"Polipak" Sp. z o.o.

Financial Statements

for the period from 1 January to 31 December 2018

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INTRODUCTION TO THE FINANCIAL STATEMENTS
BACKGROUND INFORMATION

1. Business name, head office, core business

The Company was formed by transformation of 'Przedsiębiorstwo Produkcyjno-Handlowe „GG PLAST" Grzegorz Nowak i Wspólnicy Spółka Jawna' (general partnership).
On 2 May 2005, the Company was registered with the District Court in Poznań, 21st Commercial Division of the National Court Register (at present: District Court in Poznań - Nowe Miasto and Wilda, 9th Commercial Division of the National Court Register), and entered into the National Company Register under no.: KRS 233546. On 26 June 2006, the Company's business name was changed to "POLIPAK" Sp. z o.o.

Head office of Polipak Spółka z o.o.
ul. Harcerska 16
63-000 Środa Wielkopolska

The Company's core business is manufacturing of polyethylene packaging such as garbage bags, frozen food and ice bags, as well as film bags for industrial uses. The following is the identification of the Company's business activity as per the Polish Classification of Economic Activity: 2222 Z.

2. Composition of the Company's Board of Directors

As at 31 December 2018, the Company's executive and management body consisted of the following persons:

Artur Gwardiak -	President of the Board of Directors
Magdalena Łoś-Grzesik -	Vice-President, Chief Commercial Officer
Magdalena Sobota -	Vice-President, Chief Supply and Administration Officer
Emilia Topolska -	Vice-President, Chief Economic and Financial Officer

The President of the Board of Directors acting independently or two Vice-Presidents acting jointly are authorised to represent the Company.

3. Company's shareholders

As at 31 December 2018, the following were the Company's shareholders:

a)Sarantis Polska Spółka Akcyjna of Piaseczno, holding 7,000 shares of PLN 100.00 each, with the total value of PLN 700,000.00
b) Grzegorz Nowak Investments Sp. J. of Poznań, holding 3,000 shares of PLN 100.00 each, with the total value of PLN 300,000.00.

4. Business name of a parent

Sarantis Polska S.A

5. Business name of an ultimate parent

GR Sarantis SA, Greece

6. Entity authorised to audit

Grant Thornton Frąckowiak Sp. z o.o. sp.k., ul. abpa A. Baraniaka 88E, 61-131 Poznań

7. Presentation rules

Pursuant to Resolution No. 10 of the Ordinary Meeting of Shareholders of 24 May 2016 (adopted under Article 45, clause 1c of the Accounting Act), starting with the Financial Statements prepared as at 31 December 2016, Polipak Spółka z o.o. has been preparing its financial statements in compliance with IFRS approved by the European Commission.
These Financial Statements were prepared using the accounting policies compliant with the International Financial Reporting Standards (IFRS) as approved by the European Union, and cover the period from 1 January through 31 December 2018 and the period from 1 January through 31 December 2017.
To these Financial Statements, the Company applied the International Financial Reporting Standards (IFRS) endorsed by the European Union, and in force as at 31 December 2018.
These Financial Statements conform to all requirements of IFRS as adopted by the EU, and give a true and fair view of the Company's financial position as at 31 December 2018 and 31 December 2017, as well as the Company's profit and loss, cash flows, and changes in equity for the year ending 31 December 2018 and 31 December 2017, respectively.

8. Declaration of the Board of Directors

1) The Board of Directors of Polipak Spółka z o.o. declares to the best of its knowledge that these annual Financial Statements and comparative figures have been prepared in accordance with the International Financial Reporting Standards approved by the European Union. These Statements present in a true, reliable and clear manner the Company's economic and financial position as well as its financial result, while the Board's Report on the Company's operations contains a true description of the Company's development, achievements and situation, including the description of basic risks and challenges.

2) The entity authorised to audit the Financial Statements has been selected in accordance with legal regulations. The entity as well as charted auditors, who performed the audit, fulfilled the criteria for issuing an unbiased and independent audit report in accordance with applicable national legal regulations.

Środa Wielkopolska, 27 March 2019

Artur Gwardiak -	President of the Board of Directors
Magdalena Łoś-Grzesik -	Vice-President, Chief Commercial Officer
Magdalena Sobota -	Vice-President, Chief Supply and Administration Officer
Emilia Topolska -	Vice-President, Chief Economic and Financial Officer

9. Significant accounting policies

Basis for preparing separate Financial Statements

These separate Financial Statements of Polipak Spółka z o.o. have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union and binding at the date of preparing these Statements.

These Financial Statements have been prepared based on the accrual principle and the assumption that the Company will continue as a going concern in the foreseeable future.

The following are fundamental accounting policies adopted by the Company's:

1. A calendar year is the Company's financial year.
2. There are the following interim reporting periods in the financial year:
Month - for settling prime cost and reconciling detailed accounts with general ledger accounts. A statement of profit or loss is prepared in a single statement format, split into two sections: profit and loss account (up to the gross profit/loss items), by type and by function.
Half-year - for measuring assets and liabilities, and determining a financial result in accordance with the adopted accounting policies.
Semi-annual financial statements include: the Company's Balance Sheet as at 30 June, Profit and Loss Account, Statement of Changes in Equity, and Cash Flow Statement for the period starting 1 January and ending 30 June.
3. As part of the adopted accounting policies, the Company adopts the IAS/IFRS benchmark treatment to present its statements in a manner that is reliable and helpful.
4. Presentation currency - the statements are presented in the Polish currency (PLN) rounded to the nearest zloty. PLN is the Company's functional currency.
5. “Accounting policies”, “Inventory count instructions” and internal regulations of the Board of Directors all govern cost records and allocation, stock-taking, measurement of assets and liabilities, and procedures and rules adopted for data protection in IT systems in place in the Company.

6. Separate operating guidelines govern preparation, circulation and control of accounting evidence.

Judgments and estimates

The preparation of the financial statements in accordance with IFRS requires the Board of Directors to make judgments, estimates and assumptions that significantly affect the adopted policies and presented amounts of assets, equity, liabilities, income, and expenses.
The estimates and associated assumptions are based on historical expertise and other factors that are considered reasonable under the circumstances, and the results of which provide grounds for assessing carrying values of assets, equity, and liabilities, which are not apparent from other sources. Actual values may differ from estimated values.
The estimates and associated assumptions are verified on an on-going basis. Changes in estimates are reported for the period in which estimates were changed, or for current or future periods if changes in estimates relate both to current and future periods.

Property, plant and equipment

Property, plant and equipment are measured at cost which includes their purchase price or production cost and costs directly attributable to bringing the asset into use. Land and real property considered to be investments are measured at fair value.
Production cost includes all expenditure directly attributable to producing and installing the assets, reasonable indirect costs, costs of dismantling and removing the item, which are required to be incurred to bring the assets into use.

Property, plant and equipment is subject to depreciation and impairment. Costs of significant repairs and regular inspection programs are recognized under property, plant and equipment, and depreciated the course of the estimated economic life.
Costs of day-to-day maintenance and servicing of property, plant and equipment are recognised in profit or loss as incurred.
An asset is subject to depreciation when it is available for use, i.e. when it is adapted to the location and conditions for it to be capable of starting operation.
Depreciation of an asset begins on the first day of the month following the one in which the asset was accepted for use, and is carried out in a manner intended by the management, over the course of its estimated economic life.

The rates adopted and used for depreciation are reviewed on a periodic basis, leading to an adjustment of the depreciation charges in the subsequent years. Property, plant and equipment of negligible value are subject to a simplified procedure, whereby they are subject to one-off depreciation charge.
Items of property, plant and equipment of negligible value are those whose acquisition price does not exceed PLN 3500. The following useful lives are assumed for the property, plant, and equipment:

Buildings and structures 20 - 40 years
Technical equipment and machinery 5 - 10 years
Motor vehicles and other 2 - 10 years

If there have been events or changes, which indicate that the carrying amount of property, plant and equipment, may not be revocable, the assets are tested for impairment.
If there is any indication that the asset may be impaired and the carrying amount of the asset exceeds its recoverable value, then the value of the asset is reduced to its recoverable value by an impairment loss. The recoverable value of items of property, plant and equipment is higher of their net selling price or value in use.
Impairment losses are disclosed in the Statement of Comprehensive Income under operating expenses.
The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net revenue and the carrying amount of the item, and disclosed as income or expense in the Statement of Comprehensive Income.

The Company made and implemented for the first time in the current financial year an amendment to the accounting policy, whereby the Company recognized separate components, i.e. elements of machines and equipment, whose economic lives are different from the economic life of the asset, and requires their replacement in other time ranges, and specified names and useful lives of the components.

By the Board of Directors' resolution number 01/12/2018, the Company made an amendment to the account policy as at 01 January 2018 and revalued the land and real properties based on the appraisal report prepared as at 31 December 2018. The appraisal report has been prepared by independent real estate appraisers of Kancelaria Lis, Mizera i Wspólnicy Sp. Z o.o. in Poznań. In accordance with MSR 16, par. 39 and par.40, the revaluation results are presented in other comprehensive income in the profit and loss account, and disclosed in revaluation reserve.

Finance lease

Lease agreements, under which substantially all the risks and rewards from the leased assets are transferred to the Company (lessee), are classified as finance leases in accordance with IAS 17, included in property, plant and equipment, and disclosed at the lower of the fair value of the leased asset at commencement of the lease term and the present value of the minimum lease payments.

The depreciation policy for leased assets held under finance leases is consistent with that applicable to the assets owned by the Company, while depreciation is recognised in accordance with IAS 16 and IAS 38.
Where there is no reasonable certainty that the lessee will obtain ownership before the end of the lease, the asset is depreciated over the shorter of the lease term and useful life of the asset.
Lease payments made by the Company are apportioned between the reduction of the outstanding liability and the finance cost. The finance cost is allocated and recognised in the Statement of Comprehensive Income during the lease term.

Intangible assets

Intangible assets are recognized when it is probable that future economic benefits that might be directly attributable to the assets will flow to the entity.

Initially, intangible assets are stated at acquisition cost or production cost.
Intangible assets are measured at acquisition cost or production cost less accumulated amortisation and impairment losses.
Intangible assets with definite useful lives are amortised when they are ready for use, i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management, over the course of their estimated economic lives. The amortisation period and the amortisation rates are reviewed at least at the financial year-end, and an adjustment, if any, of amortisation charges is made in the subsequent periods.
Intangible assets with indefinite useful lives are not amortised. Their value is reduced by impairment losses, if any.

The following are economic lives typically applied for intangible assets:
Concessions, licences and similar assets 2 - 10 years
Computer software 2 - 5 years

Intangible assets are tested for impairment if there are circumstances indicating that the carrying amount may not be recoverable. If there is any indication that the asset may be impaired and the carrying amount of the asset exceeds its recoverable value, then the value of the asset is reduced to its recoverable value and is the higher of: its net selling price or value in use.

Property, plant and equipment under construction

Items of property, plant and equipment under construction classified as fixed assets are items of property, plant and equipment during the period of construction, assembly, improvement, reconstruction or extension of the existing asset.

Items of property, plant and equipment under construction are measured at the amount of aggregate costs directly attributable to their acquisition (purchase) or construction of new investments, and costs incurred to improve, reconstruct or extend the asset that is already in use, starting from site preparation until the asset is brought into use, directly related to acquisition or internal generation of the asset. Where the asset is purchased, costs related to assembly and adaptation of the asset for use, incurred until the asset is brought into use, are classified as property, plant and equipment under construction.
The value of property, plant and equipment under construction is reduced by impairment losses.

Interests in other entities

Interests in other entities are measured at their acquisition price less impairment losses.

Financial assets

Financial assets are classified into the following categories: (a) held-to-maturity investments, (b) loans and receivables, (c) available-for-sale financial assets, (d) financial instruments measured through profit or loss.
The classification of the financial assets depends on the purpose for which investments have been acquired. At initial recognition, investments are measured at fair value which is increased for investments not classified as investments at fair value through profit and loss, by transaction costs which are directly attributable to the acquisition or issue of the investment item.

Investments are derecognised when the rights to rewards and risks of the investments have expired or have been transferred to a third party.

(a) held-to-maturity investments
are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company intends and is able to hold to maturity, except assets which are classified to other groups.
Assets, which will be realised or intended for sale or consumption during the Company's normal operating cycle, are included in current assets. Held-to-maturity investments are measured at amortised cost, using the effective interest method.

(b) loans and receivables
are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and arise when money, goods or services are provided to a debtor with no intention of classifying those receivables as financial assets measured at fair value through profit or loss. They are included in current assets, except for maturities exceeding 12 months of the balance sheet date. Trade and other receivables are measured at amortised cost, using the effective interest method, with doubtful debt allowances considered which are made based on the ageing structure of the receivables.
On account of short payment periods that do not exceed 12 months, the Company assumes that differences between the measurement of trade receivables at amortised cost and the measurement thereof at amount to be paid are negligible. Therefore, the Company does not measure receivables at amortised cost.

(c) available-for-sale financial assets
are non-derivative financial assets designated as available for sale or any other financial assets that are not classified into the category a) or b). They are included in current assets if the Company intends to dispose of them within 12 months after the balance sheet date. Available-for-sale financial assets are measured at fair value. Any gains and losses on the measurement of available-

for-sale financial assets are recognised as separate item of equity until the time the assets are disposed of or by the time of the assets are impaired, in which time the accumulated profit or loss previously disclosed in equity is recognised in the Statement of Comprehensive Income.

(d) *investments measured at fair value through profit or loss*
An instrument is classified as an investment measured at fair value through profit and loss if it is intended for sale or is classified as such at initial recognition. Financial instruments are classified as those measured at fair value through profit or loss if the Company actively manages the investment and makes decisions as to its purchase or sale based on its fair value. After initial recognition, attributable transaction costs are recognized in profit or loss as incurred.
Any gains and losses attributable to the investment are recognised in the Stated of Comprehensive Income.

Inventories

Inventories are measured and stated at the lower of acquisition price or production cost and net realisable value. Acquisition price or production cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Production cost of work in progress and finished products includes direct costs (primarily materials) increased by a suitable portion of costs directly attributable to the production process (labour,.....) and production overheads, based on the normal capacity of the production facilities.
Costs of work in progress and finished products are assigned using the weighted average cost formula.
Costs of materials and commodities are assigned using the weighted average formula.
Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and costs necessary to make the sale.
The Company recognised costs of inventories sold and unallocated production overheads under operating activities in the statement of profit and loss, in the total amount of PLN 119 050 860.50 in 2018 and PLN 100 142 347.02 in 2017.

Receivables

Trade and other receivables are recognised when they become due and payable to the Company.
Trade and other receivables are disclosed in the amount expected to be paid, less doubtful debt allowances.
Bad debts are charged to comprehensive income at the time when they are considered uncollectible.

The change of the valuation method for credit losses on receivables, which losses are measured at amortised cost according to IFRS 9, had no impact on the financial statements. Calculations for valuation of losses on receivables were done following the model adopted and applied by the Group, and showed zero; there was no overdue receivables.

Cash and cash equivalents

Cash comprises cash in hand and cash at banks.
Cash equivalents are short-term investments of high liquidity that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in their value.

Cash is stated at face value which corresponds with their fair value.

Accruals, prepayments and deferred income

Short-term accruals and prepayments cover accrued expenses and prepaid expenses. Prepayments include expenses relating to periods following the period in which they were incurred. Consequently, the expenses increase costs of subsequent periods. They are deferred only if they meet the definition of assets.

Deferred income includes all income received in the period other than the period to which it relates. Deferred income includes subsidies received for the acquisition or generation of property, plant and equipment. A subsidy, which relates to a cost item, is recognised as income proportionally to the costs which the subsidy was to compensate.

A subsidy, which relates to an asset, is gradually recognised in profit as the revenue through periods proportionally to depreciation charges for that asset.

For the financial position presentation purposes, the Company does not reduce the carrying value of the assets by the value of subsidies, but discloses the subsidies as deferred income under "Accrued expenses and deferred income"

Equity

Equity is established by the Company in accordance with the binding regulations, i.e. applicable acts and the Company's Articles of Association.
Share (initial) capital arises from the Company's shares taken up by the Company's shareholders and is recognised at its nominal value, in the amount constituting the product of the number of shares taken up and properly paid up and the nominal value of one share as per the Company's Articles of Association and the relevant entry into the National Court Register.

Other capital includes capital from accumulated other comprehensive income, and is classified into the following categories: share capital; supplementary capital intended for compensation of losses, if any; reserve capital intended for the Company's development; and other reserve capital.
Undistributed profit for prior years and the profit for the current year are presented in the Statement of Financial Position as retained earnings.

Financial liabilities

Financial liabilities other than hedging derivatives are disclosed in the Statement of Financial Position under the following items:

- loans, borrowings and other debt instruments;
- finance leases;
- trade and other payables; and
- derivative financial instruments.

Following initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated as ones to be measured at fair value through profit or loss.
Financial liabilities measured at fair value through profit or loss include derivatives other than hedging instruments.
Current trade payables are measured at amounts to be paid, as the effect of discounting would be negligible.

Loans and borrowings are classified as current liabilities unless the Company has the right to defer their repayment for at least 12 months after the balance sheet date.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a legal or constructive obligation arising from future events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation. The timing and amount of a liability may be uncertain.
Provisions are made, among other, for:
- warranties given to provide after-sale support of products and services;
- pending lawsuits and litigation;
- restructuring, only if the Company is required to carry out the restructuring under separate regulations, or binding agreements have been made regarding the restructuring process.

Provisions are not recognized for future operating losses.
The amount of the provision is the best estimate of the expenditures required to settle the present obligation, based on most reliable evidence available on the date on which the financial statements are prepared, including evidence as to risks and uncertainties. Where the effect of the time value of money is material, a provision is measured by discounting expected future cash flows to their present value, using a discount rate that reflects current market assessment of the time value of money and risks, if any, specific to the liability. Where discounting is used, any provision increase reflecting the passage of time is recognised as finance cost.
Where the expenditure required to settle a provision is expected to be reimbursed, the reimbursement is treated as a separate asset when it is virtually certain that the reimbursement will be actually received.
The value of such asset cannot exceed the provision.
Where the outflow in settlement of the present obligation is unlikely, no contingent liability is recognised in the Statement of Financial Position except for contingent liabilities identifiable in a business combination under IFRS 3.
Any possible inflows of economic benefits to the Company, which do not yet meet the criteria to quality as assets, are classified as contingent assets, of which information is disclosed in the notes.

Employee benefits

Disclosed in the Statement of Financial Position, liabilities and provisions for employee benefits comprise the following items:
- current employee benefits arising from wages and salaries, including bonuses, and social security contributions;
- provisions for accrued holiday entitlement; and
- other non-current employee benefits, under which the Company includes jubilee and retirement gratuity.

Current employee benefits
Liabilities for current employee benefits are measured on an undiscounted basis and are reported in the Statement of Financial Position at the amount to be paid.

Provisions for accrued holiday entitlement
The Company sets up a provision for costs of accumulating compensated absences, which the Company will have to pay as a result of the unused entitlement that has accumulated as at the

balance sheet date. The provision for accrued holiday entitlement is classified as a current provision and is not discounted.

Retirement gratuity and jubilee
In line with the payroll system in place in the Company, the Company's employees are entitled to jubilee and retirement gratuity benefits. Jubilee benefits are paid out to employees upon completion of a certain number of years of service (10 or 20 year) after a relevant resolution is adopted by the Board of Directors. Retirement gratuity benefits are one-off benefits, paid out when the employee retires. The amounts of retirement gratuity and jubilee benefits depend on the length of employment and average remuneration of the employee.
The Company sets up a provision for future retirement gratuity and jubilee obligations to allocate costs to the period in which the benefits become vested.
The present value of the provisions at each balance sheet date is estimated using actuarial methods. Accrued provisions are future discounted payments to be paid and related to the period until the balance sheet date. Demographics data and information on employee turnover are based on historical records.
The effect of the measurement of the provision for future liabilities for retirement gratuity and jubilee is recognized in the profit or loss.

Foreign currency transactions

The Company performs currency translation as follows:
on an on-going basis when receivables and liabilities are posted – at the relevant average rate of exchange of the National Bank of Poland at the date preceding the sale or purchase transaction date. At the same time, revenue from the sales invoiced to business partners in foreign currencies, equal to the amounts of the receivables, as well purchases of supplies and services are translated using the same exchange rate.
on an on-going basis when money flows, to post receivables received or liabilities paid, loans/borrowings contracted or repaid, and inflows and outflows of foreign currencies in hand or at bank (foreign currency bank account). For translation, the rate of exchange actually used for the foreign operation, or the relevant average rate of exchange of the National Bank of Poland at the date preceding the date when receivables are received/liabilities are paid, unless the nature of the operation indicates that any other rate of exchange should be applied.
as at the balance sheet date for monetary items that relate to assets and liabilities expressed in foreign currencies, in order to revalue such items measured in PLN on account of changes in exchange rates, using the relevant average rate of exchange of the National Bank of Poland as at the balance sheet date.
Foreign exchange gains and losses arising from the settlement of such transactions and from the translation of the monetary assets and liabilities as at the balance sheet date at the average rates of the National Bank of Poland at that date, are recognized at net value under finance income or finance cost in the Statement of Comprehensive Income. Non-monetary items that are measured at historical cost in foreign currency are translated at the historical exchange rate at the date of the transaction.

Revenue recognition

Sales revenue from products, commodities and materials is recognized at the time the goods are delivered when risks and rewards are transferred to a purchaser, and when it is probable that the entity will gain economic benefits from the transaction and when the amount of revenue can be reliably assessed.

Sales revenue from products, commodities, materials and services are stated at net value, less VAT and discounts.
Revenue is measured at fair value of the received or due payment.

Income tax

Income tax comprises current and deferred tax.
Current tax liabilities result from the calculation of tax payable on taxable income according to general rules and rates specified in the Corporate Income Tax Act, in force in the given tax year, including deferred tax .
Deferred tax reflects the net tax effect of temporary differences between the carrying amounts of assets or liabilities and the amounts used for taxation purposes.
Deferred tax assets and liabilities are measured at binding tax rates that are expected to be applied when temporary differences realise, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probably that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are recognised for all taxable temporary differences. The assets and liabilities are recognised regardless of when they are to be realised.
In the balance sheet, deferred tax assets and liabilities are classified and presented as property, plant and equipment or non-current liabilities.

Application of policies

Effect of new standards and interpretations on the Company's financial statements

New or amended standards and interpretations applicable to statements covering annual periods beginning on or after 1 January 2017, and approved by the European Commission, and their effect on the Company's financial statements:

New IFRS 9 “Financial instruments”
The new standard is for measurement and recognition of financial instruments, and has replaced 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 and the nature of cash flows from such asset,
- new rules for hedge accounting reflecting risk management to a greater extent,
- new model for impairment of financial assets based on expected losses causing the need for faster recognition of costs in the financial result.

The change in the valuation method for credit losses on receivables, which used to be classified into the “loans and receivables” category according to IAS 39 and are now measured at amortised cost according to IFRS 9, had not impact on the Company's financial statements. The Company calculated the risk using the model for valuing the amount of expected losses on the portfolio of receivables, and the calculation result is zero as the Company has no overdue receivables.

This change does affect neither the value of the Company's assets nor the Company's financial result.

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 new standard may change the moment of recognition, and the recognized amount of revenue in entities across various industries. The Company examined the impact of the standard on the financial statements. The results of the examination indicate that revenue recognition and the Company's profit and loss do not change significantly.

Amendments to IFRS 15 „Revenue from contracts with customers”

To prevent any inconsistent application of the new standard, the IAS Board clarified the rules governing the following issues:

- identification of a performance obligation (clarification when a good or service is separately identifiable);
- identification of a principal versus agent relationship;
- transfer of a licence at a point of time or over time

Moreover, expedients to the transition requirements were added.
The amendments do not affect the value of the Company’s assets.

Amendments to IFRS 2 “Share-based Payments”

IAS Board has regulated three issues:
- accounting for conditions other than vesting conditions in valuation of a cash-regulated program,
- classification of share-based payments, if the entity is required to withhold an employee’s tax,
- modification of the program, which results in a change of the cash-settled program into the program settled in equity instruments.

The change in the standard had no impact on the Company’s financial statements as there were no transactions covered by the amendments.

Amendments to IFRS 4 “Insurance Contracts”

Following the introduction of the new standard on financial instruments (IFRS 9) in 2019, the IAS Board has introduced temporary (until the entry into force of new IFRS 17) rules governing the application of the new accounting rules for instruments in the financial statements of insurers. Otherwise, profit or loss shown in the statement would vary considerably. Proposed were two alternative approaches:
- making adjustment for volatility caused by IFRS 9 for some assets through a separate item in the statement of profit or loss and other comprehensive income,
- exemption from the application of IFRS 9 until the new standard for insurance enters into force (or 2021).

The amendments to the standard will not affect the Company's financial statements due to the fact that the Company is not doing any insurance business. The amendments apply upon the application of IFRS 9.

Amendments to IFRS 1 and IAS 28

Minors amendments to the standards introduced as part of annual amendments to standards (2014-2016 cycle):

- IFRS 1: some short-term exemptions were removed, which were used during the transition to IFRS, due to the fact that periods, to which the exemptions applied, have already passed and the application of exemptions was no longer possible. The amendment does not have any impact on the Company's financial statements, since they are already prepared according to IFRS.
- IAS 28: clarifies that in cases where IAS 28 allows the valuation of the investment using either the equity method, or fair value method (for organizations managing venture capital, mutual funds etc. or interests in investments), a valuation method can be selected separately for each of investments. The amendment does not have any impact on the Company's financial statements, as the Company is not able to select a method for measuring investments in associated entities and joint ventures at fair value.

Amendment to IAS 40 "Investment Property"
The amendment specifies rules for transferring investment properties to or from the investment property category from or to fixed assets or inventories.
First of all, properties are transferred when there is a change in use, and such change must be supported by evidence. Standard explicitly says that the change in intention of the board itself is not enough to support a transfer.
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 amendment of the standard does not have any impact on the Company's financial statements as the Company does not have any investment real estate.

New IFRIC 22 "Foreign exchange transactions and advances"
The interpretation clarifies the exchange rate to be applied to sale or purchase transactions in other currency, that include the receipt or payment of advance consideration in such other currency. According to a new interpretation, the advance consideration should be recognized at the date it is paid, using the exchange rate of that date. Then, at recognition of income in other currency, expense, or the related asset in the profit and loss account, the related asset, expense or income should be recognized using the exchange rate of the date when the advance consideration was recognized, and not the exchange rate of the date when the related asset, income or expense was recognized. The Company estimates that the new interpretation will not have a material impact on its financial statements, because, although the Company carries out many transactions with foreign parties and makes advance payments, the Company already follows the rules described in the interpretation. The interpretation is effective for annual periods beginning on or after 1 January 2018.

<u>Application of the standard or interpretation before its entry into force</u>
In these consolidated financial statements, voluntary early application of a standard or interpretation was not used.

<u>Published standards and interpretations that have not come into force for the period beginning 1 January 2018 and their impact on the Company's statements.</u>

Until the date of preparation of these consolidated financial statements, the following new or amended standards and interpretations effective for annual periods beginning after 2018 were published:

Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures"
No entry date is specified as the application is voluntary; the process of approving by the European Commission has been suspended.

The existing rules required gain or loss recognition in the accounting for the loss of control of the subsidiary. On the other hand, the equity method required that gains or losses resulting from a transaction with entities measured using the equity method be recognized up to the share of other shareholders in such entities.
The inconsistency between the above-mentioned provisions was evident in the event that the parent sells, or makes an in-kind contribution of, shares held in the subsidiary to the entity measured using the equity method, in such a way that the parent loses control of such subsidiary. The amendments to IFRS 10 and IAS 28 eliminated the inconsistency in the following way:

- a full gain or loss on a transaction is recognized when a subsidiary over which control is lost is a business
- a gain or loss on a transaction is recognized only up to the share held by other investors when a subsidy over which control is lost is not a business.

The Company estimates that the amendments will not affect the Company's financial statements as the Company does not have any investment in associates or joint ventures.

IFRS 16 "Lease"
The new standard regulates lease agreements (including rental and land lease agreements) provides a new definition of lease.
Significant changes apply to lessees: for each lease agreement, the standard requires recognising "the right to use the asset" and the corresponding financial liability in the balance sheet. The right to use the asset is then amortised, while the liability measured at amortised cost. Simplification has been provided for short-term contracts (up to 12 months) and assets of low value. The accounting treatment of leases for lessors is similar to the principles set out in the current IAS 17.

IFRS 16 requires enhanced disclosures (from both the lessor and the lessee) to meet the IAS 17 requirement. The new standard provides for the use of a modified retrospective approach and some practical transition expedients.

The Company estimates that the new standard will have a material impact on its financial statements. As at the end of 2018, the Company is a lessee in 2 operating lease, rental and tenancy agreements made for a term of 1 year to 12 years, under which agreements the Company is entitled to use warehouse space (the relevant agreement is expiring in 2019 but has the renewal option) and office space (the relevant agreement is expiring in 2030). Moreover, the Company holds the perpetual usufruct right to real properties, which right was considered to be equal to the ownership right as at 31 December 2018 and meets the definition of a lease included in IFRS 16. The Company intends to apply IFRS 16 under the modified retrospective approach, so the Company will not be required to restate its comparative figures but the Company will be required to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. Moreover the Company intends to use the following practical expedients permitted by the standard:

- the Company will not reassess whether a contract is, or contains, a lease at the date of initial application of IFRS 16. Furthermore, the Company intends to apply the standard only to contracts that were before that date identified as a lease under IAS 17 and IFRIC 4;

- value of the right to use all agreements that were previously identified by the Company as an operating lease under IAS 17 at the date of initial application of IFRS 16 will be determined in the amount of the lease liability adjusted to account for fees and prepayments disclosed in the consolidated Statement of Financial Position preceding the date of initial application.

- agreements for which the lease term ends in 2019 are recognized by the Company as cost using the straight-line method over the lease term.

As the Company applied IFRS 16, the Company initially estimated and recognized its rights to use at PLN 1 000 000 and its lease liability at ca. PLN 1 000 000 as at the date of initial application
The standard is effective for annual periods beginning on or after 1 January 2019.

New IFRS 17 “Insurance Contracts”
The standard is effective for annual periods beginning on or after 1 January 2021; the standard has not been approved by the European Commission.
The new standard established the principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces IFRS 4. The Company estimates that the new standard will have no effect on the Company’s financial statements because the Company is not doing any insurance business.

The Company intends to implement the above standards and interpretations as of their effective dates.

New IFRIC 23 “Uncertainty over Income Tax Treatments”
The standard is effective for annual periods beginning on 1 January 2019; the standard has not been approved by the European Commission.

The interpretation clarifies application of IAS 12 “Income Tax” requirements where there is uncertainty in accounting for income taxes and over whether particular tax treatments will be accepted by tax authorities, including courts. The entity is required to consider which tax treatment will be accepted by a tax authority, using the most likely amount or the expected value method. The entity has to reassess if facts and circumstances impacting the value so determined change. If the value is to be adjusted, it should be treated as a change in estimates in accordance with IAS 8.

The Company estimates that the new interpretation will not have any material effect on the Company's financial statements as the Company does not make transactions to which the amendments apply.

Amendment to IFRS 9 “Financial instruments”
The amendment is effective for annual periods beginning on 1 January 2019; the amendment has been approved by the European Commission.
The amendment allows instruments, whose earlier repayment will make the entity receive less than the sum of the principal and interest accrued (negative compensation), to be included in assets measured at amortised cost.

Moreover the IASB clarified in the Basis for Conclusions that a modification of financial liabilities that does not result in the derecognition of the financial liabilities requires such financial liabilities to be remeasured and the difference to be recognized in profit or loss (the amendment is effective as of the effective date of IFRS 9).

The Company reviewed the standard and estimates that the amendment had not impact on the Company’s financial statements. Calculations for valuation of losses on receivables were done following the model adopted and applied by the Group, and showed zero.

Amendment to IAS 28 “Investments in associates and joint ventures”
The amendment is effective for annual periods beginning on 1 January 2019; the amendment has not been approved by the European Commission.

The amendment clarifies that IFRS 9 should be applied to financial instruments, other than financial instruments measured using the equity method, in associates and joint ventures even if such instruments form part of the net investment with those entities. The amendment will have no impact on the Company's financial statements as the Company cannot elect a method for measuring investments in associates and joint ventures at fair value.

Amendments to IAS 12, IAS 23, IFRS 3, IFRS 11

The amendments are effective for annual periods beginning on or after 1 January 2019; the amendments have not been approved by the European Commission.

The following are minor amendments to standards introduced as part of annual changes in standards (2015-2017 cycle):

- IAS 12: The IASB clarified the method for recognizing the income tax consequences of dividends. An entity shall recognize such income tax consequences when it recognizes a liability to pay a dividend, provided that such consequences shall be recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions.
- IAS 23: It is clarified that borrowings originally made specifically for financing an asset, which has been completed, shall be included in general borrowings whose cost may be later capitalized at the value of other assets
- IFRS 3: The IASB clarified that the requirements for a business combination achieved in stages, including the requirement to remeasure interests, shall also apply to previously held interest in a joint operation.
- IFRS 11: The Board clarified that a party, which participates in, but does not have joint control of, a joint operation, should not remeasure its interest in the joint operation when it obtains joint control of the joint operation.

The Company estimates that the amendments will not have any material impact on the Company's financial statements.

Amendment to IAS 19 "Employee benefits"

The amendment is effective for annual periods beginning on 1 January 2019; the amendment has not been approved by the European Commission.

According to the amendment, when an asset or net liability resulting from defined benefit plan is remeasured as a result of any amendment, curtailment or settlement, an entity should:

- determine the current service cost and net interest for the period after the remeasurement, using the assumptions used for the remeasurement.
- Determine net interest for the remainder of the period based on the net asset or liability written down

The Company estimates that the amendment will not have an impact on the Company's financial statements.

Amendments to IFRS 3 "Business combinations"

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020, and must be applied to transactions which are asset acquisitions occurring on or after the beginning of such first annual reporting period; the amendment has not been approved by the European Commission.

The amendment changes the definition of a business, tacking the following issues:

- the amendment clarifies that, to be considered a business, an acquired set of assets and activities must also include an input and a substantive process that significantly contribute to the creation of returns;
- the amendment narrows the definition of returns to focus on goods and services provided to customers, and removes a reference in the definition to returns in the form of lower costs;
- the amendments adds guidelines and illustrative examples to help with the assessment of whether a process acquired as part of the combination is substantive;
- the amendment removes the assessment of whether the capability exists to replace a missing input or process, and to continue operate the business in order to produce returns; and
- the amendment adds an option for a simplified assessment of whether an acquired set of activities and assets is not business.

The Company estimates that the amendments will not have an impact on the Company's financial statements.

Amendment to IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"

The amendment is effective for annual periods beginning on 1 January 2019; the amendment has not been approved by the European Commission.

The amendment introduces a new definition of material (relating to omissions and misstatements in financial statements). The old definition contained in IAS 1 and IAS 8 differed from that used in the Conceptual Framework for Financial Reporting, which was likely to create difficulties for entities in making judgments when preparing financial statements. The amendment aligns the definition across all IAS and IFRS standards in force.

The amendment will not have an impact on the Company's financial statements.

Środa Wielkopolska, 27 March 2019

Artur Gwardiak -	President of the Board of Directors
Magdalena Łoś-Grzesik -	Vice-President
Magdalena Sobota -	Vice-President
Emilia Topolska -	Vice-President

STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Note	31 December 2018	31 December 2017
Fixed assets			
Property, plant and equipment	1	43 466 931	31 777 157
Intangible assets	2	136 333	163 822
Perpetual usufruct of land	3	2 314 637	711 410
Financial assets in other entities		-	-
Deferred tax assets	5	314 380	311 635
Total fixed assets		**46 232 281**	**32 964 024**
Current assets			
Inventories	7	13 313 617	13 072 149
Trade accounts receivable from other entities, and other receivables	8	11 897 589	8 890 790
including: VAT receivable		*1 432 379*	*650 620*
Trade receivables from related entities	8	8 688 099	6 720 498
Income tax receivables	8	-	-
Prepayments and accrued income	9	296 585	57 427
Cash and cash equivalents	10	929 433	1 667 247
Total current assets		**35 125 323**	**30 408 110**
Total assets		**81 357 604**	**63 372 135**

EQUITY AND LIABILITIES

	Note	31 December 2018	31 December 2017
Equity			
Share capital	11	1 000 000	1 000 000
Share premium	11	3 607 059	3 607 059
Retained earnings	11	23 109 832	15 292 937
Total equity		**27 716 890**	**19 899 996**
Non-current liabilities			
Loans and borrowings	13	0	76 500
Loans and borrowings from related entities	13	13 500 000	13 500 000
Deferred tax liability	5	979 902	187 578
Provision for other liabilities	6	504 222	501 243
Other financial liabilities	13	437 500	936 461
Non-current accrued expenses and deferred income	9	172 407	703 843
Total non-current liabilities		**15 594 031**	**15 905 626**
Current liabilities			
Trade and other payables	15	18 619 374	10 711 368
including: VAT payable		*0*	*0*
personal income tax		*203 071*	*189 996*
Social Security Office		*743 032*	*651 616*
Special funds		*3 601*	*55 510*
Trade accounts payable to related entities	15	267 982	446 253
Loans and borrowings payable	13	16 048 222	13 797 622
Loans and borrowings payable to related entities	13	29 123	0
Other financial liabilities	13	514 929	678 101
Employee benefits payable	15	1 372 206	1 303 863
Income tax payable	15	979 415	497 506
Current accrued expenses and deferred income	9	215 432	131 802
Total current liabilities		**38 046 683**	**27 566 513**

Total equity and liabilities	**81 357 604**	**63 372 135**

Środa Wielkopolska, 27 March 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Note	31 December 2018	31 December 2017
Continuing operations			
Revenue from sales of products	16	127 198 531	105 075 081
Revenue from sales of services	16	9 400	21 378
Revenue from sales of commodities and materials	16	1 980 317	920 183
Sales revenue		**129 188 248**	**106 016 642**
Other revenue	17	**901 572**	**712 554**
Increase/decrease in product inventories		502 051	1 045 088
Production cost of products for the entity's own purposes		(274 550)	43 478
Amortisation and depreciation		(4 180 446)	(3 498 487)
Consumption of materials and energy		(87 131 463)	(73 085 431)
External services		(12 130 093)	(8 716 071)
Taxes and charges		(298 011)	(546 972)
Payroll		(12 022 410)	(11 300 749)
Social security contributions and other benefits		(2 936 215)	(2 793 336)
Other costs by type		(352 222)	(201 302)
Value of goods and materials sold		(1 674 764)	(874 668)
Other costs	18	(241 921)	(143 980)
Total operating expenses		**(120 740 044)**	**(100 072 430)**
Gain on operating activities		**9 349 776**	**6 656 766**
Finance income	19	575	417 232
Finance cost	20	(987 986)	(888 222)
Net finance income and cost		**(987 411)**	**(470 990)**
Earnings before tax		**8 362 365**	**6 185 776**
Income tax	21	(1 583 886)	(1 173 734)
Net profit		**6 778 479**	**5 012 042**
Other comprehensive income:	11	3 043 232	-
Items not posted off to profit or loss			

Revaluation of property, plant and equipment	3 757 077	-
Income tax relating to items not posted off to profit or loss	(713 845)	-
Total comprehensive income	**9 821 711**	**5 012 042**

Środa Wielkopolska, 27 March 2019

CASH FLOW STATEMENT
for the year ended 31 December 2018

	Note	**01.01.2018-31.12.2018**	**01.01.2017-31.12.2017**
Gross profit on continuing operations		**8 362 365**	**6 185 776**
Adjustments by:			
Amortisation and depreciation		4 180 446	3 498 487
Gain (loss) on foreign exchange		109 727	(159 230)
Interest and profit sharing (dividends)		1 229 293	710 345
Gain (loss) on disposal of property, plant and equipment		(229 932)	(1 787)
Change in provisions		94 889	89 276
Change in inventories		(241 468)	(1 426 552)
Change in receivables		(4 963 996)	327 058
Change in liabilities		8 394 882	745 243
Change in prepayments and accruals		(800 691)	(89 078)
Income tax paid	21	(1 508 152)	(1 096 214)
Other adjustments		(464 731)	(551 383)
Net cash from operating activities		**14 162 633**	**8 231 943**
Investing activities			
Inflows from sales of property, plant, equipment and intangible assets		322 050	5 400
Inflows from sales of financial assets		-	-
Acquisition of property, plant, equipment and intangible assets		(13 919 729)	(2 370 595)
Acquisition of financial assets		-	-
Net cash from investing activities		**(13 597 679)**	**(2 365 195)**
Financing activities			
Loans and borrowings		2 129 313	-
Repayment of loans and borrowings received		-	(2 829 300)
Payments under financial lease agreements		(662 133)	(547 380)
Interest paid		(633 166)	(680 433)
Dividends and other payments to shareholders		(2 004 817)	(880 737)
Other financial inflows		464 731	551 383
Other financial outflow		(100 046)	(29 913)
Repayment of subsidy from the Company Fund for Rehabilitation of Disabled Persons		(496 082)	
Net cash from financing activities		**(1 302 199)**	**(4 416 380)**
Change in cash and cash equivalents		(737 245)	(1 450 368)
Effect of exchange rates changes on the foreign currency cash balance		(569)	(17 296)
Balance-sheet change in cash		(737 814)	1 433 072
Cash and cash equivalents as at 1 January		**1 667 247**	**234 175**

Cash and cash equivalents as at 31 December	**929 433**	**1 667 247**
Restricted access cash	**42 030**	**77 386**

Środa Wielkopolska, 27 March 2019

STATEMENT ON CHANGES IN EQUITY

	Share capital	Supplementary capital	Retained earnings	Total equity
Equity as at 1 January 2017	**1 000 000**	**3 607 059**	**11 161 632**	**15 768 691**
Profit for the period	-	-	5 012 042	5 012 042
Other comprehensive income	-	-	-	-
Dividend distribution to shareholders	-	-	(880 737)	(880 737)
Distribution of profit earned in the prior period- carryforward	-	-	-	-
Equity as at 31 December 2017	**1 000 000**	**3 607 059**	**15 292 937**	**19 899 996**
Profit for the period	-	-	6 778 479	6 778 479
Other comprehensive income	-	-	3 043 232	3 043 232
Dividend distribution to shareholders	-	-	(2 004 817)	(2 004 817)
Distribution of profit earned in the previous period - carryforward	-	-	-	-
Equity as at 31 December 2018	**1 000 000**	**3 607 059**	**23 109 832**	**27 716 890**

Środa Wielkopolska, 27 March 2019

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS
ADDITIONAL INFORMATION AND EXPLANATION

Note 1. Property, plant and equipment

	31.12.2018	**31.12.2017**	**01.01.2017**
Land	-	-	-
Buildings, premises, and civil engineering structures	10 241 739	7 964 204	8 247 786
Technical equipment and machinery	28 143 526	22 977 975	22 214 719
Motor vehicles	522 363	399 766	448 165
Other property, plant and equipment	254 635	208 430	249 194
Property, plant and equipment under construction	4 304 668	226 782	2 209 195
Total property, plant and equipment	**43 466 931**	**31 777 157**	**33 369 060**

The Company began to separately report components, i.e. parts of machines and equipment classified into “Technical equipment and machinery”, which include: Ceomter sealing section, sealing section of other sealing machines, Elba rollers, and extrusion screws, and applied depreciation periods of 6 to 20 months.

	31.12.2018
gross value of components	537 292
accumulated depreciation and impairment losses	163 033

The following is the gross value of fully depreciated property, plant and equipment that are still in use:

as at 1 January 2017 PLN 6 331 815
as at 31 December 2017 PLN 6 320 056
as at 31 December 2018 PLN 6 446 345

The following is the carrying value of property, plant and equipment held under the finance lease agreements:

as at 1 January 2017 PLN 2 846 577.74
as at 31 December 2017 PLN 2 377 552.70
as at 31 December 2018 PLN 1 771 895.30

As at 31 December 2018, the finance lease agreements are for 2 cars used for the Company's business purposes, 4 machines, including 2 film making machines, 3 sealing machines.

Increase/decrease in property, plant and equipment by category

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT	buildings, premises and civil engineering structures	technical equipment and machinery	motor vehicles	other property, plant & equipment	property, plant & equipment under construction	Total
1 January 2017	**10 926 938**	**36 236 127**	**931 290**	**491 840**	**2 209 195**	**50 795 391**
Increase:	22 061	3 777 569	95 451	8 266	226 782	4 130 129
acquisition	22 061	3 637 033	48 000	8 266	226 782	3 942 142
buying out a lease	-	140 536	47 451	-	-	187 987
reclassification	-	-	-	-	-	-
Decrease:	-	102 214	85 177	7 500	2 209 195	2 404 086
sale	-	10 350	-	-	-	10 350
retirement	-	91 864	37 726	7 500	-	137 090
reclassification	-	-	47 451	-	2 209 195	2 256 646
Gross value as at 31 December 2017	**10 948 999**	**39 911 482**	**941 564**	**492 606**	**226 782**	**52 521 434**
Increase:	3 514 715	9 246 641	412 506	112 486	4 304 668	17 591 016
acquisition	48 989	8 881 325	230 708	47 921	4 304 668	13 945 611
buying out a lease	-	365 316	181 798	-	-	-
reclassification	3 033 726	-	-	64 565	-	3 098 291
Decrease:	64 565	1 153 151	265 233	-	226 782	1 709 731
sale	-	783 636	77 195	-	-	860 831
retirement	-	4 199	6 240	-	-	10 439
reclassification	64 565	365 316	181 798	-	226 782	838 461
Gross value as at 31 December 2018	**14 399 150**	**48 004 972**	**1 088 837**	**605 092**	**4 304 668**	**68 402 718**

Increase/decrease in property, plant and equipment by category

Accumulated depreciation and impairment losses as at	buildings, premises and civil engineering structures	technical equipment and machinery	motor vehicles	other property, plant & equipment	property, plant & equipment under construction	Total
1 January 2017	**2 679 152**	**14 021 408**	**483 125**	**242 646**	**-**	**17 426 332**
Increase:	305 644	3 065 511	92 785	49 030	-	3 512 970
depreciation for the year	305 644	3 065 511	92 785	49 030	-	3 512 970
reclassification	-	-	-	-	-	-
Decrease:	-	153 412	34 113	7 500	-	195 025
sale	-	10 350	-	-	-	10 350
retirement	-	91 864	34 113	7 500	-	133 477
reclassification	-	51 198	-	-	-	51 198
Accumulated depreciation and impairment losses as at 31 December 2017	**2 984 795**	**16 933 507**	**541 798**	**284 176**	**-**	**20 744 277**
Increase:	1 189 733	3 802 318	199 981	66 281	-	5 258 313
depreciation for the year	309 857	3 628 802	102 965	49 163	-	4 090 787
reclassification	879 876	173 516	97 017	17 118	-	1 167 526
Decrease:	17 118	874 379	175 306	-	-	1 066 802
sale	-	700 338	72 049	-	-	772 387
retirement	-	525	6 240	-	-	6 765
reclassification	17 118	173 516	97 017	-	-	287 650
Accumulated depreciation and impairment losses as at 31 December 2018	**4 157 411**	**19 861 446**	**566 473**	**350 457**	**-**	**24 935 787**

The effects of revaluation performed as at 31 December 2018 of real properties classified into “1” and “2” groups increased the gross carrying value of fixed assets and depreciation by PLN 3 033 726.17 and PLN 879 876.00, respectively. The increase is recognised in other comprehensive income and disclosed in the total amount in revaluation reserve.

Net book value

as at 31 January 2017	**8 247 786**	**22 214 719**	**448 165**	**249 194**	**2 209 195**	**33 369 060**
as at 31 December 2017	**7 964 204**	**22 977 975**	**399 766**	**208 430**	**226 782**	**31 777 157**
as at 31 December 2018	**10 241 739**	**28 143 526**	**522 363**	**254 635**	**4 304 668**	**43 466 931**

Impairment losses

In the accounting period from 1 January through 31 December 2018, the Company did not identify the need for recognizing impairment losses in relation to property, plant and equipment.

Note 2 - Intangible assets

	31.12.2018	31.12.2017	01.01.2017
Computer software	136 333	163 822	37 886
Total intangible assets	**136 333**	**163 822**	**37 886**

Increase/decrease in intangible assets

GROSS VALUE OF INTANGIBLE ASSETS	computer software	Total
Gross value as at 1 January 2017	**435 999**	**435 999**
Increase:	162 651	162 651
acquisition	162 651	162 651
reclassification		
Decrease:	4 442	4 442
sale	4 442	4 442
retirement	-	-
reclassification		
Gross value as at 31 December 2017	**594 208**	**594 208**
Increase:	62 170	62 170
acquisition	62 170	62 170
reclassification		
Decrease:	-	-
sale	-	-
retirement	-	-
reclassification	-	-
Gross value as at 31 December 2018	**656 378**	**656 378**

Accumulated amortisation and impairment losses	**computer software**	**Total**
as at 1 January 2017	**398 113**	**398 113**
Increase:	36 715	36 715
amortisation for the year	36 715	36 715
reclassification	-	-
Decrease:	4 442	4 442
sale	-	-
retirement	4 442	4 442
reclassification	-	-
Accumulated amortisation and impairment losses as at 31 December 2017	**430 386**	**430 386**
Increase:	89 659	89 659
amortisation for the year	89 659	89 659
reclassification	-	-
Decrease:	-	-
sale	-	-
retirement	-	-
reclassification	-	-
Accumulated amortisation and impairment losses		-
as at 31 December 2018	**520 045**	**520 045**
Net book value:		
as at 1 January 2017	37 886	37 886
as at 31 December 2018	136 333	136 333

Note 3 - Perpetual usufruct right

The Company uses state-owned land of 23 744 m2, located at Środa Wielkopolska, ul. Harcerska 16. The revaluation of land performed by the Company as at 31 December 2018 increased the carrying value by PLN 1 603 227.00. The increase is recognised in other comprehensive income and disclosed in revaluation reserve.

	31.12.2018	31.12.2017
Perpetual usufruct right - value at acquisition cost	711 410	711 410
Change in value (revaluation)	1 603 227	-
Book value:	**2 314 637**	**711 410**

4. Investments in other entities

Interests and loans advanced	**31.12.2018**	**31.12.2017**
Beginning of the period	-	-
Increase	-	-
Set-off against liabilities	-	-
Decrease	-	-
End of the period	-	-

Note 5 - Deferred tax

Deferred income tax as at 31 December results from the following items:

Deferred tax asset components	**31.12.2018**	**31.12.2017**
Assets		
Unrealised foreign exchange losses on trade receivables	3 757	11 566
Liabilities		
Provisions for employee benefits	214 327	211 209
Unrealised foreign exchange losses on loans and borrowings	-	-
Unrealised foreign exchange losses on trade payables	7 606	6 280
Liabilities for social security contributions, paid after the balance sheet date	73 744	68 906
Payroll liabilities	910	390
Liabilities for interest on the loan, paid after the balance sheet date	14 036	13 284
Other	-	-
	314 380	**311 635**

Deferred tax liability components	**31.12.2018**	**31.12.2017**
Assets		
Net value of property, plant and equipment under finance lease	336 660	451 735
Net value of property, plant and equipment - components	71 109	
Unrealised foreign exchange gains on trade receivables	1 924	-
Interest accrued on trade receivables	-	-
Liabilities		
Unrealised foreign exchange gains on trade payables	628	8 074
Accrued bonuses from suppliers	36 697	34 536
Lease payments	(180 961)	(306 767)
Income tax relating to items not posted off to profit or loss	713 845	
	979 902	**187 578**

Note 6 - Provisions for other liabilities

	31.12.2018	**31.12.2017**
Provision for employee benefits	1 128 039	1 111 629
including: non-current	*504 222*	*501 243*
current	*623 818*	*610 386*

Note 7 - Inventories

	31.12.2018	**31.12.2017**
Materials	7 548 708	8 050 167
Commodities	347 803	106 927
Finished products	3 678 586	3 387 185
Work in progress	1 738 520	1 527 870
	13 313 617	**13 072 149**

As at 31 December 2017 and 31 December 2018, the Company's inventories were not pledged to secure the Company's liabilities.

Note 8 - Trade and other receivables

	31.12.2018	31.12.2017
Trade accounts receivable from related entities	**8 688 099**	**6 720 498**
Trade accounts receivable from other entities	10 506 118	8 271 970
Valuation allowances on receivables	(44 954)	(37 500)
Other receivables	4 046	5 700
VAT receivable	1 432 379	650 620
Current receivables	**11 897 589**	**8 890 790**

Trade receivables are recognised at originally invoiced amounts. Account receivable payments are usually due within 30, 45 or 60 days (for clients from the Group). Valuation allowances on receivables are made based on individual assessment of probability of payment.

The following were changes in valuation allowances on receivables:

Increase/decrease in valuation allowances on receivables	2018	2017
Beginning of the period	37 500	-
Increase	7 454	40 000
Decrease - reversal	-	(2 500)
End of the period	**44 954**	**37 500**

The following is the ageing structure of trade receivables which are past due but not impaired:

	Past due but collectible				
As at:	<30 days	30-60 days	60-90 days	90-120 days	> 120 days
1 January 2017	1 204 300	25 370	-	135 555	-
31 December 2017	2 355 611	208 240	53 875	4 339	-
31 December 2018	2 968 660	36 156	-	-	-

Currency structure of current trade receivables

	31.12.2018	31.12.2017
Receivables in local currency	12 194 268	11 104 502
Receivables in foreign currency	6 999 948	3 887 966
	19 194 217	14 992 468

	31.12.2018	31.12.2017
Receivables in EUR	5 578 782	3 887 966
Receivables in USD	1 421 167	-
	6 999 948	3 887 966

This specific structure of the receivables exposes the Company to foreign currency risk, which the Company tries to mitigate, primarily by balancing currency items of receivables and payables stated in foreign currencies. The following are realised foreign exchange losses and gains recognised in the Statement of Comprehensive Income under finance cost or income, respectively:

	finance income	**finance cost**
for the period from 1 January through 31 December 2017	783 037	530 010
for the period from 1 January through 31 December 2018	350 951	315 867

Note 8.1. - Income tax receivable

	31.12.2018	**31.12.2017**
Income tax receivable	-	-
	-	-

Note 9 - Transactions with related entities

	Gain on operating activities	
	from 01.01. through 31.12.2018	from 01.01. through 31.12.2017
Sales to:		
Parent	27 699 900	22 457 887
Other related entities	21 136 663	14 174 989
Total	48 836 563	36 633 877

	Receivables	
	as at 31.12.2018	as at 31.12.2017
Sales to:		
Parent	4 881 374	4 110 318
Other related entities	3 806 724	2 610 180
Total	8 688 098	6 720 498

	Purchase (costs, assets)	
	from 01.01. through 31.12.2018	from 01.01. through 31.12.2017
Purchase from:		
Parent	110 639	20 031
Other related entities	3 226 622	4 559 335
Total	3 337 261	4 579 366

	Liabilities	
	as at 31.12.2018	as at 31.12.2017
Purchase from:		
Parent	34 920	123 905
Other related entities	248 525	322 347
Total	283 445	446 253

	31.12.2018		31.12.2017	
	Advanced in the period	**Accumulated balance**	**Advanced in the period**	**Accumulated balance**
Loans advanced to:				
Parent	-	-	-	-
Subsidiary	-	-	-	-
Associated entity	-	-	-	-
Joint venture	-	-	-	-
Other related entities	-	-	-	-
Total	-	-	-	-

	31.12.2018		31.12.2017	
	Received in the period	Accumulated balance	Received in the period	Accumulated balance
Loans received from:				
Parent	13 500 000	13 500 000	13 500 000	13 500 000
Subsidiary	-	-	-	-
Associated entity	-	-	-	-
Joint venture	-	-	-	-
Other related entities	-	-	-	-
Total	13 500 000	13 500 000	13 500 000	13 500 000

Note 9.1. - Prepayments and accrued income - assets

	31.12.2018	**31.12.2017**
Insurance	5 229	30 152
Annual service fee of Exact	23 180	22 538
Spare parts	-	-
Other	8 511	4 737
VAT to be settled	259 666	-
	296 586	**57 427**

Note 9.2 - Accruals and deferred income - liabilities

	31.12.2018	31.12.2017
Deferred income		
subsidies to finance fixed assets	225 234	254 318
other (including fixed assets financed through the Company Fund for Rehabilitation of Disabled Persons)	-	541 891
	225 234	**796 209**
Other accruals and deferred income	162 605	39 436
Including: finance cost	44 749	39 436
	162 605	39 436
Deferred income		
non-current	172 407	703 843
current	215 432	131 802
	387 839	**835 645**

Subsidies received by the Company are recognised as deferred income in “Accruals and deferred income”.
On 31 December 2018, the Company repaid the amount of PLN 496 082.00 to the Company Fund for Rehabilitation of Disabled Persons, which amount is from reductions and exemptions to which the Company became entitled under the Disabled Rehabilitation and Employment Act. The amount of 490 433.84 is an undepreciated portion of fixed assets funded through subsidies. The required employment rate, which allows the Company to use the aforesaid funds, dropped down and, on 25 October 2018, the Board of Directors adopted a resolution to settle and repay to the Company Fund for Rehabilitation of Disabled Persons the amount remaining as at 31 December 2018.

The balance of other subsidies, including the value of fixed assets funded through the Company Fund for Rehabilitation of Disabled Persons, was PLN 0.00 as at 31 December 2018.
In 2013, the Company contracted the loan with Bank Handlowy, with 10% financial support for energy efficiency, for the total amount of EUR 107 165 (PLN 453 171.94) for three sealing machines, of which proceeds of PLN 172 401.97 remained unsettled as at 31 December 2018. Between 2016 and 2018, the Company received funding from the District Labour Office to finance the purchase of forklift trucks and IT equipment, in the net amount of PLN 65 040.00, of which proceeds of PLN 52 019.37 remained unsettled as at 31 December 2018.

Note 10 - Cash and cash equivalents

	31.12.2018	31.12.2017
in hand	8 681	3 962
at banks	873 178	1 585 899
deposited on the account of the Company Employee Benefit Fund	42 030	45 333
deposited on the account of the Company Fund for Rehabilitation of Disabled Persons	5 545	32 053
	929 433	**1 667 247**
in local currency	172 621	226 634
in foreign currencies	756 813	1 440 613
	929 433	**1 667 247**
Cash in EUR	742 059	1 421 247
Cash in USD	14 754	19 367

Excepts funds deposited on the accounts of the Company Employee Benefit Fund and of the Company Fund for Rehabilitation of Disabled Persons, the Company has no funds of limited availability. As far as cash is concerned, concentration of credit risk is limited; the Company maintains cash in several recognised financial institutions, i.e. Santander Bank, Bank Handlowy, BGŻ BNP Paribas, and Bank Millennium.

Note 11 - Share capital

As at 31 December 2018, the share (initial) capital of Polipak Sp. z o.o. was PLN 1 000 000.00 and comprised:

7 000 shares of PLN 100 each, held by Sarantis Polska S.A. of Piaseczno	700 000
3 000 shares held by GNI Investments Grzegorz Nowak spółka jawna of Poznań	300 000
	1 000 000

Pursuant to the Company's Articles of Association of 11 April 2005, executed in the form of a notary's deed entered into the roll of deeds under no. A/2903/2005, the supplementary capital is the excess amount over the par value of the shares of PPH "GG Plast" Grzegorz Nowak i Wspólnicy Spółka jawna PPH "GG Plast" Grzegorz Nowak i Wspólnicy Spółka jawna transformed into GG Plast spółka z o.o.

31.12.2018	31.12.2017
3 607 059	3 607 059

Retained earnings include the following items:

	31.12.2018	31.12.2017
supplementary capital	5 751 120	2 743 895
reserve capital	7 537 000	7 537 000
revaluation reserve	3 043 232	-
net profit	6 778 479	5 012 042
undistributed profit of prior years	-	-
Total retained earnings	**23 109 832**	**15 292 937**

The revaluation reserve was PLN 3 043 232.17 as at the 31 December 2018, and included:

Revaluation of property, plant and equipment	3 757 077
Provision for income tax relating to revaluation of fixed assets, on items not posted off to profit or loss	(713 845)
	3 043 232

The revaluation reserve from the revaluation of property, plant and equipment comes from the revaluation of land, buildings, premises and civil engineering structures located in Środa Wielkopolska, ul. Harcerska 16. The revaluation was performed based on the appraisal report prepared by independent real estate appraisers of Kancelaria Lis, Mizera i Wspólnicy Sp. z o.o. in Poznań as at 31 December 2018.

The carrying amount of all assets in the balance sheet increased as a result of the revaluation, and the surplus resulting from the revaluation is posted off directly to other comprehensive income and disclosed in the total amount in the revaluation reserve. The difference between carrying amount of revalued assets and their tax base constitutes a temporary difference, the deferred tax liability is recognised in other comprehensive income.

In the event that a revalued plant, property or equipment is sold, an effectively realised portion of revaluation reserve associated with an asset is posted off directly to retained profits. The revaluation reserve is not available for distribution.

Note 12 - Proposed distribution of the Company's profit for 2018

Pursuant to the Company's Articles of Association, the Board of Directors proposes that the net profit of PLN 6 778 479.14 for 2018 should be distributed as follows:

- 40% among the Company's shareholders, in proportion to the number of shares held by them
- 60% for the reserve capital

Note 13 - Financial liabilities

13.1. Loans and borrowings payable

	31.12.2018	31.12.2017
overdraft facility - CH		
investment loan - CH	8 219 062	5 798 073
investment loan - PFP	-	567 776
loan for current purposes - Sarantis Polska	76 500	178 140
overdraft facility - BNP Paribas	3 000 000	3 000 000
investment loan - Sarantis Polska	7 752 660	7 330 132
	10 500 000	10 500 000
	29 548 22	**27 374 122**

	31.12.2018	31.12.2017
non-current liabilities	13 500 000	13 576 500
current liabilities	16 048 222	13 797 622
	29 548 222	**27 374 122**

	31.12.2018	31.12.2017
in local currency	29 548 222	25 776 564
in foreign currencies (EUR)	-	1 597 557
	29 538 222	**27 374 122**

13.2. Loans payable to related entities

	31.12.2018	31.12.2017
Sarantis Polska SA - loan for current operations	3 000 000	3 000 000
Sarantis Polska SA – investment loan	10 500 000	10 500 000
	13 500 000	**13 500 000**

As at 31 December 2018, the Company had loans provided by the followings banks:

1. Bank Handlowy

a) dual currency overdraft facility under agreement no. BKD/KR-RB/000091421/0151/14, with the most recent annex of 06 September 2017.

On 7 June 2017, (by Annex No. 4) the Bank changed the line granted to the Company for the purpose of financing current operations to PLN 10 000 000.

The liability under the facility was PLN 8 219 061.83 as at 31 December 2018. The line remains available until 28 June 2019.

On the actually used portion of the facility, the bank charged interest at a variable rate of EURIBOR/WIBOR 1M plus bank margin of 1.1 pp per annum, front-end-fee of 0.2% of the granted limit and administration fee of PLN 100.

The annex of 7 June 2017 has changed the bank's margin to 0.90% and the front-end-fee to 0.10% per annum, and introduced a monthly administration fee of 0.02% of the limit. The loan is secured with the civil-law guarantee from Sarantis Polska SA for up to PLN 10 000 000, with the notarized statement on submission to collection proceedings up to PLN 10 000 000.

2. BGŻ BNP Paribas

Overdraft facility under agreement no. WAR/3012/16/141/CB of 01 July 2016. The Bank granted the line of PLN 10 000 000 to the Company, for the purpose of financing current operations. By most recent Annex No. 3 of 01 August 2018, the limited is changed to USD 4 000 000.00.

The liability arising from the facility is PLN 7 752 660.09 as at 31 December 2018. The line remains available until 29 July 2020 (Annex No. 3 of 08 August 2018). On the actually used portion of the facility, the bank charges interest at a variable rate of WIBOR 1M plus bank margin of 0.9 pp per annum (under the most recent amendment) for the PLN portion and EURIBOR 3M plus bank margin of 1.3 pp per annum for the EUR and USD portion.

The line is secured with:

▪ civil-law guarantee from Sarantis Polska SA for up to PLN 15 000 000, with the Guarantor's statement on submission to collection proceedings;

▪ corporate guarantee from Sarantis Polska SA for up to PLN 10 000 000;

▪ Borrower's statement on submission to collection proceedings as far as the pecuniary obligations under the agreement are concerned, up to PLN 15 000 000.

Annex No. 2 of 02 July 2017 changed the way the line is secured as follows:

The line is secured with:

▪ civil-law guarantee from Sarantis Polska SA for up to PLN 10 000 000, with the Guarantor's statement on submission to collection proceedings.

Annex No. 3 of 01 August 2018 has changed the way the line is secured as follows:

▪ unconditional, irrevocable corporate guarantee up to USD 11 000 000.00, issued by Gr. Sarantis and payable on each and every demand;

▪ Borrower's statement on submission to collection proceedings under Article 777 up to USD 11 000 000,00;

▪ Sarantis PL's statement on submission to collection proceedings under Article 777 up to USD 11 000 000,00.

3. Bank Millennium S.A.

PLN 13 000 000.00 overdraft facility under multi-product line agreement no. 12040/18/M/04 of 14 December 2018, for the purpose of financing current operations. On the actually used portion of the facility, the bank charges interest at a variable rate of WIBOR 1M plus bank margin of 0.60 pp per annum (under the most recent amendment) for the PLN portion and EURIBOR 1M plus bank margin of 0,80 pp per annum for the EUR portion. The front-end-fee is PLN 5 000.00 and will be charged as follows: PLN 100.00 upon disbursement and PLN 4 900.00 on the agreement anniversary date.

The facility is secured with:

▪ civil-law guarantee from Sarantis Polska SA for up to PLN 13 000 000.00;

▪ statement on submission to collection proceedings under Article 777 up to PLN 13 000 000.00;

▪ Sarantis PL's statement on submission to collection proceedings under Article 777 up to PLN 13 000 000.00.

The facility remains available until 31 December 2020; the liability is PLN 0.00 as at 31 December 2018.

4. Polska Fundacja Przedsiębiorczości

Polska Fundacja Przedsiębiorczości granted the repayable loan of PLN 500 000 for investment purposes to the Company. The loan was granted under agreement no.: 135/108/015/2014 29.09.2014.

The loan bears interest at the fixed rate of 2.5% per annum. The loan term is 60 months. The loan is secured with the real property mortgage for up to PLN 1 000 000.

The loan has been used for partial financing of construction costs of the production and storage building.

The liability arising from the loan is PLN 76 500.00 as at 31 December 2018.

5. Sarantis Polska S.A of Piaseczno

The Company utilizes the loan granted by Sarantis Polska S.A. under the following two agreements:

- loan agreement of 29.01.2016 with the Annex of 24.03.2016, Annex of 15 December 2017, Annex of 10 September 2018, and Annex of 5 December 2018, under which Sarantis granted Polipak the loan of PLN 3 000 000 to finance current operations of Polipak. The loan repayment deadline is 31 December 2019;
- loan agreement of 24.03.2016 with the Annex of 15 December 2017, Annex of 10 September 2018, and Annex of 5 December 2018, under which Sarantis granted the multiple disbursement loan for the total amount of PLN 12 400 000 to be disbursed in amounts and on dates to be agreed on by the parties on an on-going basis. The loan repayment deadline is 31 December 2019. The loan is for the current and investing business activities. The liability arising from the loan is PLN 10 500 000 as at 31 December 2018.

The Lender is entitled to charge interest on the loans at a variable rate of WIBOR 1M plus margin of 1.1 pp per annum, accruing at the end of each month and due by the 10th day of the following month; provided, however, that the margin first changed to 1.0 pp starting from 1 February 2017 onwards, and then to 0.9 pp from 13 September 2018 onwards.

In 2018, total interest on the open loans was PLN 352 520.13

13.3. Finance lease

Under finance lease agreements with a buyout option, the Company uses passenger cars for the Company’s business purposes, machines, equipment, and a forklift truck.

The following are future minimum lease payments under the lease agreements, and the net current value of minimum lease payments:

	31.12.2018
Future minimum lease payments obligatory for the Company	
Liabilities:	
Liabilities due within 1 year	522 441
Liabilities due between 1 to 5 years	443 876
Liabilities due after5 years	-
	966 317
Net current value:	
Liabilities due within 1 year	514 929
Liabilities due between 1 to 5 years	437 500
Liabilities due after5 years	-
	952 429

Operating lease

Under the lease agreement , the Company uses:

- real property located in Środa Wlkp. ul. Plantaża 20, which consists of office and social rooms with a total area of 240 m2. The contract provides for a fee of PLN 11,006.00, of which PLN 8,400.00 is rent and PLN 2,606.00 for utilities. The contract was concluded for a definite period until December 31, 2030.
  The following are future minimum lease payments:

within 1 year	132 072
between 1 to 5 years	660 360
after5 years	792 432
	1 584 864

- real property located in Środa Wielkopolska, ul. Brodowska, which comprises the warehouse floor with the total area of 490 m^2. The agreement is a fixed-term contract which will continue until 30 April 2019. The following are future minimum lease payments:

within 1 year	24 000

Note 14 - Financial instruments

The value of financial assets presented in the Statement of Financial Position relates to the following categories of financial instruments specified in:
IFRS 9:
1 – measured at amortised cost (MAC)
2 – measured at fair value through other comprehensive income (MFV-CI)
3 – measured at fair value through profit or loss (MFV-PL)
4 – capital instruments measured at fair value through other comprehensive income (CIMFV-CI)
5 – hedging instruments (HI)
IAS 39:

1 - loans and receivables (L&R)
2 - financial assets measured at fair value through profit or loss - intended for sale (AFV-PL)
3 - financial assets measured at fair value through profit or loss - at initial recognition, identified for measurement at fair value (AFV-V)
4 - held-to-maturity investments (HTMI)
5 - available-for-sale financial assets (ASFA)
6 - hedging derivatives (HD)
7 - assets outside the scope of IAS 39 (Outside IAS 39)

Financial asset class	*Financial instrument categories as per IFRS 9					Total
	MAC	MFV-CI	MFV-PL	CIMFV-CI	HI	
As at 31.12.2018						
Fixed assets:						
Receivables and loans	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other non-current financial assets	-	-	-	-	-	-
Current assets:						
Trade and other receivables	19 153 308	-	-	-	-	19 153 308
Loans	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other current financial assets	-	-	-	-	-	-
Cash and cash equivalents	929 433	-	-	-	-	929 433
Total financial asset categories	20 082 74	-	-	-	-	20 082 742

Financial asset class	*Financial instrument categories as per IFRS 9					Total
	MAC	MFV-CI	MFV-PL	CIMFV-CI	HI	
As at 01.01.2018						
Fixed assets:						
Receivables and loans	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other non-current financial assets	-	-	-	-	-	-
Current assets:						
Trade and other receivables	14 960 668	-	-	-	-	14 960 668
Loans	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other current financial assets	-	-	-	-	-	-
Cash and cash equivalents	1 667 247	-	-	-	-	1 667 247
Total financial asset categories	16 627 915	-	-	-	-	16 627 915

	*Financial instrument categories as per IAS 39						Outside IAS 39	Total
	L&R	AFV-PL	AFV-V	HTMI	ASFA	HD		
As at 31.12.2017								
Fixed assets:								
Receivables and loans	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Other non-current financial assets	-	-	-	-	-	-	-	-
Current assets:								
Trade and other receivables	14 960 668	-	-	-	-	-	650 620	15 611 288
Loans	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Other current financial assets	-	-	-	-	-	-	-	-
Cash and cash equivalents	1 667 247	-	-	-	-	-	-	1 667 247
Total financial asset categories	16 627 915	-	-	-	-	-	650 620	17 278 535

The value of financial liabilities presented in the consolidated Statement of Financial Position relates to the following categories of financial instruments specified in:

IFRS 9:

1 – measured at amortised cost (MAC)
2 – measured at fair value through profit or loss (MFV-PL)
3 – financial guarantee contract (FGC)
4 – contingent consideration in a business combination (CC-BC)
5 – hedging instruments (HI)

IAS 39:

1 - financial liabilities measured at fair value through profit or loss - intended for sale (LFV-PL)
2 - financial liabilities measured at fair value through profit or loss - at initial recognition, identified for measurement (LFV-V)
3 - financial liabilities measured at amortised cost (LAC)
4 - hedging derivatives (HD)
5 - liabilities outside the scope of IAS 39 (Outside IAS 39)

Financial asset class	*Financial instrument categories as per IFRS 9					Total
	MAC	MFV-PL	FGC	CC-BC	HI	
As at 31.12.2018						
Non-current liabilities:						
Loans, borrowings, and other	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Current liabilities:						
Trade and other payables	17 937 652	-	-	-	-	17 937 652
Loans, borrowings, and other debt instruments	16 077 345	-	-	-	-	16 077 345
Derivative financial instruments	-	-	-	-	-	-
Total financial liability categories	34 014 997	-	-	-	-	34 014 997

Financial asset class	*Financial instrument categories as per IFRS 9					Total
	MAC	MFV-PL	FGC	CC-BC	HI	
As at 01.01.2018						
Non-current liabilities:						
Loans, borrowings, and other debt instruments	13 576 500	-	-	-	-	13 576 500
Derivative financial instruments	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Current liabilities:						
Trade and other payables	10 260 498	-	-	-	-	10 260 498
Loans, borrowings, and other debt instruments	13 797 622	-	-	-	-	13 797 622
Derivative financial instruments	-	-	-	-	-	-
Total financial liability categories	37 634 619	-	-	-	-	37 634 619

	*Financial instrument categories as per IAS 39				Outside IAS 39	Total
	LFV-PL	LFV-V	LAC	HD		
As at 31.12.2017						
Non-current liabilities:						
Loans, borrowings, and other debt instruments	-	-	13 576 500	-	-	13 576 500
Finance lease	-	-	-	-	936 461	936 461
Derivative financial instruments	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Current liabilities:						
Trade and other payables	-	-	10 260 498	-	897 122	11 157 620
Loans, borrowings, and other debt instruments	-	-	13 797 622	-	-	13 797 622
Finance lease	-	-	-	-	678 101	678 101
Derivative financial instruments	-	-	-	-	-	-
Total financial liability categories	-	-	37 634 619	-	2 511 685	40 146 304

Note 15 - Current trade and other payables

	31.12.2018	31.12.2017
Trade accounts payables to related entities	235 904	323 787
Other payables to related entities	32 078	122 466
	267 982	**446 253**
Trade and other payables	18 619 374	10 711 368
including: VAT payable	-	-
personal income tax	*203 071*	*189 996*
Social Security Office	*743 032*	*651 616*
Special funds	*3 601*	*55 510*
Other financial liabilities	514 929	678 101
Employee benefits payable	1 372 206	1 303 863
including: provisions for other employee benefits	*623 818*	*610 386*
Income tax payable	979 415	497 506
Total current liabilities	**21 753 906**	**13 637 090**

Trade payables bear no interest and are settled within various deadlines. Trade payables relating to raw materials such as granules, reprocessed granules, colorants and additives, cardboard boxes, labels are usually due within 30-70 days.

Other liabilities are usually due within 14 or 30 days.

Interest on late payments is paid upon a receipt of a relevant debit note, within a relevant deadline.

Personal income tax liabilities are those resulting from tax returns for December 2018 and January 2019, while Social Security Office liabilities result from statements for January and February 2019.

Currency structure of current trade payables

	31.12.2018	31.12.2017
Local currency payables	10 157 521	6 551 289
Foreign currency payables	7 780 132	3 557 393
	17 937 652	**10 108 682**

	31.12.2018	31.12.2017
Payables in EUR	7 405 291	3 557 393
Payables in USD	374 841	-

Note 15.1 - Current income tax payable

	31.12.2018	31.12.2017
income tax	979 415	497 506
including: corporate income tax	*979 415*	*497 506*

Note 15.2 - Current employee benefits payable

	31.12.2018	31.12.2017
employee benefits	1 372 206	1 303 863
including: current provisions for other payables	*623 818*	*610 386*

Note 16 - Sales revenue

	1 January 2018 31 December 201	1 January 2017 31 December 2017
Revenue from sales of products	127 198 531	105 075 081
Revenue from sales of services	9 400	21 378
Revenue from sales of commodities and materials	1 980 317	920 183
	129 188 248	106 016 642
Domestic sales revenue	55 052 652	47 724 811
Foreign sales revenue	74 135 596	58 291 831
	129 188 248	106 016 642

Detailed information on the sales structure and fundamental factors that affected the sales value is presented in the Board of Directors' Report on the Company's operations.

Note 17 - Other operating income

	1 January 2018 31 December 2018	1 January 2017 31 December 2017
Gains on disposal of assets:	**229 932**	**1 787**
Gain on the sale of fixed assets	229 932	1 787
Subsidies	**578 521**	**644 533**
Wage and salary subsidies, other subsidies	464 731	551 383
Depreciation of fixed assets in the part financed with the subsidy	113 790	93 150
Other operating income	**93 119**	**66 234**
bonuses on purchases	-	-
reimbursement of social security contributions and PZU insurance premiums	-	-
inventory differences	-	3 088
other	93 119	63 146
Attributable to continuing operations	**901 572**	**712 554**
Attributable to abandoned operations	-	-

Other operating income includes revenues and gains that are not directly connected with the Company's operating activities.

This category includes wage and salary subsidies for the disabled persons employed, financial support from the Labour Office, gains on the sale of property, plant and equipment, damages received, and reimbursement of property and personal insurance premiums overpaid, reversal of valuation allowances on receivables, impairment losses relating to fixed assets, and inventory differences.

Note 18 - Other operating expenses

	1 January 2018 31 December 2018	1 January 2017 31 December 2017
Loss on disposal of assets:	**-**	**-**
Loss on the sale of fixed assets	-	-
Other operating expenses	**241 921**	**143 980**
costs arising from inventory differences	105 714	19 331
donations	9 470	6 112
bad debt written off	-	-
revaluation allowance on receivables	7 454	37 500
other	119 283	81 038
Attributable to continuing operations	241 921	143 980
Attributable to abandoned operations	-	-

Other operating expenses include costs and losses that are not directly connected with the Company's operating activities. This category includes losses on the sale of fixed assets, donations (in kind and cash) to other entities, including public benefit organisations.
Other operating expenses include also costs of valuation allowances on receivables and inventories, as well as impairment losses.

Note 19 - Finance income

	1 January 2018 31 December 2018	1 January 2017 31 December 2017
Interest income	**134**	**232**
interest on bank deposits	134	232
interest on loans advanced	-	-
Other finance income	**441**	**417 001**
gain on exchange differences	-	416 421
gain on the sale of interests in related parties	-	-
valuation allowances on interest receivable, reversed	-	-
other	441	580
Attributable to continuing operations	**572**	**417 232**
Attributable to abandoned operations	-	-

Finance income includes interest income on depositing, and investing in various financial instruments. Finance income includes also gains on exchange differences.

Note 20 - Finance cost

	1 January 2018 31 December 2018	1 January 2017 31 December 2017
Interest expense	**668 514**	**735 844**
interest on loans, including overdraft facilities	633 166	680 433
lease interest	34 943	55 159
interest on factoring arrangements	-	-
interest on liabilities	405	252
Other finance cost	**319 472**	**152 379**
loss on exchange differences	108 528	-
bank fees and charges	64 177	29 913
costs of additional contributions to related parties	-	-
loss on the sale of interests in related parties	-	-
cost of sureties and bank guarantees	110 898	122 466
other	35 869	-
Attributable to continuing operations	**987 986**	**888 222**
Attributable to abandoned operations	-	-

Finance cost includes costs arising from the use of external sources of finance, interest, and other costs payable under lease agreements entered by the Company, interest on, and fees arising from factoring arrangements, and interest on late payment of liabilities.

Finance cost includes also losses on exchange differences.

Note 21 - Income tax

Income tax is calculated on gross profit, taking into account the net deferred tax effect of temporary differences between the carrying amount of assets and liabilities and their tax bases.
Current tax and deferred income tax assets and liabilities are calculated using the tax rate of 19% which applies at present and is expected to apply when temporary differences are expected to realise.

Deferred tax assets are recognised for deductible temporary differences and unrealised tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be realised.

Deferred tax liabilities are recognised for all temporary tax differences. Provisions are recognised when the Company has a legal or constructive obligation arising from future events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation.

The provisions are reviewed as at the balance sheet date and adjusted to reflect the current best estimate as at that date. Under the provisions, the Company includes deferred tax liabilities and provisions for employee benefits such as: retirement gratuity, jubilee, and accrued holiday entitlement.

Deferred tax assets and liabilities are recognised regardless of when the assets and liabilities are to be realised, classified and presented as fixed assets, or as liabilities and provisions for liabilities in the Balance Sheet.

The following are primary elements of tax liabilities for the years ended 31 December 2018 and 31 December 2017:

	Period ending 31.12.2018	**Period ending 31.12.2017**
Current income tax	1 508 152	1 096 214
Origination/reversal of temporary differences	75 734	77 520
Income tax disclosed in comprehensive income	**1 583 734**	**1 173 734**

The difference between the tax amount disclosed in the Statement of Comprehensive Income and the amount calculated on profit before tax results from the following items:

	Period ending 31.12.2018	**Period ending 31.12.2017**
Financial result before tax	8 362 365	6 185 776
Tax at a rate of 19% applicable in Poland	1 508 152	1 096 214
Tax effect of non-deductible costs and non-taxable income	75 734	77 520
Current tax liability	1 583 886	1 173 734
Effective tax rate	18.94%	18.97%

22. Contingent liabilities

A contingent liability is understood to mean a possible obligation to perform, which arises from certain events.

As at 31 December 2018, the Company had no contingent liabilities.

23. Tax settlements

Laws governing value added tax, corporate income tax, individual income tax, or social security contributions are subject to frequent amendments, thereby preventing any reference to well-established regulations. Current legislation is also marked by obscurity, leading to differences in opinions concerning legal interpretation of tax laws both within tax authorities and between state authorities and corporate taxpayers. Tax and other (i.e. supported employment enterprises or rights after losing the supported employment enterprise status) settlements may be controlled by relevant agencies that are authorised to impose penalties, and additional amounts due established through such controls have to be paid along with high interest thereon. These phenomena make tax risks in

Poland higher than in countries that enjoy more developed tax systems. Tax settlements may be controlled for five years after the end of the year in which relevant tax has been paid. Therefore, as a result of such control, the Company's existing tax settlements may be questioned and increased by any additional tax liability.

Tax settlements may audited within five years following an end of a year in which relevant tax was paid. As a result of an audit, the Company’s existing tax settlements may be questioned and increased by an additional tax liability.

24. Financial risk management

The Company is exposed to the following risk pertaining to financial instruments:

market risk comprising currency risk and interest rate risk
credit risk
liquidity risk

The risk management process is mostly focused on identification, measurement, and mitigation of risks, including currency and interest rate fluctuations aspects.

In economic terms, transactions on the financial markets are entered into for the purpose of hedging against specific risks.

Market risk

The Company’s exposure to currency risk results from sales and purchases in foreign currencies, primarily in EUR and, to a lesser extent, in USD.

	Value in foreign currency		Before Translation	After translation
	EUR	USD		
As at 31 December 2018				
Financial assets (+)				
Loans	-	-	-	-
Trade receivables and other financial receivables	1 297 391	378 000	6 999 927	6 999 948
Other financial assets	-	-	-	-
Cash and cash equivalents	172 572	3 924	766 484	756 813
Financial liabilities (-)				
Loans and borrowings	-	-	-	-
Lease payables	(200 287)	-	(825 909)	(861 233)
Trade liabilities and other financial liabilities	(1 722 161)	(99 700)	(7 778 728)	(7 780 132)
Total currency risk exposure	**(452 484)**	**282 225**	**(838 226)**	**(884 604)**

As at 31 December 2017

Financial assets (+)				
Loans	-	-	-	-
Trade receivables and other financial receivables	932 165	-	3 931 383	3 887 966
Other financial assets	-	-	-	-
Cash and cash equivalents	340 753	6 119	1 457 911	1 440 613
Financial liabilities (-)				
Loans and borrowings	(383 025)	(1 570 832)	(1 570 832)	(1 597 557)
Lease payables	(324 234)	-	(1 345 920)	(1 348 638)
Trade liabilities and other financial liabilities	(852 908)	-	(3 596 110)	(3 557 393)
Total currency risk exposure	**(287 249)**	**(1 564 714)**	**(1 123 568)**	**(1 175 009)**

Credit risk

The Board of Directors applies the credit policy, under which the Board monitors its clients' and debtors' outstanding payments by reviewing the credit risk on a case by case basis. Moreover, as part of its credit risk management, the Company enters into transactions with partners whose creditworthiness is confirmed. Based on historical data on overdue payments, the receivables that are past due and for which no impairment losses have been recognised, do not show any significant deterioration in quality: most of them fall into the "within 1 month" category, and there is no doubt as to their collectability. According to the Board of Directors' assessment, the assets disclosed as at the balance sheet date may be considered good credit quality assets. As at 31 December 2018, the balance of the valuation allowance for receivables was PLN 44,954.17. The amount of PLN 37 500.00 relates to the Alfa company against which an enforceable instrument has been issued, while the amount of PLN 7 454.17 relates to Piotr i Paweł Sp. z o.o. which is subject to reorganization proceedings. The amount of PLN 7 454.17 constitutes 10% of the receivables as at the date of announcing the reorganisation proceedings, and represents Polipak’s down payment under the insurance contract.

Liquidity risk

While conducting its operating activities, the Company maintains a fixed amount of excess liquid cash, and open lines of credit. The Company manages the liquidity risk by monitoring payment dates and demand for cash with regard to the current liabilities (transactions are monitored on a fortnight basis). The demand for cash is compared with the available sources of funding, in particular by evaluating the ability to source funds under a loan, in comparison with current inflows.

25. Employment structure

The following is the Company's average headcount by employee groups and employee turnover:

	01.01.2018 through 31.12.2018	**01.01.2017 through 31.12.2017**
White-collar workers	54	48
Blue-collar workers	158	172
Total FTE	212	220
Workers engaged under contracts of mandate	5	8
Workers engaged by the Employment Agency	112	73
number of workers hired	53	27
number of workers terminated	51	33

26. Remuneration for the Board of Directors

	01.01.2018 through 31.12.2018	**01.02.1027 through 31.12.2017**
under the contract of employment		
Board of Directors composed of 4 persons	743 909	599 535

27. Post-balance sheet events

After the balance sheet date, there were no events that had any material effect on the assessment of these Financial Statements or on the Company's financial standing.

Środa Wielkopolska, 27 March 2019

Artur Gwardiak - President of the Board of Directors
Magdalena Łoś-Grzesik - Vice-President
Magdalena Sobota - Vice-President
Emilia Topolska - Vice-President

Signed by / Podpisano przez:
Artur Gwardiak
Date / Data: 2019-12-05 15:09

Signed by / Podpisano przez:
Emilia Topolska
Date / Data: 2019-12-05 07:46

Signed by / Podpisano przez:
Magdalena Łoś-Grzesik
Date / Data: 2019-12-05 09:07

Signed by / Podpisano przez:
Magdalena Sobota
Date / Data: 2019-12-05 10:58