The Company does not intend to use the options approved by the amended IAS 34.

Amendment to IAS 1 "Presentation of Financial Statements"

IAS Board, as part of a larger project that will lead to greater transparency and to avoid excessive disclosures in the financial statements, has published a number of amendments to IAS 1. The amendments include the following aspects:

- The Board points out that the inclusion of too many irrelevant information in the financial statements makes the financial statement unreadable and is contrary to the principle of relevance,
- required by the standard items in the income statement or other integral income and statement of financial position can be disaggregated,
- requirements were added for subtotals placed in a report with the result and other comprehensive income and the statement of financial position,
- the sequence of notes to the financial statements depends on the decision of the company, but its comprehensiveness and comparability should be ensured.

This amendment is effective for annual periods beginning January 1, 2016 or later. The Company has performed an analysis of its current financial statements and concluded that it applies the amended rules, therefore its financial statements do not require any changes.

Amendment to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"

IAS Board added another exemption from consolidation or application of the equity method in case of investment units:

- if the parent company is a mid-level subsidiary of the investment unit, which recognizes its investments at fair value in accordance with IAS 39 / IFRS 9, then such a parent company of mid-level may not prepare consolidated financial statements,
- if the investor is dependent on the investment unit, which recognizes its investments at fair value in accordance with IAS 39 / IFRS 9, then such investor does not have to apply the equity method in accounting for its investments in joint ventures and associates,

Investment unit is required to consolidate subsidiaries that provide ancillary services; however, if such a subsidiary is itself an investment entity, it is not consolidated.

This amendment is effective for annual periods beginning January 1, 2016 or later. The Company is not an investment entity and does not belong to the Company, which has investment unit, so amendment has no impact on the consolidated financial statements.

Standards and interpretations effective in the version published by the IASB but not endorsed by the European Union, are presented below in the section concerning standards and interpretations, which have not come into force.

Application of the standard or interpretation before their date of entry into force:

In these financial statements, voluntary early application of a standard or interpretation was not applied.

Published Standards and interpretations that have not come into force for period beginning on 1 January 2016 and their impact on the Company's.

Until the date of preparation of these consolidated financial statements, the following new or amended standards and interpretations effective for annual periods following 2016 years were published:

The new IFRS 9 "Financial Instruments: Classification and Measurement"

The new standard will replace the current IAS 39. Amendments made by the accounting standard for financial instruments mainly include:

- Other categories of financial assets, on which method of valuation of assets depends; allocation of assets is to be made depending on the business model relating to the asset.
- New rules for hedge accounting reflecting risk management to a greater extent,
- A new model for loss of financial assets based on expected losses causing the need for faster recognition of costs in the financial result.

The standard is effective for annual periods beginning on or after January 1, 2018 or later. The Company is currently assessing the impact of the standard on the consolidated financial statements. The Company estimates that a significant impact on the financial statements will change the impairment model, but is not yet able to determine the amount of influence.

New IFRS 14 "Regulatory deferral Accounts"

The new standard applies only to entities that make transition to IFRS and operate in sectors in which the state regulates the prices used, such as natural gas, electricity or water. Standard allows for the continuation of the accounting policy on revenue recognition from such activities used before the transition to IFRS, both in the first report according to IFRS, as well as later. The new regulations will not affect the consolidated financial statements of the Company because it already uses IFRS. The standard is effective for annual periods beginning on 1 January 2016 or later, but it will not be approved for use in the European Union.

New IFRS 15 "Revenue from Contracts with Customers"

The new standard replaces IAS 11 and IAS 18, and provides a consistent revenue recognition model. The new 5-step model will make the recognition of revenue from the customer dependent upon the control of the good or service. In addition, the standard introduces additional disclosure requirements and guidance on several specific issues. The Company has not completed the analysis of the impact of the standard on the financial statements, but preliminary estimates indicate that revenue recognition will not change significantly.

The standard is effective for annual periods beginning on or after January 1, 2018 or later.

Amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"

The current rules governing the settlement of loss of control over a subsidiary foresaw that they are recognized at the moment the profit or loss. In turn, the rules for applying the equity method, said that the result of transactions with entities valued using the equity method and recognized only to the extent of the other shareholders of those entities.

In a situation where the parent company sells/takes a stake in the subsidiary to an entity valued using the equity method in such a way that it loses control, the above-cited regulation would conflict with each other. Amendment to IFRS 10 and IAS 28 eliminates this collision as follows:

- If the entity over which control was lost is an enterprise (business), the result on the transaction is recognized in full,
- If the entity over which control was lost is not an undertaking, the result is recognized only to the extent of other investors.

The introduction of this amendment has been paused.

New IFRS 16 "Leases"

The new standard regulates lease agreements (including rental and lease agreements) provides a new definition of the lease.

Significant changes relate to the lessees: standard requires recognition in the balance sheet - for each lease agreement - of "the right to use the asset" and the corresponding financial liability. The right to use the asset is then depreciated, while the liability is at amortized cost. The standard provides for the simplification of short-term contracts (up to 12 months) and assets of low value.

The accounting treatment of leases from the lessor site is similar to the principles set out in the current IAS 17.

The company estimates that the new standard will have a material impact on its financial statements, but did not yet complete the process of determining value. The amendments are effective for annual periods beginning on or after January 1, 2019 or later.

The amendments to IAS 12 "Income Taxes"

IAS Board clarifies the following principles:

- on the recognition of deferred tax assets in the event of unrealized losses,
- calculation of future tax profits necessary to recognize deferred tax assets.

The Company estimates that the amendment will not have a material impact on its financial statements. The amendment is effective for annual periods beginning on or after January 1, 2017 or later

The amendments to IAS 7 "Statement of Cash Flows"

The revised standard requires entities to disclose information that enables users of financial statements to evaluate changes in the debt of the unit (ie. A change of loans and borrowings).

The Company estimates that the amendment will entail the need to supplement the disclosure of new data. The amendment is effective for annual periods beginning on or after January 1, 2017 or later.

Amendment to IFRS 2 "Share-based Payments"

IAS Board regulated three issues:

- accounting for the valuation of the program regulated in cash conditions other than vesting conditions,
- classification of share-based payments, if the entity is required to withhold tax from the employee,
- modification of the program, which results in a change of the program paid in cash to the program settled in equity instruments.

The Company estimates that the change of the standard will have not any impact on the financial statements due to the fact that there were no transactions covered by the amendments.

The amendment is effective for annual periods beginning on or after January 1, 2018 or later.

Amendment to IFRS 4 "Insurance Contracts"

Following the introduction in 2019 years of the new standard on financial instruments (IFRS 9) The IAS has introduced a temporary (until the entry into force of the new standard on insurance) rules for applying the new accounting rules instruments in the financial statements of insurers. Otherwise, the results would be subject to considerable variation.

Proposed two alternative approaches:

- Correcting the volatility caused by IFRS 9 for some assets through a separate item in the statement of the result and other comprehensive income,
- Exemption from the application of IFRS 9 until the entry introduction of the new standard for insurance (or 2021).

Changing the standard will not affect the Company's financial statements due to the fact that it does not carry insurance business.

The amendments are effective upon adoption of IFRS 9.

Amendments to IFRS 1, IFRS 12 and IAS 28 resulting from the "Annual Improvements Project: 2014-2016 cycle."

Amendments to the standards include:

IFRS 1: some short-term relief instances were removed, which were used during the transition to IFRS due to the fact that the concerned periods that have already passed and their use is no longer possible. The amendment will not have any impact on the Company's financial statements, since they are already prepared according to IFRS.

IFRS 12: clarifies that the disclosures for interests in other entities required to this standard also apply when these shares are classified as held for sale in accordance with IFRS 5. The amendment will not affect the Company's financial statements, because it does not qualify as shares held for sale.

IAS 28: clarifies that in cases where IAS 28 allows the valuation of the investment or the equity method or at fair value (for organizations managing venture capital, mutual funds etc. or shares in investment), this choice can be made separately for each of the such investments. The amendment will not have any impact on the Company's financial statements, as there were no transactions affected by these changes.

The amendment will come into effect for annual periods beginning on 1 January 2017 (IFRS 12) or 1 January 2018 (IFRS 1 and IAS 28).

The amendments to IAS 40 "Investment Property"

The amendment specifies rules according to which the property is reclassified into/out of the category of investment property from/to fixed assets or inventory.

First of all, reclassification occurs when there is a change to usage and this change must be proven. Standard explicitly says that a change in the intentions of the board itself is not sufficient.

Amendment to the standard should to be applied to all changes in use that occur after the entry into force of the revised standard and to all investment property held as at the date of introduction of the amendment.

The Company estimates that the amendment of the standard will not have any impact on its financial statements because the Company does not have investment property.

The amendment is effective for annual periods beginning on or after January 1, 2018 or later.

The new IFRIC 22 "Foreign exchange transactions and advances"

The interpretation clarifies what exchange rate should be followed in the event of sale or purchase of foreign currency, which are preceded by the receipt or payment of advance payments in this currency. According to a new interpretation, an advance on the date of payment should be included at the exchange rate on that day. Then, in the moment of recognition in the profit and loss of revenue achieved in the currency or cost or purchase price, an asset must be included at the rate of recognition of the advance and not at the exchange rate of the day, when income or expense or asset recognized.

The company estimates that the new interpretation will not have a material impact on its financial statements, as advance payments for future deliveries occur sporadically. The interpretation is effective for annual periods beginning on or after January 1, 2018 or later.

Piaseczno, 14th February 2017


The Management Board:




President of the Board
Kyriakos Sarantis



Vice President of the Board
Konstantinos Rozakeas




Vice President of the Board
Konstantinos Stamatou




Member of the Board
Meintanis Vasileios



Member of the Board
Antonios Ayiostratilis



Member of the Board
Grigorios Sarantis



Member of the Board
Elpiniki Sarantis



Member of the Board
Grigorios Sarantis

STATEMENT OF FINANCIAL POSITION
for the period ended on 31 December 2016

	Note	31 December 2016	31 December 2015
ASSETS			
Fixed assets			
Property, plant and equipment	1	3 345 413	4 071 906
Intangible assets	2	12 089 255	12 630 093
Perpetual usufruct of land	3	1 462 980	1 462 980
Shares in affiliated companies	4	19 499 060	19 499 060
Loans granted	11	13 529 676	-
Deferred tax assets	5	1 539 038	1 675 843
Total fixed assets		51 465 422	39 339 882
Current assets			
Inventory	6	42 678 705	38 439 715
Trade and other receivables	7	74 935 199	70 170 413
Receivables from income tax	8	-	354 617
Transitional accounts	10	3 433 635	3 139 927
Cash and cash equivalents	12	336 830	14 450 714
Total current assets		121 384 369	126 555 386
TOTAL ASSETS		172 849 791	165 895 268
		31 December 2016	31 December 2015
LIABILITIES			
Equity			
Nominal share capital	13	56 800 000	34 400 000
Nominal share premium	13	1 055 603	1 055 603
Reserve capital for share capital increase	13	-	10 000 000
Retained profits	14	39 842 199	41 189 929
Total equity		97 697 802	86 645 532

Long-term liabilities

Provision for retirement benefits		228 593	-
Deferred tax provision	5	1 578 632	1 609 875
Total long-term liabilities		1 807 225	1 609 875

Short-term liabilities

Trade and other liabilities	18	49 723 372	59 700 421
Bank loan liabilities		234 858	-
Tax liabilities	19	787 745	-
Dividend payable		17 785 837	12 371 364
Accruals and deferrals	10	4 812 952	5 568 076
Total short-term liabilities		73 344 764	77 639 861
Total liabilities		172 849 791	165 895 268

The Management Board:

Kyriakos Sarantis
President of the Board
Kyriakos Sarantis

Konstantinos Rozakeas
Vice President of the Board
Konstantinos Rozakeas

Konstantinos Stamatou
Vice President of the Board
Konstantinos Stamatou

Meintanis Vasileios
Member of the Board
Meintanis Vasileios

Antonios Avouratidis
Member of the Board
Antonios Avouratidis

Grigorios Sarantis
Member of the Board
Grigorios Sarantis

Elpiniki Sarantis
Member of the Board
Elpiniki Sarantis

Grigorios Sarantis
Member of the Board
Grigorios Sarantis

STATEMENT OF COMPREHENSIVE INCOME
for the period ended on 31 December 2016

	Note	31 December 2016	31 December 2015
Continuing of activity			
Sales income	20	311 480 896	299 040 743
Other income	21	1 802 597	646 884
Change of the inventory product balance		1 506 198	(1 155 469)
Cost of work performed by the entity for its own needs		2 774 883	1 996 006
Depreciation		(1 397 513)	(1 951 215)
Consumption of materials and power		(71 071 893)	(64 921 994)
External services		(62 047 729)	(60 643 982)
Taxes and fees		(392 932)	(165 574)
Salaries		(18 372 179)	(17 608 819)
Social insurance and other benefits		(3 265 252)	(3 417 527)
Other cost by nature		(630 844)	(821 190)
Cost of trade goods and materials sold		(135 239 623)	(132 322 732)
Other costs	22	(3 809 731)	(923 904)
Total cost on operating activity		(291 946 615)	(281 936 400)
Profit from operating activities		21 336 878	17 751 227
Financial revenues	23	316 478	115 083
Financial expenses	23	(1 255 483)	(706 729)
Net financial revenues and expenses		(939 005)	(591 646)
Profit before tax		20 397 873	17 159 581
Income tax	24	(3 959 766)	(3 310 768)
Net profit		16 438 107	13 848 813
Net other comprehensive income		-	-
Total comprehensive income		16 438 107	13 848 813

The Management Board:

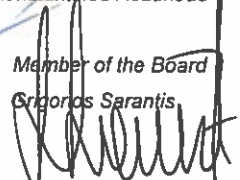

President of the Board
Kyriakos Sarantis



Vice President of the Board
Konstantinos Rozakeas

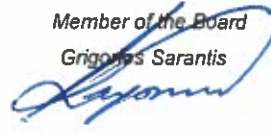

Vice President of the Board
Konstantinos Stamatiou


Member of the Board
Meintanis Vasileios


Member of the Board
Antonios Avlornetellis


Member of the Board
Grigoris Sarantis


Member of the Board
Elpiniki Sarantis


Member of the Board
Grigoris Sarantis

STATEMENT OF CASH FLOWS
for the period ended on 31 December 2016

	Note	01.01.2016- 31.12.2016	01.01.2015- 31.12.2015
Cash flows - operational activity			
Gross profit from the business activity		20 397 873	17 159 581
Adjustments for:		(20 950 838)	6 104 064
<i>Non- cash:</i>			
Depreciation and impairment of property, plant and equipment		1 397 513	1 951 215
(Profit)/loss on account of foreign exchange differences		1 603	(1 511)
Profit from the sale of property, plant and equipment		(206 034)	(183 255)
Interest income		(209 188)	-
Interest expenses		221 012	254 005
Other net items		-	-
<i>Changes of working capital</i>			
Increase/decrease in inventories	29	(4 238 990)	2 086 416
Increase in trade and other receivables		(4 764 596)	(1 031 849)
Increase in trade and other payables	29	(9 613 026)	7 586 425
Change in the value of accruals and deferrals		(1 055 883)	(1 015 771)
Change in provisions		228 593	-
Income tax paid		(2 711 842)	(3 541 611)
Net cash flows from operating activities		(552 965)	23 263 645
Cash flows - investment activities			
Revenues generated from sale of fixed assets	29	707 773	484 630
Acquisition of tangible fixed assets and intangible assets	29	(643 671)	(653 194)
Acquisition of shares in affiliated companies		(13 500 000)	(19 499 060)
Interest received from affiliated entities		179 512	-
Net cash used in investing activities		(13 256 386)	(19 667 624)
Cash flow - financial activities			
Revenues due to credit and loans		234 858	-
Proceeds from the share capital increase		12 400 000	10 000 000
Settlement of liabilities due to finance lease		(352 462)	(636 247)
Interest paid		(213 962)	(254 005)
Dividends paid		(12 371 364)	(3 985 300)
Net cash provided by/(used in) financial activities		(302 930)	5 124 448
Net change in cash and cash equivalents		(14 112 281)	8 720 469
Effect of exchange rate changes		(1 603)	1 511
Balance sheet change in the cash value		(14 113 884)	8 721 980
Cash and cash equivalents on 1 January		14 450 714	5 728 734
Cash and cash equivalents on 31 December		336 830	14 450 714

The Management Board:



President of the Board
Kyriakos Sarantis



Vice President of the Board
Konstantinos Rozakos



Vice President of the Board
Konstantinos Stamatou




Member of the Board
Meintanis Vasileios



Member of the Board
Antonios Ayiosmatitis



Member of the Board
Grigorios Sarantis



Member of the Board
Elpiniki Sarantis



Member of the Board
Grigorios Sarantis

STATEMENT OF CHANGES IN EQUITY


	Nominal share capital	Nominal share premium	Reserve capital	Retained earnings	Total equity
Equity as at 1 January 2015	34 400 000	1 055 603	-	43 697 780	79 153 383
Net profit	-	-	-	13 848 813	13 848 813
Dividends paid	-	-	-	(3 985 300)	(3 985 300)
The dividend to be paid to shareholders	-	-	-	(12 371 364)	(12 371 364)
Payment by shareholders to increase the capital	-	-	10 000 000	-	10 000 000
Equity as at 31 December 2015	34 400 000	1 055 603	10 000 000	41 189 929	86 645 532
Net profit	-	-	-	16 438 107	16 438 107
Increase the capital	22 400 000	-	(10 000 000)	-	12 400 000
The dividend to be paid	-	-	-	(17 785 837)	(17 785 837)
Equity as at 31 December 2016	56 800 000	1 055 603	-	39 842 199	97 697 802

The Management Board:



President of the Board
Kyrillos Sarantis



Vice President of the Board
Konstantinos Rozakeas


Vice President of the Board
Konstantinos Stamatiou


Member of the Board
Meintanis Vasileios


Member of the Board
Antonios Ayiostratidis


Member of the Board
Grigorios Sarantis


Member of the Board
Eipini Sarantis


Member of the Board
Grigorios Sarantis

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ADDITIONAL INFORMATION AND EXPLANATIONS

1. Tangible fixed assets

	31.12.2016	31.12.2015
Buildings, premises and structures of land and water engineering	1 280 166	1 151 761
Machinery and technical equipment	1 438 163	1 516 229
Transportation means	427 571	1 148 090
Other fixed assets	199 513	255 826
Total tangible fixed assets	3 345 413	4 071 906

There are no tangible assets which are a security for liabilities of the company at 31st December 2016 and at 31st December 2015.

As at 31 December 2016, the Company had no liabilities under finance lease. As at 31 December 2015 the value of these liabilities amounted to 389 542 PLN.

The finance lease contracts accounted in 2015 related to the lease of cars used in the Company's operations. Except tangible fixed assets included financial leasing agreements rights to dispose of Company's tangible fixed assets are unlimited.

In 2016 and 2015, the Company did not make any changes to depreciation periods.

At December 31, 2016 and December 31, 2015 the Company had no future investment commitments.

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	Machinery and technical equipment	Transportation means	Other fixed assets	Total
Gross value as at 1st January 2015	1 761 516	6 978 292	5 766 162	1 677 501	16 183 471
Increases:	-	604 072	57 004	3 567	664 643
Acquisition	-	604 072	57 004	3 567	664 643
Decreases:	-	462 756	2 175 228	38 450	2 676 434
sales	-	181 276	2 174 428	-	2 355 704
liquidation	-	281 480	800	38 450	320 730
Gross value as at 31st December 2015	1 761 516	7 119 608	3 647 938	1 642 618	14 171 680
Increases:	172 416	354 867	38 499	35 676	601 458
acquisition	172 416	354 867	38 499	35 676	601 458
Decreases:	-	874 315	2 202 001	-	3 076 316
sales	-	51 478	2 198 120	-	2 249 598
liquidation	-	822 837	3 881	-	826 718
Gross value as at 31st December 2016	1 933 932	6 600 160	1 484 436	1 678 294	11 696 822

Changes in tangible fixed assets according to the category criterion:

	Buildings, premises and structures of land and water engineering	Machinery and technical equipment	Transportation means	Other fixed assets	Total
Accumulated depreciation and impairment loss as at 1st January 2015	555 790	5 634 944	3 643 962	1 275 659	11 110 355
Increase:	53 965	424 601	736 278	149 583	1 364 428
depreciation for the year	53 965	424 601	736 278	149 583	1 364 428
Decreases:	-	456 166	1 880 392	38 450	2 375 009
sales	-	175 862	1 879 592	-	2 055 455
liquidation	-	280 304	800	38 450	319 554
Accumulated depreciation and impairment loss as at 31st December 2015	609 755	5 603 379	2 499 848	1 386 792	10 099 774
Increase:	44 011	432 933	257 090	91 989	826 023
depreciation for the year	44 011	432 933	257 090	91 989	826 023
Decreases:	-	874 315	1 700 073	-	2 574 388
sales	-	51 478	1 698 822	-	1 750 300
liquidation	-	822 837	1 251	-	824 088
Accumulated depreciation and impairment loss as at 31st December 2016	653 766	5 161 997	1 056 865	1 478 781	8 351 409
Net accounting value:					
as at 1st January 2015	1 205 726	1 343 348	2 122 200	401 842	5 073 116
as at 31st December 2015	1 151 761	1 516 229	1 148 090	255 826	4 071 906
as at 31st December 2016	1 280 166	1 438 163	427 571	199 513	3 345 413

2. Intangible fixed assets

	31. 12.2016	31. 12.2015
Computer software	4 025 166	4 382 064
Trademarks, licenses	8 064 089	8 248 029
Total intangible fixed assets	12 089 255	12 630 093

Changes of intangible fixed assets were following:

Gross value of intangible fixed assets	Trademarks, licenses	Computer software	Expenditure for Intangible fixed assets	Total
Gross value as at 1st January 2015	9 457 483	7 979 517	-	17 437 000
Increases:	-	45 400	-	45 400
acquisition	-	45 400	-	45 400
Decreases:	-	2 600	-	2 600
sales	-	1 300	-	1 300
liquidation	-	1 300	-	1 300
Gross value as at 31st December 2015	9 457 483	8 022 317	-	17 479 800
Increases:	-	30 652	-	30 652
acquisition	-	30 652	-	30 652
Decreases:	-	-	-	-
sales	-	-	-	-
liquidation	-	-	-	-
Gross value as at 31st December 2016	9 457 483	8 052 969	-	17 510 452
	Trademarks, licenses	Computer Software	Advances for Intangible fixed assets	Total
Accumulated depreciation and impairment loss as at 1st January 2015	1 025 515	3 240 005	-	4 265 520
Increases:	183 939	402 848	-	586 787
depreciation for the year	183 939	402 848	-	586 787
Decreases:	-	2 600	-	2 600
sales	-	1 300	-	1 300
liquidation	-	1 300	-	1 300
Accumulated depreciation and impairment loss as at 31st December 2015	1 209 454	3 640 253	-	4 849 707
Increases:	183 940	387 550	-	571 490
depreciation for the year	183 940	387 550	-	571 490
Decreases:	-	-	-	-
sales	-	-	-	-
liquidation	-	-	-	-
Accumulated depreciation and impairment loss as at 31st December 2016	1 393 394	4 027 803	-	5 421 197
Net accounting value:				
as at 1st January 2015	8 431 968	4 739 512	-	13 171 480
as at 31st December 2015	8 248 029	4 382 064	-	12 630 093
as at 31st December 2016	8 064 089	4 025 166	-	12 089 255

In 2016 and 2015, the Company did not make any changes to depreciation periods.

3. 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. The right of perpetual usufruct results from costs of its acquisition.

4. Investment in associated companies

On December 17, 2015 the Company acquired 70% stake in the share capital and voting rights of the company Polipak Sp. o.o. with registered office in Sroda Wielkopolska, ul. Harcerska 16, for a price of 19 306 000 PLN. The value of the purchase of shares was increased by the tax on civil law transactions in the amount of 193 060 PLN. The purchase agreement of Polipak includes the option that the Company may acquire the remaining 30% of shares, which may be implemented as from January 1, 2025 year. At the same time a minority investor in the period from 1 January 2020 to 31 December 2045 has an option to sell 30% of shares held for Sarantis Polska S.A. The option price was determined as 30% of the value equal to the product of the average net earnings Polipak for the three financial years preceding the valuation date and the multiplier 6.32 constituting "an estimate of the value of the company", plus 30% of the retained earnings from fiscal years, starting from the profit for 2016 years, with provided that the option price will not be lower than 8 400 000 PLN.

The Company has not made a valuation of the option to fair value, as in the opinion of the Company, due to the fact that options are derivatives related to equity investments that do not have a quoted market price in an active market, the fair value option cannot be determined reliably.

The Company intends to acquire the remaining 30% stake in the subsidiary.

Polipak has been in business since 1995 and has been manufacturing packaging from polyethylene foil intended for households (garbage bags, frozen food) and for the automotive industry (packaging of spare parts).

5. Deferred tax

Deferred tax as at 31 December 2016 and 31 December 2015 is resulting from:

Assets due to deferred tax	31.12.2016	31.12.2015
Accruals	1 108 555	1 057 907
Assets for the temporary differences – inventories	133 637	136 812
Balance sheet valuation in foreign currency	43 728	37 523
Assets for the temporary differences – fixed assets	8 664	19 896
Assets arising from temporary differences - receivables	116 145	223 201
Assets - provisions for returns of goods	72 928	62 768
Liabilities not paid	7 350	132 907
Assets - provisions for retirement benefits	43 433	-
Other	4 598	4 829
	1 539 038	1 675 843

	31.12.2016	31.12.2015
Provision for deferred tax		
Assets and liabilities valuation in foreign currency	15 257	19 179
Provision for the temporary differences - assets	1 540 860	1 579 413
Temporary differences leasing	-	7 045
Unpaid interest on receivables	22 515	4 238
	1 578 632	1 609 875
6. Inventories		
	31.12.2016	31.12.2015
Trade goods	34 200 501	31 008 677
Finished products	4 450 106	3 105 478
Materials	4 028 098	4 325 560
	42 678 705	38 439 715

As at 31 December 2016 and 31 December 2015 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 2016 and 2015.

7. Trade receivables and other receivables

	31.12.2016	31.12.2015
Trade receivables from affiliated entities	5 338 001	5 935 046
Trade receivables from other entities	66 008 728	59 195 577
Provision for bad debts on trade receivables	(1 188 083)	(131 747)
Prepayment delivery of goods	1 731 784	2 474 214
Other receivables from affiliated entities	5 228	-
Other receivables from other entities	3 051 646	2 709 428
Provision for bad debts on other receivables	(12 105)	(12 105)
Short-term receivables	74 935 199	70 170 413

Trade receivables are interest-free and their term of payment is 30-90 days. As at 31 December 2016 receivables in amount of 1 200 188 PLN have been considered as difficult to recover and Company created provision for bad debts.

Movements regarding provision for bad debts were following:

	01.01.2016- 31.12.2016	01.01.2015- 31.12.2015
Beginning of a period	143 852	353 392
Increases	1 075 030	53 792
Usage	(12 269)	(233 842)
Decreases – reversal	(6 425)	(29 490)
At the end of a period	1 200 188	143 852

Analysis of trade receivables overdue, but recoverable as at 31 December 2016 and as at 31 December 2015 is presented in the below table:

Year	Total	Not overdue	<i>Overdue, but recoverable</i>				
			< 30 days	30 - 60 days	60 - 90 days	90 -120 days	> 120 days
2016	70 158 646	69 040 328	1 006 710	-	24 247	87 361	-
2015	64 998 876	63 090 637	1 773 944	134 295	-	-	-

Currency structure of short-term trade receivables and other receivables

	31.12.2016	31.12.2015
Receivables in the local currency	66 609 287	60 727 407
Receivables in the foreign currency	8 325 912	9 443 006
	74 935 199	70 170 413
	31.12.2016	31.12.2015
Receivables in EUR	6 562 082	7 011 991
Receivables in USD	1 763 830	2 431 015
	8 325 912	9 443 006

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

8. Receivables from income tax

	31.12.2016	31.12.2015
Receivables from income tax	-	354 617
	-	354 617

9. Transactions with affiliated entities

	31.12.2016	31.12.2015
Loans granted		
Polipak Sp. z o.o. - Poland	13 529 676	-
	13 529 676	-

Receivables from affiliated entities:

	31.12.2016	31.12.2015
Sarantis Czech Republic s.r.o.	294 073	583 490
Gr. Sarantis SA Greece	884 410	850 024
Sarantis Romania SA Romania	1 531 324	1 749 898
Sarantis Bulgaria Ltd. Bulgaria	700 435	414 587
Sarantis Hungary Kft. Hungary	1 864 977	2 224 698
Sarantis Portugal LDA, Portugal	62 782	112 349
	<u>5 338 001</u>	<u>5 935 046</u>

Other receivables

	31.12.2016	31.12.2015
Polipak Sp. z o.o. - Poland	5 228	-
	<u>5 228</u>	<u>-</u>

Liabilities to affiliated entities:

	31.12.2016	31.12.2015
Sarantis Czech Republic s.r.o.	353 358	-
Gr. Sarantis SA Greece	3 009 482	4 894 535
Sarantis Romania SA Romania	-	1 003
Sarantis Hungary Kft. Hungary	21 353	35 018
Sarantis D.O.O. Serbia	-	100 223
Sarantis Bulgaria Ltd. Bulgaria	7 014	-
Polipak Sp. z o.o. Poland	4 602 553	5 818 792
	<u>7 993 760</u>	<u>10 849 571</u>

Liabilities for prepayments

	31.12.2016	31.12.2015
Sarantis D.O.O., Serbia	1 692 141	4 044 163
	<u>1 692 141</u>	<u>4 044 163</u>

Dividend payable

	31.12.2016	31.12.2015
GR Sarantis Cyprus Ltd., Cyprus	17 785 837	12 371 364
	<u>17 785 837</u>	<u>12 371 364</u>

Income from the sales – affiliated entities

	31.12.2016	31.12.2015
Sarantis Czech Republic s.r.o.	5 373 452	3 877 840
Gr. Sarantis SA Greece	1 545 102	3 533 286
Sarantis Romania SA	8 480 424	6 734 414
Sarantis D.O.O. Serbia	9 734 421	8 424 905
Sarantis Bulgaria Ltd.	2 489 437	2 147 803
Sarantis Hungary Kft.	8 779 146	6 791 025

Sarantis Portugal LDA, Portugalia	267 870	225 999
	36 669 852	31 735 272
Other revenues – affiliated companies		
	31.12.2016	31.12.2015
Sarantis Czech Republic s.r.o.	31 527	62 482
Sarantis Hungary Kft.	-	36 402
Gr. Sarantis S.A., Greece	591 902	23 906
Sarantis Portugal LDA, Portugal	23 305	5 780
Polipak Sp. z o.o. Poland	18 997	-
	665 731	128 570
Financial income – affiliated companies		
	31.12.2016	31.12.2015
Polipak Sp. z o.o.- Poland	209 188	-
	209 188	-
Goods purchased from affiliated entities		
	31.12.2016	31.12.2015
Sarantis Czech Republic s.r.o., Czechy	424 791	167 400
Gr. Sarantis SA, Grecja	27 740 918	26 023 676
Sarantis Romania SA, Rumunia	107 179	20 617
Sarantis Hungary Kft., Węgry	24 698	851 983
Sarantis D.O.O., Serbia	167 211	563 658
Polipak Sp. z o.o., Poland	18 785 668	208 807
Sarantis Bulgaria Ltd., Bulgaria	6 828	18 341
	47 257 293	27 854 482
Purchase of fixed assets		
	31.12.2016	31.12.2015
Sarantis Hungary Kft., Węgry	-	196 266
	-	196 266
Other purchase affiliated entities		
	31.12.2016	31.12.2015
Gr. Sarantis SA, Grecja	286 714	304 717
Sarantis Hungary Kft., Węgry	-	3 562
	286 714	308 279

10. Deferrals and accruals

Deferred expenses - assets

	31.12.2016	31.12.2015
Insurances	-	38 334
Subscriptions	822	17 927
Other deferrals: input VAT to deduction	3 324 337	2 952 352
Other	108 476	131 314
	<u>3 433 635</u>	<u>3 139 927</u>

Accrued expenses- liabilities

	31.12.2016	31.12.2015
Provisions for costs	4 812 952	5 567 930
Future periods incomes	-	146
	<u>4 812 952</u>	<u>5 568 076</u>

Accrued expenses recorded under liabilities relate to the incurred commercial, administrative, and marketing costs, for which the Company has not yet received source documents from suppliers.

11. Loans granted

	31.12.2016	31.12.2015
Loans granted	13 500 000	-
Loan interest receivables	29 676	-
	<u>13 529 676</u>	<u>-</u>

Loans granted concern loans granted to the subsidiary company Polipak Sp. o.o. with the repayment date falling in 2018.

12. Cash and cash equivalents

	31.12.2016	31.12.2015
Cash in hand	26 027	11 351
Cash in banks	260 742	14 409 416
Cash in bank of the Social Fund	49 907	29 947
Cash in transit	154	-
	<u>336 830</u>	<u>14 450 714</u>
	31.12.2016	31.12.2015
In local currency	289 034	14 025 828
In foreign currency	47 796	424 886
	<u>336 830</u>	<u>14 450 714</u>

	31.12.2016	31.12.2015
Cash in EUR	5 979	404 448
Cash in USD	41 205	19 831
Cash in CHF	612	607
	<u>47 796</u>	<u>424 886</u>

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.

13. 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 2016 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 27 June 2016 in the amount of 5 400 000 PLN.

Supplementary capital from the issuance of shares above their nominal value as at 31st December of 2016 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).

14. Retained profits and limitations connected with capital

	31.12.2016	31.12.2015
Profits retained from the previous years-supplementary capital	11 518 969	10 411 064
Profits retained from the previous years	11 885 123	17 785 838
Undistributed profit from previous years	-	(855 786)
Net profit in current period	16 438 107	13 848 813
Total retained profits	39 842 199	41 189 929

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 use 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 15 March 2016, the Company transferred to the reserve capital the amount of profit for 2015 years in the amount of 1 107 905 PLN.

Since 2010, Company creates reserve capital from the profit division which will be used for dividend payment. Reserve capital value as of 31 December 2016 was 11 885 123 PLN.

In 2016 was enacted to pay dividend in the amount of 17 785 837 PLN, with maturity of 31 December 2017. The dividend paid in 2016 was the amount of 12 371 364 PLN. The dividend paid in 2015 accounted for 3 985 300 PLN.

15. Suggested division of profit for 2016

The Management Board proposes a net profit for 2016, in amount of 16 438 107 PLN, allocate:

- in the amount of 15 123 058 PLN – to reserve capital
- in the amount of 1 315 049 PLN - to supplementary capital

16. Credits, loans and other liabilities

As at 31 December 2016 loan liabilities accounted for a total amount of 234 858 PLN.

As at 31 December 2015, the Company had no liabilities arising from loans.

At the end of the reporting period the Company had bank lines of multi-purpose in total amount of 39 700 000 PLN and available credit limits in total amount of 24 900 000 PLN.

Corporate guarantees issued by Gr. Sarantis S.A. are a security for credit lines in amount of 39 700 000 PLN. Credit lines are remunerated at variable interest rate based on the reference rate WIBOR1M or EURIBOR1M/LIBOR1M plus a bank margin.

Financial leasing

As at 31 December 2016, the Company had no liabilities under finance lease.

In 2015, the Company used business cars based on lease agreements of a financial nature with purchase option. Future minimal leasing charges under this leasing agreements and net present value of minimal leasing charges are following:

	31.12.2016	31.12.2015
Future minimum leasing charges, which constituted commitment on the Company		
<i>Liabilities:</i>		
Liabilities payable up to 1 year	-	355 033
	-	<u>355 033</u>
<i>Net present value:</i>		
Liabilities payable up to 1 year	-	352 461
	-	<u>352 461</u>

Operational leasing

Company uses the lease property located in commune Brwinów Moszna Parcela, which consists of warehouses and office space with a total area of 12 127 m². The agreement contains a clause price indexation based on current market conditions. Future minimum lease payments amount to:

Future minimum fees under the agreement are following:

During the year	2 100 000
More than one year and less than five years	4 400 000
	<u>6 500 000</u>

As part of an operating lease agreement, the Company uses the company cars.

The future minimum obligations under this head will be:

During the year	483 000
More than one year and less than five years	569 000
	<u>1 052 000</u>

17. Financial instruments

Financial instruments in accordance with category:	31.12.2016	31.12.2015
Granted loans and own receivables:	86 727 864	67 696 199
- loans granted	13 529 676	-
- trade receivables	70 158 647	64 998 876
- other receivables	3 039 541	2 697 323
Cash	310 803	14 439 363
	<u>87 038 667</u>	<u>83 135 562</u>

Financial liabilities valued to the fair value by financial result

Trade liabilities	45 779 004	53 177 370
Lease liabilities	-	352 461
	<u>45 779 004</u>	<u>53 529 831</u>

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

18. Short-term trade payables and other liabilities

	31.12.2016	31.12.2015
Trade payables to affiliated entities	8 009 161	10 849 571
Trade payables to other entities	37 769 843	42 327 799
Liabilities towards to the State Budget	2 095 256	1 972 233
Prepayment from affiliated companies	1 692 141	4 044 163
Salary payables	35 560	32 314
Lease liabilities falling due within one year	-	352 461
Other liabilities	89 515	103 450
Special funds	31 896	18 430
Total short-term liabilities	<u>49 723 372</u>	<u>59 700 421</u>

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

Year	Total	Not overdue	Overdue liabilities				
			< 30 days	30 - 60 day	60- 90 day	90-120 day	> 120 day
2016	45 779 004	35 647 347	9 769 437	362 220	-	-	-
2015	53 177 370	42 568 106	8 917 672	965 004	234 474	492 114	-

Currency structure of short-term liabilities

	31.12.2016	31.12.2015
Liabilities in local currency	32 647 844	36 266 483
Liabilities in foreign currency	17 075 528	23 433 938
	<u>49 723 372</u>	<u>59 700 421</u>

	31.12.2016	31.12.2015
Liabilities in EUR	16 032 516	22 434 400
Liabilities in USD	1 043 012	999 538
	<u>17 075 528</u>	<u>23 433 938</u>

19. Income tax liabilities

	31.12.2016	31.12.2015
Income tax liabilities	787 745	-
	<u>787 745</u>	<u>-</u>

20. Sales revenue

	31.12.2016	31.12.2015
Revenue from goods sales	211 898 317	202 654 201
Revenue from products sales	99 154 370	93 977 727
Revenue from materials sales	428 209	2 408 815
	<u>311 480 896</u>	<u>299 040 743</u>
	31.12.2016	31.12.2015
Revenue from domestic sales	265 789 441	257 111 891
Revenue from export	45 691 455	41 928 852
	<u>311 480 896</u>	<u>299 040 743</u>

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

21. Other revenue

	31.12.2016	31.12.2015
Profits from sales of services	19 363	2 354
Provision expense reversal	337 148	123 478
Profits from sales of fixed assets	206 034	183 255
Received compensations	1 039 765	116 572
Reversal of provision for bad debts	6 425	29 490
Return of court fees	14 004	9 592
Stock count differences	112 856	91 969
Other	67 002	90 174
	<u>1 802 597</u>	<u>646 884</u>

22. Other operating costs

	31.12.2016	31.12.2015
Liquidation and decomposition of inventories	1 751 310	297 970
Provision for bad debts	1 075 030	53 792
Costs of legal proceedings	13 846	10 554
Donations	262 590	268 060
Insurance of receivables	166 883	87 539
Liquidation of property damages costs	50 616	47 280
Provisions for other operational costs	235 334	38 746
Provisions for retirement benefit	228 593	-
Others	25 529	119 963
	<u>3 809 731</u>	<u>923 904</u>

23. Financial costs and revenues**Financial revenue**

	31.12.2016	31.12.2015
Interest revenue	209 188	-
Interest on receivables	88 124	86 463
Bank interest	19 166	28 620
	<u>316 478</u>	<u>115 083</u>

Financial costs

	31.12.2016	31.12.2015
Interest on liabilities	9 575	4 161
Bank interest	183 153	209 811
Interest under the leasing agreements	37 859	44 194
Commissions, charges	236 434	206 340
Net exchange rate differences	718 310	181 970
Costs of capital increase	70 152	60 253
	<u>1 255 483</u>	<u>706 729</u>

24. Income tax

Major components of income tax for the years ended 31 December 2016 and 31 December 2015 are as follows:

	31.12.2016	31.12.2015
Current income tax	3 854 204	3 171 172
Creation/ reversal of deferred tax	105 562	232 615
Corrections of income tax from the previous years	-	(93 019)
Income tax shown in the profit and loss account	<u>3 959 766</u>	<u>3 310 768</u>

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

	31.12.2016	31.12.2015
Gross financial results	20 397 873	17 159 581
The amount of the tax according to the tax rate 19%	3 875 596	3 260 320
- tax effects of costs which are not revenue-earning costs	84 170	50 448
Current income tax	3 959 766	3 310 768
Effective tax rate	19,41%	19,29%

25. 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 Company's losses. The maximum exposition to risk is 73 198 187 PLN.

Year	Total	Not overdue	Overdue receivables, which do not lose their values				
			< 30 days	30 - 60 days	60- 90 days	90-120 days	> 120 days
2016	73 198 187	70 916 194	2 045 993	-	31 467	204 533	1 472
2015	67 696 199	65 175 867	1 901 047	134 120	-	224 614	260 551

As of 31 December 2016, 71% of all receivables were receivables from the hypermarkets, 19% from the clients of open market and 10% 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 310 803 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 2016	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)
<u>Variable rate of interest assets</u>						
Cash at bank	310 803	0,50%	3 108	3 108	-3 108	-3 108
			3 108	3 108	-3 108	-3 108

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 and EUR 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 2016	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%)
<u>Assets denominated in currency</u>						
Receivable in EUR	6 562 082	4,3637	1 312 416	1 312 416	-1 312 416	-1 312 416
Receivable in USD	1 763 830	3,9435	352 766	352 766	-352 766	-352 766
Cash in EUR	5 979	4,3637	1 196	1 196	-1 196	-1 196
Cash in USD	41 025	3,9435	8 205	8 205	-8 205	-8 205
Cash in CHF	612	4,0027	122	122	-122	-122
<u>Liabilities denominated in currency</u>						
Liabilities in EUR	16 032 516	4,3637	-3 206 503	-3 206 503	3 206 503	3 206 503
Liabilities in USD	1 043 012	3,9435	-208 602	-208 602	208 602	208 602
Total			-1 740 400	-1 740 400	1 740 400	1 740 400

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, 98% of receivables are not overdue on 31 December 2016, and 97% as of 31 December 2015. 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 2016 and 2015 was as follows:

01.01.2016 - 31.12.2016		Liabilities payable before 31.12.2016	Maturity periods				
Ageing of liabilities	Total		up to 30 days	31 - 60 days	61 - 90 days	91 - 120 days	> 120 days
Trade liabilities	45 779 004	10 131 657	19 059 032	10 395 378	4 465 096	1 727 841	-
Total	45 779 004	10 131 657	19 059 032	10 395 378	4 465 096	1 727 841	-

01.01.2015 - 31.12.2015		Liabilities payable before 31.12.2015	Maturity periods				
Ageing of liabilities	Total		up to 30 days	31 - 60 days	61 - 90 days	91 - 360 days	> 360 days
Trade liabilities	53 177 370	10 609 264	22 724 223	12 239 349	5 876 125	1 728 409	-
Lease liabilities	352 461	-	-	-	-	352 461	-
Total	53 529 831	10 609 264	22 724 223	12 239 349	5 876 125	2 080 870	-

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.

26. 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.

27. Conditional liabilities

	Amount as of 31.12.2016	Term of expiry
Guarantee issued for MLP Moszna I Sp. z o.o. for security of liabilities execution	164 000 EUR	31.12.2017
guarantee payment GR Sarantis SA liabilities granted to the following entities:		
Dobis Sp. z o.o., Poland	430 000 EUR	09.10.2017
Surety for repayment the bank credit on behalf of Polipak for bank BGŻ BNP Paribas	15 000 000 PLN	30.06.2017
Letters of credit opened in banks	1 888 228 USD	

28. 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.

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

	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015
Balance sheet change of trade receivables and other receivables	(4 764 786)	(1 031 899)
Change resulting from investment receivables	190	50
Change of receivables in cash flow	(4 764 596)	(1 031 849)
	01.01.2016 - 31.12.2016	01.01.2015 - 31.12.2015
Balance sheet change of long term liabilities	-	(352 461)
Balance sheet change of trade liabilities and other liabilities	(9 977 048)	7 359 488
Change in lease liabilities	352 462	636 247
Change resulting from investment liabilities	11 560	(56 849)
Change of liabilities in cash flow	(9 613 026)	7 586 425

	01.01.2016- 31.12.2016	01.01.2015- 31.12.2015
Net accounting value of fixed assets sold	501 929	301 425
Profit from fixed assets sold	206 034	183 255
Change resulting from investment receivables	(190)	(50)
Income from fixed assets and intangibles sale	707 773	484 630
	01.01.2016- 31.12.2016	01.01.2015 - 31.12.2015
Accounting value of fixed assets and intangibles purchased	(632 111)	(710 043)
Change resulting from investment liabilities	(11 560)	56 849
Expenses for purchase of fixed assets and intangibles	(643 671)	(653 194)

30. Structure of employment

Average employment in Company was as follows:

	31.12.2016	31.12.2015
Sales and marketing	112,0	109,7
Storage and production	81,3	81,0
Administration	59,2	56,3
	252,5	247,0

31. Salaries of key management personnel

Total value of salaries paid in 2016 for key management personnel was 4 086 343 PLN. In 2015 total amount of salaries paid for key management personnel was 3 844 528 PLN. There were no payments in form of company's shares and no long-term benefits for employees.

32. Salary of the statutory auditor or entity authorized to analysis of financial statements

The salary of the statutory auditor for the audit of annual financial statement of Company was 52 500 PLN.

33. Events after date of balance sheet day

On 3 of January 2017, the Management Board adopted a resolution consenting to the extension of the period of repayment of loans granted to the company Polipak, to 31 January 2018.

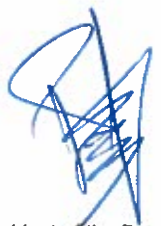
On 10 of February 2017, the Company received a loan in the amount of 2 500 000 EUR from the company Sarantis-Skopje of Macedonia with maturity date on 31.12.2017.

Piaseczno, 14th February 2017


The Management Board:



President of the Board
Kyriakos Sarantis



Vice President of the Board
Konstantinos Rozakeas



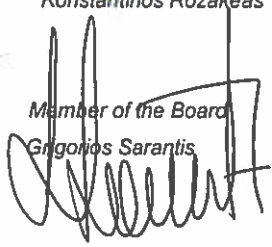
Vice President of the Board
Konstantinos Stamatou




Member of the Board
Meintanis Vasileios




Member of the Board
Antonios Ayiostratitis



Member of the Board
Grigorios Sarantis



Member of the Board
Elpiniki Sarantis



Member of the Board
Grigorios Sarantis