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Financial Statement of Sarantis Polska S.A.
for the period
from 1 January 2014 to 31 December 2014

INTRODUCTION TO THE FINANCIAL STATEMENT
THE GENERAL INFORMATION

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

The subject of the Company's activity is mainly the sales activity in the scope of household articles made of artificial materials and skin care cosmetics.
The Company was registered on 24.01.1991 by the District Court in Warsaw under the number RHB 25872.
The Company was entered in the National Court Register of Entrepreneurships on 16.11.2001 under the number 0000050586.
On 24.04.2003 the Company was transformed to Joint Stock Company – entered in the National Court Register of Entrepreneurships under the number 0000158603.
On 24.10.2004 the Company changed it's name to Sarantis Polska S.A.

Company address
ul. Puławska 42 c
05-500 Piaseczno

Main Warehouse address
Moszna Parcela
05-840 Brwinów

2. Management Board of the Company

On 31 December 2014 the Management Board is composed of :
Kyriakos Sarantis – President of the Board
Konstantinos Rozakeas – Vice President of the Board
Nikos Evangelou - Vice President of the Board

President of the Board acting independently or two Vice-Presidents acting jointly are authorized to represent a company.

3. Supervisory Board

The composition of the Supervisory Board as at 31 December 2014 was as following:
Grigorios Sarantis
Konstantinos Stamatiou
Pantazis Sarantis
Vasileios Meintanis

4. Statutory auditor

KPMG Audyt Sp. z o. o. sp. k.
ul. Chłodna 51
00-867 Warszawa

5. Name of the parent company

GR Sarantis Cyprus Ltd. , Cyprus

6. Name of the ultimate parent company

GR Sarantis SA, Greece

7. Principles of presentation

Information on principles adopted for preparation of financial statement for 2014

The financial statement has been prepared in accordance with accounting principles contained in the International Financial Reporting Standards adopted by the European Union. The financial statements cover the period from 1 January to 31 December 2014 and the comparative period from 1 January to 31 December 2013.
The financial statement is compliant with all IFRS requirements adopted by the EU and present a true and fair view of the Company's financial position as at 31 December 2014 and 31 December 2013, results of its activity and cash flows for the year ended 31 December 2014 and 31 December 2013.

8. Statement of the Management Board

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

Piaseczno, 18th February 2015.

The Management Board:

President of the Board	Vice President of the Board	Vice President of the Board
Kyriakos Sarantis	*Nikos Evangelou*	*Konstantinos Rozakeas*

9. Significant accounting principles

Basic of the financial statement

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

Functional currency and presentation currency of financial statements

The finance statement is presented in polish zlotys after the round to full sums. The polish zloty is a functional and reporting currency of the Company.

Judgments and evaluations

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

Fixed assets

Fixed assets, excluding land and investment property, are estimatated at cost which consists acquisition cost and direct costs related to bringing the fixed asset into use. Fixed assets are depreciated and subject to impairment allowances. The cost of current maintenance of property, plant and equipment is recorded in the financial result during the period when they are incurred. The cost of significant repairs and regular maintenance programs is recognized as property, plant and equipment and depreciated in accordance with their economic useful lives. Depreciation of property, plant and equipment starts sins it is available for use that means is it in the location and condition necessary for it to be capable of operating. The beginning of the depreciation starts not later than one month after acquisition date and follows in the manner intended by the management, over the period reflecting their estimated economic useful life. The correctness of applied periods , depreciation rmethods and residual value of fixed assets is verified on each balance sheet day and respective adjustments are made if it is necessary.

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

Buildings and constructions 6 - 40 years
Machinery and equipment 2 - 12 years
Vehicles and other 2 - 10 years

If there have been events or changes which indicate that the carrying amount of fixed assets may not be recoverable, the assets are analyzed. If there are indications of impairment, the company makes estimation of recoverable amounts of particular assets. Loss is included if accounting value of asset is higher than esimated recovarable value

The recoverable amount of property, plant and equipment reflects the higher of the following values:net selling price and value in use. Impairment allowances are recognized as other operating costs in the profit and loss.

Profit and loss resulting from the removal tangible fixed asset from the balance sheet are calculated as difference between net incomes from disposal, and balance sheet value and shown like income or cost in the profit and loss account

Finance lease

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

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

Depreciation methods for leased assets being depreciated are consistent with normal depreciation policies applied for similar Company owned assets and depreciation is calculated in accordance with IAS 16 and IAS 38. If it is not certain that the lessee will obtain title to the asset before the end of the lease term, the asset is depreciated over the shorter of the lease term or the asset's economic useful life.

Intangible assets

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

The standard economic useful lives for amortization of intangible assets are following:

Acquired licenses, patents, and similar intangible assets 2 - 50 years

Acquired computer software 2 - 22 years

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

Financial instruments

Financial instruments different than derivates

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

At the moment of the expiry of rights resulted from the resolution about cash flows from this asset or starting from the moment in which the rights to cash flows from the financial asset are transferred in transaction transferring generally all important risks and benefits resulted from its ownership. Each share in transferring financial assets which is created or is in the Company's ownership is treated as a component of assets or as a liability.

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

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

Financial instruments estimated by financial results at fair value

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

Investments retained until the maturity term

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

Receivables and loans

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

Financial assets not available for sale

Derivatives are initially included at fair value, transaction costs are included at the moment of incurring in profits or losses of current period. After the initial presentation, the Company values the derivatives at fair value, profits and losses resulted from the changes of fair value are included in the mentioned below manner.

When the derivative is not designated as the security instrument, all changes of its fair value are immediately included in profit and loss of current period.

Inventories

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

Receivables

Trade receivables and other receivables are presented when the determined amounts become due to Company. Trade receivables and other receivables are valuated in payment date with consideration of allowances for bad debts. Non-collectible receivables are deducted into the profit and loss account at the time of declaring that they are non-collectible.

Cash and cash equivalent

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

Trade incomes

Probability of derived economic benefits and possibility to determine the amount of income let the Company recognize the incomes. Trade incomes are evaluated in net value after the reduction by tax on goods and services and discounts. The amount of incomes is evaluated in the fair value. Particular items of Company's costs are decreased by the reinvoiced amounts which are not an income.

Equity capital

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

Loan and credits

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

Transactions in foreign currency

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

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

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

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

For the balance valuation the following exchange rates were adopted:

Exchange rate at the day	*31.12.2014*	*31.12.2013*
USD	3,5072	3,0120
EUR	4,2623	4,1472
CHF	3,5447	3,3816

Income tax

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

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

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

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

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

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

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

Fixed assets available to sale

Fixed assets available to sale satisfy a following criteria:

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

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

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

Provisions

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

Liabilities

Trade and other liabilities are measured at the due amount.

Contingent liabilities

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

Application of the accounting principles

The above principles are applicable for comparative data.

Standards, Interpretations and amendments to published Standards that are not yet effective:

IFRIC Interpretation 21 *Levies*

The Interpretation provides guidance as to the identification of the obligating event giving rise to a liability, and to the timing of recognising a liability to pay a levy imposed by government.

In accordance with the Interpretation, the obligating event is the activity that triggers the payment of that levy, as identified in the relevant legislation and as a consequence, the liability for paying the levy is recognised when this event occurs.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognised when that minimum activity threshold is reached.

The Interpretation sets out that an entity cannot have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period.

The entity does not expect IFRIC 21 to have a material impact on the financial statements, since it does not result in a change in the entity's accounting policy regarding levies imposed by governments.

- effective from 1st January 2014

Amendments to IAS 19 *Employee Benefits* entitled *Defined Benefit Plans: Employee Contributions*

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

It is expected that the Amendments, when initially applied, will not have a material impact on the entity financial statements. The entity has no such contributions to defined benefit plans.

- effective from 1st July 2014

Improvements to IFRS (2010-2012)

The *Improvements to IFRSs (2010-2012)* contains 8 amendments to 7 standards, with consequential amendments to other standards and interpretations. The main changes were to:

- clarify the definition of 'vesting conditions' in Appendix A of IFRS 2 *Share-based Payment* by separately defining a 'performance condition' and a 'service condition'
- clarify certain aspects of accounting for contingent consideration in a business combination
- amend paragraph 22 of IFRS 8 to require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. This is to supplement the current disclosure requirements in paragraph 22(a) of IFRS 8.
- amend paragraph 28(c) of IFRS 8 *Operating Segments* to clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker. This proposed amendment is consistent with the requirements in paragraphs 23 and 28(d) in IFRS 8.
- clarify the IASB's rationale for removing paragraph B5.4.12 of IFRS 9 *Financial Instruments* and paragraph AG79 of IAS 39 *Financial Instruments*: Recognition and Measurement as consequential amendments from IFRS 13 *Fair Value Measurement*.
- clarify the requirements for the revaluation method in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* to address concerns about the calculation of the accumulated depreciation or amortisation at the date of the revaluation.
- make an entity providing management personnel services to the reporting entity a related party of the reporting entity.
  - effective from 1st July 2014

Improvements to IFRS (2011-2013)

The *Improvements to IFRSs (2011-2013)* contains 4 amendments to standards, with consequential amendments to other standards and interpretations. The main changes were to:

- clarify the meaning of 'each IFRS effective at the end of an entity's first IFRS reporting period' as used in paragraph 7 of IFRS 1 *First-time Adoption of IFRSs*.
- clarify that the scope exemption in paragraph 2(a) of IFRS 3 *Business Combinations*:
  - excludes the formation of all types of joint arrangements as defined in IFRS 11 *Joint Arrangements* from the scope of IFRS 3; and
  - only applies to the financial statements of the joint venture or the joint operation itself.

- clarify that the portfolio exception included in paragraph 48 of IFRS 13 applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*.
- clarify that judgement is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgement is based on the guidance in IFRS 3.

- effective from 1st July 2014

Standards and interpretations not yet endorsed by the EU

IFRS 9 *Financial Instruments (2014)*

The new standard replaces the guidance included in IAS 39 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets, including a model for calculating impairment. IFRS 9 eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables used to classify financial assets.

Under the new standard, financial assets are to be classified on initial recognition into one of three categories:

- financial assets measured at amortized cost;
- financial assets measured at fair value through profit or loss; or
- financial assets measured at fair value through other comprehensive income (OCI).

A financial asset is classified as being subsequently measured at amortized cost if the following two conditions are met:

- the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Otherwise, e.g. in the case of equity instruments of other entities, a financial asset will be measured at fair value.

Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, other than assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets – such remeasurement gains and losses are recognized in OCI.

In addition, at initial recognition of an equity investment that is not held for trading, an entity may irrevocably elect to present all fair value changes from the investment in OCI. The election is available on an individual share-by-share basis. No amount recognised in OCI in relation to the above-described remeasurement is ever reclassified to profit or loss at a later date.

The new standard retains almost all of the existing requirements in IAS 39 on the classification and measurement of financial liabilities and on derecognition of financial assets and financial liabilities. However, IFRS 9 requires that the portion of the gain or loss on a financial liability designated at initial recognition as fair value through profit or loss that is attributable to changes in its credit risk be presented in OCI, with only the remaining amount of the total gain or loss included in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, or if the financial liability is a loan commitment or a financial guarantee contract, the entire fair value change is presented in profit or loss.

In respect of the financial assets impairment requirements, IFRS 9 replaces the "incurred loss" impairment model in IAS 39 with an "expected credit loss" model. Under the new approach, which aims to address concerns about "too little, too late" provisioning for impairment losses, it will no longer be necessary for a loss event to occur before an impairment allowance is recognized.

In short, the expected credit loss model uses a dual measurement approach, under which the loss allowance is measured as either:

- 12-month expected credit losses, or
- lifetime expected credit losses.

The measurement basis generally depends on whether there has been a significant increase in credit risk since initial recognition. If the credit risk of a financial asset has not increased significantly since initial recognition, the financial asset will attract a loss allowance equal to 12-month expected credit loss. If, however, its credit risk has increased significantly, it will attract an allowance equal to lifetime expected credit losses, thereby increasing the amount of impairment recognized. The standard contains a rebuttable presumption that the condition for recognizing lifetime expected credit losses is met when payments are more than 30 days past due.

- effective from 1st January 2018

IFRS 14 *Regulatory Deferral Accounts*

The interim Standard:

- permits first time adopters of IFRS to continue to use its previous GAAP to account for regulatory deferral account balances both on initial adoption of IFRS and in subsequent financial statements;
- requires entities to present regulatory deferral account balances and movements therein as separate line items on the face of the financial statements; and

requires specific disclosures to identify clearly the nature of, and risks associated with, the rate regulation that has resulted in the recognition of regulatory deferral account balances in accordance with this interim Standard.

- effective from 1st January 2016

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 *Joint*

The Amendments provide guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 *Business Combinations*, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in IFRS 11. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations.

- effective from 1st January 2016

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 *Joint Arrangements*)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*)

The Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- effective from 1st January 2016

IFRS 15 *Revenue from Contracts with Customers*

The Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Specifically, it replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations.

Under the new standard, entities will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized:

- Over time, in a manner that depicts the entity's performance; or
- At a point in time, when control of the goods or services is transferred to the customer.

Included in the Standard are new qualitative and quantitative disclosure requirements to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

- effective from 1st January 2017

Agriculture: Bearer Plants (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture*)

The Amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. IAS 41 *Agriculture* currently requires all biological assets related to agricultural activity to be measured at fair value less cost to sell. Under the new requirements, bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

- effective from 1st January 2016

Equity Method in Separate Financial Statements (Amendments to IAS 27 *Separate Financial Statements)*

The Amendments introduce an option for the entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements, in addition to the existing cost and fair value options.

- effective from 1st January 2016

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates*)

The Amendments address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. While IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture, IFRS 10 requires full profit or loss recognition on the loss of control of subsidiary.

The Amendments require a full gain or loss to be recognised when the assets transferred meet the definition of a business under IFRS 3 *Business Combinations* (whether it is housed in a subsidiary or not). A partial gain or loss (only to the extent of unrelated investors' interests) shall be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- effective from 1st January 2016

Improvements to IFRS (2012-2014)

The *Improvements to IFRSs (2012-2014)* contains 4 amendments to standards, with consequential amendments to other standards and interpretations. The main changes were to:

- clarify that paragraphs 27-29 of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (dealing with the accounting for assets that are no longer classified as held for sale) will also apply to assets that cease to be classified as held for distribution. This, however, will not apply if an entity reclassifies an asset (or disposal group) without any time lag from held for sale to held for distribution (or vice versa). Such changes in classification are considered a continuation of the original plan of disposal;
- explain how an entity should apply the guidance in paragraph 42C of IFRS 7 *Financial Instruments: Disclosures* to a servicing contract to determine whether the contract represents 'continuing involvement' for the purposes of the disclosure requirements in paragraphs 42E-42H of IFRS 7;

- clarify that the additional disclosures required by Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods. However, they are required if the general requirements of IAS 34 *Interim Financial Reporting* require their inclusion;

- amend IAS 19 *Employee Benefits* to clarify that the high-quality corporate bonds or government bonds used in determining the discount rate for post-employment benefit obligations should be issued in the same currency in which the benefits are to be paid. Consequently, the assessment of the depth of the market for high quality corporate bonds should be made at the currency level and not at the country level;

- clarify the meaning of the term 'elsewhere in the interim financial report' per IAS 34 and add to IAS 34 a requirement to include a cross-reference from the interim financial statements to the location of this information.

- effective from 1st January 2016

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures*)

The Amendments, related to financial reporting of investment entities, address the following matters:

- Consolidation of intermediate investment entities

  Before the Amendments, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the changes, intermediate investment entities are not permitted to be consolidated. The amendments also clarify that entities conducting "investment-related services" are those whose main purpose and activities are to provide services that relate to the investment entity parent's activities.

- Consolidated financial statements exemption for intermediate parents owned by investment entities

  Intermediate holding entities have a long-standing exemption from preparing consolidated financial statements when they are themselves consolidated by a higher-level parent (and when other relevant criteria are met).
  The Amendments make this exemption available to an intermediate held by an investment entity, even though the investment entity does not consolidate the intermediate.

- Policy choice to equity account for interests in investment entities

  The Amendments provide an accounting policy choice to a non-investment entity in relation to its stake in an investment entity that it is required to equity account. The non-investment entity's equity accounting can either pick up the investment entity's fair value accounting for its subsidiaries or, alternatively, it can pick up figures as if the investment entity had consolidated all of its subsidiaries

- effective from 1st January 2016

Disclosure initiative (Ammendments to IAS 1 *Presentation of Financial Statements*)

Key clarifications resulting from the Amendments include the following:

- An emphasis on materiality. Specific single disclosures that are not material do not have to be presented – even if they are a minimum requirement of a standard.
- The order of notes to the financial statements is not prescribed. Instead, companies can chose their own order, and can also combine, for example, accounting policies with notes on related subjects.
- It had been made explicit that companies:
  - should disaggregate line items in the statement of financial position and in the statement of profit or loss and other comprehensive income (OCI) if this provides helpful information to users; and
  - can aggregate line items in the statement of financial position if the line items specified by IAS 1 are immaterial.
- Specific criteria are provided for presenting subtotals in the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
- The presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the standard's approach of splitting items that may, or that will never, be reclassified to profit or loss.

- effective from 1st January 2016

The Company evaluated effects of application of interpretations and changes in standards and identified that they had not the influence on the financial statement presented previously and value of equity capital.

Piaseczno, 18th February 2015.

The Management Board:

President of the Board	Vice President of the Board	Vice President of the Board
Kyriakos Sarantis	*Nikos Evangelou*	*Konstantinos Rozakeas*

STATEMENT OF FINANCIAL POSITION
for the period ended on 31 December 2014

	Note	31 December 2014	31 December 2013
ASSETS			
Fixed assets			
Property, plant and equipment	1	5 073 116	6 563 792
Intangible assets	2	13 171 480	13 725 955
Perpetual usufruct of land	3	1 462 980	1 462 980
Deferred tax assets	4	1 502 157	2 726 944
Total fixed assets		**21 209 733**	**24 479 671**
Current assets			
Inventory	5	39 981 963	36 045 555
Trade and other receivables	6	70 739 208	74 893 569
Short-term prepayments	8	2 785 671	2 550 442
Cash and cash equivalents	9	5 728 734	14 042 506
Total current assets		**119 235 576**	**127 632 072**
TOTAL ASSETS		**140 445 309**	**152 011 743**

The Management Board:

President of the Board	Vice President of the Board	Vice President of the Board
Kyriakos Sarantis	*Nikos Evangelou*	*Konstantinos Rozakeas*

	Note	31 December 2014	31 December 2013
LIABILITIES			
Equity			
Nominal share capital	10	34 400 000	34 400 000
Nominal share premium	10	1 055 603	1 055 603
Retained profits	11	44 553 566	46 135 917
Total equity		**80 009 169**	**81 591 520**
Long-term liabilities			
Deferred tax provision	4	1 404 314	1 065 342
Other long-term liabilities	13	352 461	1 079 573
Total long-term liabilities		**1 756 775**	**2 144 915**
Short-term liabilities			
Trade and other liabilities	15	52 340 933	55 590 115
Tax liabilities	16	108 841	2 148 784
Accruals and deferrals	8	6 229 591	10 536 409
Total short-term liabilities		**58 679 365**	**68 275 308**
Total liabilities		**140 445 309**	**152 011 743**

The Management Board:

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Kyriakos Sarantis

Vice President of the Board
Nikos Evangelou

Vice President of the Board
Konstantinos Rozakeas

STATEMENT OF COMPREHENSIVE INCOME
for the period ended on 31 December 2014

	Note	31 December 2014	31 December 2013
Continuing of acitivity			
Sales income	17	**297 490 039**	**315 915 493**
Other income	18	1 086 933	1 557 950
Change of the inventory product balance		298 210	311 840
Cost of work performed by the entity for its own needs		3 105 535	1 711 466
Depreciation		(2 354 542)	(2 631 410)
Consumption of materials and power		(61 254 473)	(63 950 104)
External services		(67 328 202)	(84 974 391)
Taxes and fees		(284 118)	(356 285)
Salaries		(16 939 515)	(16 758 299)
Social insurance and other benefits		(2 980 626)	(2 925 665)
Other cost by nature		(889 556)	(592 250)
Cost of trade goods and materials sold		(126 394 456)	(124 654 764)
Other costs	19	(717 735)	(1 536 992)
Total cost on operating activity		**(275 739 478)**	**(296 356 854)**
Profit from operating activities		**22 837 494**	**21 116 589**
Financial revenues	20	265 369	296 129
Financial expenses	20	(1 085 968)	(802 300)
Net financial revenues and expenses		**(820 599)**	**(506 171)**
Profit before tax		**22 016 895**	**20 610 418**
Income tax	21	(4 231 058)	(4 253 754)
Net profit		**17 785 837**	**16 356 664**
Exchange rate differences from converting of foreign companies		-	-
Effects of valuation of financial assets available for sale		-	-
Hedge accounting		-	-
Effects of revaluation of fixed assets		-	-
Actuarial profits and losses		-	-
Share in other comprehensive incomes of affiliated companies		-	-
Income tax regarding other comprehensive incomes		-	-
Net other comprehensive income		-	-
Total comprehensive income		**17 785 837**	**16 356 664**
Net profit assigned:			
Shareholders of parent company		17 785 837	16 356 664
Total completely income assigned:			
Shareholders of parent company		**17 785 837**	16 356 664

The Management Board:

President of the Board	Vice President of the Board	Vice President of the Board
Kyriakos Sarantis	*Nikos Evangelou*	*Konstantinos Rozakeas*

STATEMENT OF CASH FLOWS

for the period ended on 31 December 2014

	Note	01.01.2014- -31.12.2014	01.01.2013- -31.12.2013
Cash flows - operational activity			
Gross profit from the business activity		**22 016 896**	**20 610 418**
Adjustments for:		(8 895 259)	13 880 108
Non- cash:			
Depreciation and impairment of property, plant and equipment		2 354 542	2 663 657
(Profit)/loss on account of foreign exchange differences		(3 990)	(21 535)
Profit from the sale of property, plant and equipment		(18 179)	(284 715)
Income from interest and shares in profits			
Interest expenses		318 170	365 552
Other net items		18 068	-
Changes of working capital			
Increase/decrease in inventories		(3 936 408)	(2 687 155)
Increase in trade and other receivables	28	4 154 351	7 374 390
Increase in trade and other payables	28	(2 532 522)	7 706 550
Change in the value of accruals and deferrals		(4 542 047)	(63 218)
Income tax paid		(4 707 242)	(1 173 418)
Net cash flows from operating activities		**13 121 638**	**34 490 526**
Cash flows - investment activities			
Revenues generated from sale of fixed assets	28	44 893	429 439
Acquisition of tangible fixed assets and intangible assets	28	(355 000)	(509 096)
Net cash used in investing activities		**(310 107)**	**(79 657)**
Cash flow - financial activities			
Revenues due to credit and loans		-	-
Repayment of credit and loans		-	(180)
Settlement of liabilities due to finance lease		(1 442 935)	(1 462 909)
Interest paid		(318 170)	(365 552)
Dividends paid		(19 368 188)	(22 256 391)
Other net items		-	-
Net cash provided by/(used in) financial activities		**(21 129 293)**	**(24 085 032)**
Net change in cash and cash equivalents		(8 317 762)	10 325 837
Effect of exchange rate changes		3 990	6 056
Balance sheet change in the cash value		(8 313 772)	10 331 893
Cash and cash equivalents on 1 January 2014		14 042 506	3 710 613
Cash and cash equivalents on 31 December 2014		**5 728 734**	**14 042 506**

The Management Board:

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Vice President of the Board
Nikos Evangelou

Vice President of the Board
Konstantinos Rozakeas

STATEMENT OF CHANGES IN EQUITY

	Nominal share Capital	Nominal share premium	Retained earnings	Total equity
Equity as at 1 January 2013	**34 400 000**	**1 055 603**	**52 035 644**	**87 491 247**
Net profit	-	-	16 356 664	16 356 664
Dividends paid	-	-	(22 256 391)	(22 256 391)
Equity as at 31 December 2013	**34 400 000**	**1 055 603**	**46 135 917**	**81 591 520**
Net profit	-	-	17 785 837	17 785 837
Dividends paid			(19 368 188)	(19 368 188)
	-	-	-	-
Equity as at 31 December2014	**34 400 000**	**1 055 603**	**44 553 566**	**80 009 169**

The Management Board:

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Vice President of the Board
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Vice President of the Board
Konstantinos Rozakeas

ADDITIONAL INFORMATION AND EXPLANATIONS

Contents:

ADDITIONAL INFORMATION AND EXPLANATIONS

1. Tangible fixed assets

	31.12.2014	31.12.2013
Land	-	-
Buildings, premises and structures of land and water engineering	1 205 726	1 265 337
Machinery and technical equipment	1 343 348	1 641 988
Transportation means	2 122 200	3 121 829
Other fixed assets	401 842	534 638
Total tangible fixed assets	**5 073 116**	**6 563 792**

There are no tangible assets which are a security for liabilities of the company at 31st December 2014 and at 31st December 2013.

Balance sheet value of tangible fixed assets which are using based on financial leasing agreement as at:

- 31 December 2014 - 1 190 467 zł
- 31 December 2013 - 3 228 958 zł

Financial leasing agreements relate to cars, which are used to Company's activity and warehouse equipment. Except tangible fixed assets included financial leasing agreements rights to dispose of Company's tangible fixed assets are unlimited.

Changes in tangible fixed assets according to the category criterion:

Gross value of tangible fixed assets	Buildings, premises and structures of land and water engineering	Machinery and technical equipment	Transportation means	Other fixed assets	Total
Gross value as at 1st January 2013	**1 761 516**	**6 869 359**	**7 184 484**	**1 862 351**	**17 677 710**
Increases:	-	324 082	1 049 745	12 146	1 385 973
acquisition	-	324 082	1 049 745	12 146	1 385 973
transfer	-	-	-	-	-
Decreases:		162 049	2 258 561	-	2 420 610
sales	-	63 902	2 223 804	-	2 287 706
liquidation	-	98 147	34 757	-	132 904
transfer	-	-	-	-	-
Gross value as at 31st December 2013	**1 761 516**	**7 031 392**	**5 975 668**	**1 874 497**	**16 643 073**
Increases:	-	143 364	124 668	44 168	312 200
acquisition	-	143 364	124 668	44 168	312 200
transfer	-	-	-	-	-
Decreases:	-	196 464	334 174	241 164	771 802
sales	-	67 530	294 027	-	361 557
liquidation	-	128 934	40 147	241 164	410 245
transfer	-	-	-	-	-
Gross value as at 31st December 2014	**1 761 516**	**6 978 292**	**5 766 162**	**1 677 501**	**16 183 471**

Changes in tangible fixed assets according to the category criterion:

	Buildings, premises and structures of land and water engineering	Machinery and technical equipment	Transportation means	Other fixed assets	Total
Accumulated depreciation and impairment loss as at 1st January 2013	**436 329**	**5 007 605**	**3 691 707**	**1 154 234**	**10 289 875**
Increases:	59 850	543 689	1 243 871	185 625	2 033 035
depreciation for the year	59 850	543 689	1 243 871	185 625	2 033 035
reclassifications	-	-	-	-	-
Decreases:	-	161 890	2 081 739	-	2 243 629
sales	-	63 743	2 079 229	-	2 142 972
liquidation	-	98 147	2 510	-	100 657
reclassifications	-	-	-	-	-
Accumulated depreciation and impairment loss as at 31st December 2013	**496 179**	**5 389 404**	**2 853 839**	**1 339 859**	**10 079 281**
Increases:	59 611	440 543	1 080 987	176 964	1 758 105
depreciation for the year	59 611	440 543	1 080 987	176 964	1 758 105
reclassifications	-	-	-	-	-
Decreases:	-	195 003	290 864	241 164	727 031
sales	-	67 530	268 783	-	336 313
liquidation	-	127 473	22 081	241 164	390 718
reclassifications	-	-	-	-	-
Accumulated depreciation and impairment loss as at 31st December 2014	**555 790**	**5 634 944**	**3 643 962**	**1 275 659**	**11 110 355**
Net accounting value:					
as at 1st January 2013	1 325 187	1 861 754	3 492 777	708 117	7 387 835
as at 31st December 2013	1 265 337	1 641 988	3 121 829	534 638	6 563 792
as at 31st December 2014	**1 205 726**	**1 343 348**	**2 122 200**	**401 842**	**5 073 116**

2. Intangible fixed assets

	31. 12.2014	31. 12.2013
Computer software	4 739 512	5 110 047
Trademarks, licenses	8 431 968	8 615 908
Total intangible fixed assets	**13 171 480**	**13 725 955**

Changes of intangible fixe assets were following:

Gross value of intangible fixed assets	Trademarks, licenses	Computer software	Expenditure for Intangible fixed assets	Total
Gross value as at 1st January 2013	**9 589 311**	**8 101 449**	**20 000**	**17 710 760**
Increases:	-	130 700	-	130 700
acquisition	-	130 700	-	130 700
reclassifications	-	-	-	-
Decreases:	-	166 700	20 000	186 700
sales	-	2 440	-	2 440
liquidation	-	164 260	-	164 260
reclassifications	-	-	20 000	20 000
Gross value as at 31st December 2013	**9 589 311**	**8 065 449**	**-**	**17 654 760**
Increases:	-	41 963	-	41 963
acquisition	-	41 963	-	41 963
reclassifications	-	-	-	-
Decreases:	131 828	127 895	-	259 723
liquidation	131 828	127 895	-	259 723
reclassifications	-	-	-	-
Gross value as at 31st December 2014	**9 457 483**	**7 979 517**	**-**	**17 437 000**

	Trademarks, licenses	Computer Software	Advances for Intangible fixed assets	Total
Accumulated depreciation and impairment loss as at 1st January 2013	**779 703**	**2 717 427**	**-**	**3 497 130**
Increases:	193 700	404 675	-	598 375
depreciation for the year	193 700	404 675	-	598 375
reclassifications	-	-	-	-
Decreases:	-	166 700	-	166 700
sales	-	2 440	-	2 440
liquidation	-	164 260	-	164 260
Accumulated depreciation and impairment loss as at 31st December 2013	**973 403**	**2 955 402**	**-**	**3 928 805**
Increases:	183 940	412 498	-	596 438
depreciation for the year	183 940	412 498	-	596 438
Decreases:	131 828	127 895	-	259 723
liquidation	131 828	127 895	-	259 723
Accumulated depreciation and impairment loss as at 31st December 2014	**1 025 515**	**3 240 005**	**-**	**4 265 520**

Net accounting value:

as at 1st January 2013	8 809 608	5 384 022	20 000	14 213 630
as at 31st December 2013	8 615 908	5 110 047	-	13 725 955
as at 31st December 2014	**8 431 968**	**4 739 512**	-	**13 171 480**

In 2010 company bought the Kolastyna trademarks for amount 9,2 mln zł. Kolastyna brand is very recognizable mark on the Polish market. It gives a lot of possibilities for development of assortment. Sarantis Polska see a very optimistic and perspective way of Kolastyna brand development it its business plan. It also plans to start its resources to extend the assortment and strengthen power of this brand in the next years.

In accordance with strategic assumptions of Sarantis Polska S.A., the Company is going to develop sales of products under the Kolastyna mark for at least 50 years.

The next important component of intangible fixed assets is SAP R3 software, which has been started to use in January 2010. Initial value of expenses for this software was 5,5 mln zł, accepted useful life – 22 years.

3. Perpetual usufruct

The Company use perpetual usufruct of land with 8 004 square meters which are property of the State Treasury and are located in Piaseczno, ul. Puławska 42C

4. Deferred tax

Deferred tax as at 31 December 2014 is resulting from:

Assets due to deferred tax	**31.12.2014**	**31.12.2013**
Accruals	1 183 260	1 987 579
Assets for the temporary differences – inventories	147 002	125 177
Balance sheet valuation in foreign currency	65 719	24 367
Assets for the temporary differences – fixed assets	36 070	9 853
Interest payables not paid	229	46 584
Liabilities not paid	62 627	528 453
Other	7 250	4 931
	1 502 157	**2 726 944**

Provision for deferred tax	**31.12.2014**	**31.12.2013**
Assets and liabilities valuation in foreign currency	37 789	37 852
Provision for the temporary differences - assets	1 313 864	994 501
Temporary differences leasing	38 334	25 421
Unpaid interest on receivables	14 327	7 568
	1 404 314	**1 065 342**

5. Inventories

	31.12.2014	31.12.2013
Trade goods	31 576 328	27 966 596
Finished products	4 260 949	3 962 736
Materials	4 144 686	4 116 223
	39 981 963	**36 045 555**

As at 31 December 2014 and 31 December 2013 has been not established any pledge on the inventories to secure the Company's liabilities.
There was no write-off on inventories in the Company at the end of 2014. At the end of 2013, the Company created write-off in amount of 129 thousand PLN.

6. Trade receivables and other receivables

	31.12.2014	31.12.2013
Trade receivables from affiliated entities	5 871 218	4 547 182
Trade receivables from other entities	62 694 271	68 909 856
Other receivables from other entities	2 527 111	2 023 546
Provision for bad debts	(353 392)	(587 015)
Short-term receivables	**70 739 208**	**74 893 569**

Trade receivables are interest-free and their term of payment is 30-90 days. As at 31 December 2014 trade receivables in amount of 353 392 PLN have been considered as difficult to recover and Company created provision for bad debts.
Movements regarding provision for bad debts were following:

	31.12.2014	31.12.2013
Beginning of a period	**587 015**	**622 891**
Increases	66 445	119 042
Usage	(279 407)	(119 339)
Decreases – reversal	(20 661)	(35 579)
At the end of a period	**353 392**	**587 015**

Analysis of trade receivables overdue, but recoverable as at 31 December 2014 and as at 31 December 2013 is presented in the below table:

			Overdue , but recoverable				
Year	**Total**	**Not overdue**	**< 30 days**	**30 - 60 days**	**60 - 90 days**	**90 -120 days**	**> 120 days**
2013	72 870 779	69 145 318	3 631 023	65 356	29 082	-	-
2014	68 224 202	63 477 803	4 319 905	28 032	-	4 407	394 055

Currency structure of short-term trade receivables and other receivables

	31.12.2014	31.12.2013
Receivables in the local currency	59 800 412	65 405 406
Receivables in the foreign currency	10 938 796	9 488 163
	70 739 208	**74 893 569**

	31.12.2014	31.12.2013
Receivables in EUR	9 557 529	8 687 347
Receivables in USD	1 381 267	329 810
Receivables in CHF	-	471 006
	10 938 796	**9 488 163**

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

7. Transactions with affiliated entities

Receivables from affiliated entities:

	31.12.2014	31.12.2013
Sarantis Czech Republic s.r.o.	1 146 707	620 994
Gr. Sarantis SA Greece	199 320	122 047
Sarantis Romania SA Romania	1 705 348	1 275 702
Sarantis D.O.O. Serbia	1 640 699	1 486 025
Sarantis Bulgaria Ltd. Bulgaria	452 014	640 537
Sarantis Hungary Kft. Hungary	213 930	296 958
Sarantis Portugal LDA, Portugal	513 200	104 919
	5 871 218	**4 547 182**

Liabilities to affiliated entities:

	31.12.2014	31.12.2013
Sarantis Czech Republic s.r.o.	29 869	-
Gr. Sarantis SA Greece	4 445 405	2 438 524
Sarantis Romania SA Romania	21 120	1 475 497
Sarantis Hungary Kft. Hungary	86 170	11 291
Sarantis D.O.O. Serbia	101 048	226 301
	4 683 612	**4 151 613**

Income from the sales – affiliated entities

	31.12.2014	31.12.2013
Sarantis Czech Republic s.r.o.	3 700 619	3 023 010
Gr. Sarantis SA Greece	729 759	678 865
Sarantis Romania SA	6 620 116	6 335 470
Sarantis D.O.O. Serbia	8 119 466	7 473 472
Sarantis Bulgaria Ltd.	2 258 006	1 967 946
Sarantis Hungary Kft.	456 403	486 709
Sarantis Portugal LDA, Portugalia	396 256	105 658
	22 280 625	**20 071 130**

Other revenues – affiliated companies

	31.12.2014	31.12.2013
Sarantis Czech Republic s.r.o.	14 593	8 806
Sarantis Hungary Kft.	144 129	135 872
Gr. Sarantis S.A.,Greece	10 656	10 676
GR Sarantis Romania SA	-	8 174
Sarantis D.O.O. Serbia	-	300
	169 378	**163 828**

Goods purchased from affiliated entities

	31.12.2014	31.12.2013
Sarantis Czech Republic s.r.o.	52 697	2 196 990
Gr. Sarantis SA Greece	21 404 953	17 079 524
Sarantis Romania SA	3 251 505	5 363 211
Sarantis Hungary Kft.	336 910	56 990
Sarantis D.O.O. Serbia	344 012	1 969 937
	25 390 077	**26 666 652**

Other purchase affiliated entities

	31.12.2014	31.12.2013
Sarantis Czech Republic s.r.o., Czechy	474	-
Gr. Sarantis SA, Grecja	186 990	172 213
Sarantis Romania SA, Rumunia	4 557	-
	192 021	**172 213**

8. Deferrals and accruals

Deferred expenses - assets

	31.12.2014	31.12.2013
Insurances	-	85 974
Subscriptions	38 470	31 864
Other	65 329	97 520
Other deferrals: input Vat to deduction	2 681 873	2 335 084
	2 785 671	**2 550 442**

Accrued expenses– liabilities

	31.12.2014	31.12.2013
Provisions for costs	6 227 682	10 532 885
Future periods incomes	1 909	3 524
	6 229 591	**10 536 409**

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

9. Cash and cash equivalents

	31.12.2014	31.12.2013
Cash in hand	6 776	7 345
Cash in banks	5 604 197	13 933 614
Cash in bank of the Social Fund	117 444	101 276
Cash in transmit	317	271
	5 728 734	**14 042 506**

	31.12.2014	31.12.2013
In local currency	5 710 064	13 151 971
In foreign currency	18 670	890 535
	5 728 734	**14 042 506**

	31.12.2014	31.12.2013
Cash in EUR	11 271	614 533
Cash in USD	5 654	83 532
Cash in CHF	1 745	192 470
	18 670	**890 535**

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

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

Share capital of Sarantis Polska S.A. is 34 400 000 PLN and includes:

1 915 000 registered, not preferential A series shares

1 135 000 registered, not preferential B series shares

390 000 registered, not preferential C series shares

Nominal value of share is 10 PLN. GR Sarantis Cyprus Ltd. is the sole owner.Share capital has been paid in whole amount.

Supplementary capital from the issuance of shares above their nominal value as at 31st December of 2014 is 1 055 603 PLN. It is a remained part of share premium (after the coverage of loss from the previous years), connected with the issuance of B series shares in 2003 (stock issue price was 20,12 PLN).

11. Retained profits and limitations connected with capital

	31.12.2014	31.12.2013
Profits retained from the previous years-supplementary capital	10 411 064	10 411 064
Profits retained from the previous years	16 356 665	19 368 189
Net profit in current period	17 785 837	16 356 664
Total retained profits	**44 553 566**	**46 135 917**

Based on § 396 of Code of Commercial Companies the Company is obligated to keep retained profits in 1/3 value of share capital. It can be use only for covering potential losses. The Company has to intend for this aim minimum 8% of current profit until it collects required equivalent 1/3 of share capital. Since 2010, Company creates a reserve capital from the profit division which will be used for dividend payment. Reserve capital value as of 31 December 2014 was 16 356 665 PLN.

In 2014, the Company paid dividend to shareholder in the amount of 19 368 188 PLN. Dividend paid in 2013 was the amount of 22 256 391 PLN.

12. Suggested division of profit for 2014

The Management Board proposes a net profit for 2014, in amount of 17 785 837 PLN for the payment of dividend.

13. Credits, loans and other liabilities

As at 31 December 2014 and 31 December 2013, the Company had no liabilities arising from loans.

At the end of the reporting period the Company had bank lines of multi-purpose in total amount of 42,3 mln PLN and available credit limits in total amount of 27 mln PLN.

Corporate guarantees issued by Gr. Sarantis S.A. are a security for credit lines in amount of 42,3 mln PLN. Credit lines are remunerated at variable interest rate based on the reference rate WIBOR1M or EURIBOR1M/LIBOR1M plus a bank margin.

Financial leasing

The Company cars are used based on leasing agreement of financial nature with purchase option. Future minimal leasing charges under this leasing agreements and net present value of minimal leasing charges are following:

	31.12.2014	31.12.2013
Future minimum leasing charges, which constituted commitment on the Company		
Liabilities:		
Liabilities payable up to 1 year	766 522	1 485 427
Liabilities payable after more than one year and less than five	404 639	1 131 750
Liabilities payable after more than five years	-	-
	1 171 161	**2 617 177**
Net present value:		
Liabilities payable up to 1 year	636 247	1 352 071
Liabilities payable after more than one year and less than five	352 461	1 079 573
Liabilities payable after more than five years	-	-
	988 708	**2 431 644**

Operational leasing

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

Future minimum fees under the agreement are following:

During the year	1 800 000
More than one year and less than five years	8 400 000
	10 200 000

As part of an operating lease agreement, the Company uses the company cars.
The future minimum obligations under this head will be:

During the year	320 000
More than one year and less than five years	260 000
	580 000

14. Financial instruments

Financial instruments in accordance with category:	31.12.2014	31.12.2013
Granted loans and own receivables:	69 345 342	74 477 873
- trade receivables	68 224 201	72 870 779
- other receivables	1 121 141	1 607 094
Cash	5 721 957	14 035 161
	75 067 299	**88 513 034**

Financial liabilities valued to the fair value by financial result

Trade liabilities	50 170 162	52 562 461
Lease liabilities	988 708	2 431 644
	51 158 870	**54 994 105**

15. Short-term trade payables and other liabilities

	31.12.2014	31.12.2013
Trade payables to affiliated entities	4 683 612	4 151 613
Trade payables to other entities	45 486 550	48 410 848
Liabilities towards to the State Budget	1 348 609	1 516 298
Salary payables	25 412	36 172
Lease liabilities falling due within one year	636 247	1 352 071
Other liabilities	52 212	23 884
Special founds	108 291	99 229
Total short-term liabilities	**52 340 933**	**55 590 115**

Trade payables are interest-free and usually settled within 60-90 days.

01.01.2014 - 31.12.2014		Not overdue liabilities	Overdue liabilities			
Ageing structure	**Total**		**up to 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 360 day**
Trade liabilities	50 170 162	38 978 242	10 938 863	184 607	-	68 450
Total	**50 170 162**	**38 978 242**	**10 938 863**	**184 607**	**-**	**68 450**

01.01.2013 - 31.12.2013		Not overdue liabilities	Overdue liabilities			
Ageing structure	Total		up to 30 days	31 - 60 days	61 - 90 days	91 - 360 day
Trade liabilities	52 562 461	40 150 855	12 333 445	78 161	-	-
Total	**52 562 461**	**40 150 855**	**12 333 445**	**78 161**	**-**	**-**

Currency structure of short-term liabilities

	31.12.2014	31.12.2013
Liabilities in local currency	35 410 047	40 564 078
Liabilities in foreign currency	16 930 886	15 026 037
	52 340 933	**55 590 115**

	31.12.2014	31.12.2013
Liabilities in EUR	13 849 481	11 610 413
Liabilities in USD	2 587 293	1 997 281
Liabilities in CHF	494 112	1 418 343
	16 930 886	**15 026 037**

16. Income tax liabilities

	31.12.2014	31.12.2013
Income tax liabilities	108 841	2 148 784
	108 841	**2 148 784**

17. Sales revenue

	31.12.2014	31.12.2013
Revenue from goods sales	203 021 526	220 553 879
Revenue from products sales	93 712 088	94 708 116
Revenue from materials sales	756 425	653 498
	297 490 039	**315 915 493**

	31.12.2014	31.12.2013
Revenue from domestic sales	256 451 304	276 029 930
Revenue from export	41 038 735	39 885 563
	297 490 039	**315 915 493**

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

18. Other revenue

	31.12.2014	31.12.2013
Profits from sales of services	387 176	961 955
Profits from sales of fixed assets	18 179	252 468
Provision expense reversal	284 804	-
Received compensations	223 291	207 315
Reversal of provision for bad debts	20 661	35 579
Return of court fees	19 617	27 517
Stock count differences	55 944	5 992
Time-barred liabilities	-	993
Other	77 261	66 131
	1 086 933	**1 557 950**

19. Other operating costs

	31.12.2014	31.12.2013
Liquidation and decomposition of inventories	182 255	261 527
Provision for bad debts	66 445	119 043
Costs of legal proceedings	19 647	49 752
Donations	11 866	4 574
The costs of other marketing services	-	480 000
Write-off bad debts	-	612
Insurance of receivables	143 491	171 162
Liquidation of property damages costs	122 515	121 382
Provisions for other operational costs	93 635	131 513
Others	77 881	197 427
	717 735	**1 536 992**

20. Financial costs and revenues

Financial revenue

	31.12.2014	31.12.2013
Interest on receivables	174 721	191 431
Bank interest	90 648	63 788
Net exchange differences	-	25 430
Reversal of the valuation of derivatives	-	15 480
	265 369	**296 129**

Financial costs

	31.12.2014	31.12.2013
Interest on liabilities	15 605	248 539
Bank interest	201 623	160 568
Interest under the leasing agreements	121 419	190 609
Commissions, charges	163 361	202 584
Net exchange rate differences	583 960	-
	1 085 968	**802 300**

21. Income tax

Major components of income tax for the years ended 31 December 2014 and 31 December 2013 are as follows:

	31.12.2014	31.12.2013
Current income tax	3 438 004	4 356 759
Creation/ reversal of deferred tax	1 563 759	(103 005)
Corrections of income tax from the previous years	(770 705)	-
Income tax shown in the profit and loss account	**4 231 058**	**4 253 754**

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

	31.12.2014	31.12.2013
Gross financial results	22 016 895	20 610 418
The amount of the tax according to the tax rate **19%**	4 183 210	3 915 979
- tax effects of costs which are not revenue-earning costs	47 848	337 775
Current income tax	**4 231 058**	**4 253 754**
Effective tax rate	**19,22%**	**20,64%**

22. Net profit per share

	31.12.2014	31.12.2013
Net profit in period	17 785 837	16 356 664
Quantity of shares	3 440 000	3 440 000
Net profit per share	**5,17**	**4,75**

23. Dividend per share

In 2014 approved and paid dividend in PLN	19 368 188
- number of shares	3 440 000
Dividend per shares:	**5,63**

24. Credit risk management

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

Credit risk

Credit exposure is monitored currently according with the credit policy realized by the Company. Evaluation of credibility is conducted in relation with clients lending needs over the determined amount. Blank promissory note from certain clients is a security for the Company . The part of the foreign receivables is insured in reputable insurance corporation. Additionally receivables are regularly monitored by financial department.
Sales is stopped and receivables collection is started in connection with overdue receivables according with procedures.
The company is exposed to risk, that the creditors do not pay for their liabilities and cause the Copmany`s losses. The maximum exposition to risk is 70,7 mln PLN at the balance sheet day and it was estimated as balance sheet value of receivables.

			Overdue receivables, which do not lose their values				
Year	**Total**	**Not overdue**	**< 30 days**	**30 - 60 days**	**60- 90 days**	**90-120 days**	**> 120 days**
2013	74 893 569	70 376 042	4 423 289	65 156	29 082	-	-
2014	70 739 208	65 889 933	4 332 107	105 688	12 467	4 958	394 055

As of 31 December of 2014 year 64% of all receivables were receivables from the hypermarkets, 22% from the clients of open market and 14% from the foreign customers. The Management Board considers that there is not significant concentration of credit risk, because of the great number of customers. Allowances for bad debts was made for receivables difficult to collect.
Credit risk connected with bank deposits, derivatives and other investments is not significant because the Company engages in transactions with institutions with established financial position.

Interest rate risk

Interest rate risk is associated with interest-bearing assets and liabilities. Interest rate fluctuations affect the financial costs and incomes. Increase of interest rates affects increase of the Company's financial cost , specially the cost of interest and the increase of accrued interest.

Sensitivity of gross financial results to exchange rates fluctuations which are rationally possible is presented in following table:

Interest rate risk

Financial statements item	Accounting value of financial instruments	Average interest rate in 2014	Influence on financial results (Increase by100 pb)	Influence on equity capital (Increase by 100 pb)	Influence on financial results (Decrease by100 pb)	Influence on equity capital (Decrease by100 pb)
Variable rate of interest assets						
Cash at bank	5 721 957	0,50%	57 220	57 220	57 220	57 220
			57 220	57 220	57 220	57 220

Exchange rate risk

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

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

Exchange rate risk

Financial statement item	Accounting value of financial instruments	Average exchange rate in 2014	Influence on financial results (Increase by20%)	Influence on equity capital (Increase by 20%)	Influence on financial results (Decrease by20%)	Influence on equity capital (Decrease by20%)
Assets denominated in currency						
Receivable in EUR	9 557 529	4,1845	1 911 506	1 911 506	-1 911 506	-1 911 506
Receivable in USD	1 381 267	3,1537	276 253	276 253	-276 253	-276 253
Cash in EUR	11 271	4,1845	2 254	2 254	-2 254	-2 254
Cash in USD	5 654	3,1537	1 131	1 131	-1 131	-1 131
Cash in CHF	1 745	3,4453	349	349	-349	-349
Liabilities denominated in currency						
Liabilities in EUR	13 849 481	4,1845	-2 769 896	-2 769 896	2 769 896	2 769 896
Liabilities in USD	2 587 293	3,1537	-517 459	-517 459	517 459	517 459
Liabilities in CHF	494 112	3,4453	-98 822	-98 822	98 822	98 822
Total			-1 194 684	-1 194 684	1 194 684	1 194 684

Liquidity risk

The Company is exposed to liquidity risk arising from of the relationship of current liabilities to current assets. Operating activities are carried out under the assumption of maintaining a constant excess liquidity and credit lines. Receivables units are analyzed in Note 6. In accordance with the age structure, 93% of receivables are not overdue on 31 December 2014, and 95% as of 31 December 2013. Management believes that the carrying value of financial assets and liabilities reflect their fair value. In the opinion of the Management Board, because of a significant amount of cash on the balance sheet date, available credit, and good standing of the Company's financial result, the liquidity risk should be assessed as insignificant.

The maturity analysis of financial liabilities in 2014 and 2013 was as follows:

01.01.2014 - 31.12.2014		Liabilities payable before 31.12.2014	Maturity periods				
Ageing of liabilities	**Total**		up to 30 days	31 - 60 days	61 - 90 days	91 - 360 days	> 360 days
Trade liabilities	50 170 162	11 191 920	23 300 425	11 867 143	3 692 849	117 825	
Lease liabilities	988 708	-	-	-	-	636 247	352 461
Total	**51 158 870**	**11 191 920**	**23 300 425**	**11 867 143**	**3 692 849**	**754 072**	**352 461**

01.01.2013 - 31.12.2013		Liabilities payable before 31.12.2013	Maturity periods				
Ageing of liabilities	**Total**		up to 30 days	31 - 60 days	61 - 90 days	91 - 360 days	> 360 days
Trade liabilities	52 562 461	12 411 606	24 990 600	9 846 434	4 965 997	347 824	-
Lease liabilities	2 431 644	-	-	-	-	1 352 071	1 079 573
Total	**54 994 105**	**12 411 606**	**24 990 600**	**9 846 434**	**4 965 997**	**1 699 895**	**1 079 573**

Price risk

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

25. Capital management

The main purpose of company capital management is retaining a good credit rating and safe capital indexes, which will support operational activity of the Company and increase value for its shareholders. The Company manages the capital structure and as a result of the economic changes conditions it enters a adjustments are made. For the purpose of retaining or correcting of capital structure, the company can regulate the dividend payment for shareholders, return the capital to shareholders or issue new shares.
In the year ended 31 December 2014 and 31 December 2013, there were no changes in the objectives, policies and processes in this area.

26. Conditional liabilities

	Guarantee amount as of 31. 12.2014	Term of Expiry
Guarantee issued for MLP Moszna I Sp. z o.o. for security of liabilities execution	164 000 EUR	31.12.2015
Guarantee of liabilities payments for GR. Sarantis S.A.	350 000 EUR	10.10.2015
Total amount of letters of credit opened in banks	2 134 173 USD	

27. Tax settlements

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

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

	01.01.2014 - 31.12.2014	01.01.2013 - 31.12.2013
Balance sheet change of trade receivables and other receivables	4 154 361	8 408 937
Change resulting from income tax receivables	-	(1 034 557)
Change resulting from investment receivables	(10)	10
Change of receivables in cash flow	**4 154 351**	**7 374 390**

	01.01.2014 - 31.12.2014	01.01.2013 - 31.12.2013
Balance sheet change of long term liabilities	(727 112)	(659 158)
Balance sheet change of trade liabilities and other liabilities	(5 289 125)	10 023 500
Change in credit and loans	-	180
Change in lease liabilities	1 442 935	457 773
Change in income tax liabilities	2 039 943	(2 148 784)
Change resulting from valuation of derivative financial instruments	-	15 480
Change resulting from investment liabilities	837	17 559
Change of liabilities in cash flow	**(2 532 522)**	**7 706 550**

	01.01.2014-31.12.2014	01.01.20112-31.12.2013
Net accounting value of fixed assets sold	26 704	144 734
Profit from fixed assets sold	18 179	284 715
Change resulting from investment receivables	10	(10)
Income from fixed assets and intangibles sale	**44 893**	**429 439**

	01.01.2014-31.12.2014	01.01.2013 - 31.12.2013
Accounting value of fixed assets and intangibles purchased	(354 163)	(1 496 673)
Purchase of fixed assets from leasing	-	1 005 136
Change resulting from investment liabilities	(837)	(17 559)
Expenses for purchase of fixed assets and intangibles	**(355 000)**	**(509 096)**

29. Structure of employment

Average employment in Company was as follows:

	31.12.2014	31.12.2013
Sales and marketing	113	105
Storage and production	80	84
Administration	54	57
	247	**246**

30. Salaries of key management personnel

Total value of salaries paid in 2014 for key management personnel was 3 516 342 PLN. In 2013 total amount of salaries paid for key management personnel was 3 149 296 PLN. There were no payments in form of company's shares and no long-term benefits for employees.

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

The salary of the statutory auditor for the audit of annual financial statement of Company was 60 000 PLN.

32. Events after date of balance sheet day

There are no events after the balance sheet day which could have significant influence on assessment of presented financial statement and financial position of the Company.

Piaseczno, 18th February 2015.

The Management Board:

President of the Board	Vice President of the Board	Vice President of the Board
Kyriakos Sarantis	*Nikos Evangelou*	*Konstantinos Rozakeas*