Member of Sarantis Group

Financial statements of "POLIPAK" Sp. z o.o.

for the period beginning 01 January 2016 and ending 31 December 2016

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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 garage 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 2016, 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
Leszek Pawłowski -	Vice-President, Chief Technology and Production 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.

Vice-President Leszek Pawłowski was dismissed from his role on 30 January 2017.

3. Company's shareholders

As at 31 December 2016, 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 complaint with the International Financial Reporting Standards (IFRS) as approved by the European Union, and cover the period from 1 January through 31 December 2016, the period from 1 January through 31 December 2015, and the comparative period with figures as at 1 January 2015.
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 2016, 31 December 2016 and 1 January 2015, as well as the Company's profit and loss, cash flows, and changes in equity for the year ending 31 December 2016 and 31 December 2015, 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, 14 February 2017

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

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 the Statements.
As these are the Company's first financial statements prepared in accordance with the International Financial Reporting Standards, IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied. Principles for the retrospective restatement of financial figures to meet the requirements of the International Financial Reporting Standards are presented in Additional Information, Note 1.

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 down to the nearest zloty. PLN is the Company's functional currency.
5. "Accounting policy", "Stock-taking Guidelines" 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 operational 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, except investment property, is measured at cost which includes its purchase price or production cost and costs directly attributable to bringing the asset into use.
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 useful 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 useful 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 1500. 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.

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 leasee 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 or production cost.
Intangible assets are measured at acquisition price 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 useful 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 useful 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 are classified as fixed assets are items 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 portions 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 77 128 686,09 in 2015 and PLN 96 531 711,40 in 2016.

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.

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 differed 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.
The Company classifies the equity into the following categories: share capital; supplementary capital intended for covering 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 Stated 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 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 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 our 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.
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 benefit 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 years). 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 by an independent actuary. 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

Transactions in foreign currencies are recognized at the exchange rates at the dates of the transactions. 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 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

The policies above apply also to comparative figures

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

New or amended standards and interpretations in force as of 1 January 2016 and their effect on the Company's financial statements:

1. Amendments to IAS 19 "Employee Benefits"
The amendments involve clarifying the rules of conduct in the case when employees make contributions to cover the costs of a defined benefit plan. In the European Union, the amendment came into force for annual periods beginning on or after 1 February 2015. The amendment did not affect the Company's financial statements, because the Company does not offer defined benefit plans to its employees. The amendment did not have a material impact on the Company's financial statements, because employees do not make contributions to cover the costs of defined benefit plans.

2. Amendments to IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 38 and IAS 24 resulting from the "Project of the annual amendments: cycle 2010-2012", which came into force in the European Union for annual periods beginning on or after 1 February 2015. Amendments to the standards include:
• IFRS 2: The Board further clarified the standard, changing or introducing new definitions of the following terms: market condition, the condition of the provision of services, the condition of vesting, the performance condition. The amendment did not affect the Company's financial statements.
• IFRS 3: The Board further clarified the rules for the valuation of conditional payment after the acquisition date, to make them compatible with other

standards (primarily with IFRS 9 / IAS 39 and IAS 37). The amendment did not affect the Company's financial statements.
• IFRS 8: The Board imposed on entities engaged in combining the operating segments requirement of additional disclosures regarding the combined segments and economic characteristics for which they combined. The amendment does not affect the Company's financial statements, because there was no operating segment combination.
• IFRS 8: standard as amended provides that the requirement to disclose reconciliation of total segment assets presented in the balance sheet is mandatory only if the value of the assets is disclosed by segment. The amendment did not affect the Company's financial statements, because all activities are conducted within one segment.
• IAS 16 and IAS 38: The Board corrected the method for calculating the gross amount and the accumulated depreciation of property, plant and equipment, and accumulated amortization of an intangible asset) in the cased when the revaluation model is applied. The amendment did not affect the Company's financial statements because the Company does not apply the revaluation model.
• IAS 24: The definition of a related party has been extended to include service providers of key management personnel. Appropriate disclosures have been also added. The amendment did not affect the Company's financial statements, because the responsibilities of the key management personnel have not been entrusted to other entities

3. Amendment to IFRS 11 "Joint Arrangements"
Under the amendment, an entity which acquires an interest in a joint operation which is a business (enterprise), will have to recognize the assets and liabilities of such operation in accordance with the principles set out in IFRS 3, i.e., among others, measure assets and liabilities at fair value and determine goodwill. This amendment is effective for annual periods beginning on or after 1 January 2016. The amendment did not affect the Company's financial statements, as there were no such transactions.

4.Amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible assets"
The amendment prohibits the use of revenue-based depreciation for property, plant and equipment and significantly limits the use of revenue-based amortisation for intangible assets. This amendment is effective for annual periods beginning on or after 1 January 2016. The amendment did not affect the Company's financial statements as the Company only uses straight-line depreciation method.

5. Amendment to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"
The amendment provides that bearer plants (e.g.. grape vines, fruit trees) will be excluded from the scope of IAS 41 and included in the scope of IAS 16 as internally generated fixed assets. With this amendment, it will not be necessary to measure these plants at fair value at each balance sheet date as required by IAS 41. This amendment is effective for annual periods beginning on or after 1 January 2016 . The amendment did not affect the Company's financial statements as the Company does not conduct agricultural activities.

6.The amendments to IAS 27 "Separate Financial Statements"
According to the amendment, in the separate financial statements, the shares in the subsidiary, joint venture or associate will be able to be measured by the equity method. To date, IAS 27 provided only for measurement at acquisition price or in accordance with IFRS 9 / IAS 39. This amendment is effective for annual periods beginning on or after 1 January 2016. The amendment did not have impact on the financial statements of the Company because the Company applies the cost method to measure shares in subsidiaries.

7. Amendment in IAS 27 "Separate Financial Statements"
According to the amendment, in separate financial statements, the shares in the subsidiary, joint venture or associate also will be able to be measured at the equity method. To date, IAS 27 provided only for measurement at acquisition price or in accordance with IFRS 9 / IAS 39. This amendment is effective for annual periods beginning on or after 1 January 2016. The amendment did not affect the Company's financial statements, since it was decided not to use the equity method.

8. Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34 resulting from the "Annual Improvements Project: Cycle 2012-2014", which entered into force for annual periods beginning on or after 1 January 2016. Amendments to the standards include:
• IFRS 5: the amendment stipulates that if a company has changed the purpose of assets from assets held for sale directly to assets intended for distribution to owners, or from assets intended for distribution to owners to assets available for sale, this means a continuation of the original plan and does not reverse the adjustments made. The amendment did not affect the Company's financial statements, as there were no such transactions.
• IFRS 7: the amendment clarifies that, applicable from 2013, the requirements to disclose information on items reported at net amounts do not apply to condensed interim financial statements, unless this information is required to be disclosed under the general rules of IAS 34. The amendment did not the impact on the Company's financial statements, since it concerns only the condensed interim financial statements.
• IFRS 7: The amendment introduces a new guideline to evaluate whether involvement in transferred assets has been maintained. If the entity has transferred the assets, but has entered into a service agreement in which remuneration is dependent on the amount and maturity of the asset transferred, this means that an entity is continuing involvement in the asset. The Company analysed the transactions and assessed that this amendment does not affect them.
• IAS 19: The standard allows application of interest rates appropriate for treasury securities to discount cash flows, if the market for the securities of commercial entities is illiquid. The amendment to the standard specifies that the depth of the market should be evaluated from the perspective of the currency

of these securities, and not of the country. The company analysed the situation on the security markets and considered that this amendment has no impact on its statements.

• IAS 34: standard allows for certain information required by IAS 34 for condensed interim financial statements to be presented in other documents that accompany such interim statements, for example, in the report of operations. If the information is contained in the accompanying documents, a clear reference must be posted in the interim financial statements to where such information disclosed. Additional documents must be available to users on the same conditions and at the same time as the interim financial statements. Otherwise, the interim financial statements will be considered incomplete. The amendment applies only to the interim financial statements, and, as such, does affect these statements. The Company does not intend to use the options allowed under the amended IAS 34.

9. Amendment to IAS 1 "Presentation of Financial Statements"

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

• The Board points out that the inclusion of too many irrelevant information in the financial statements makes the financial statement unreadable and is contrary to the principle of relevance,

• items required by the standard to be included in the statement of profit and loss and other comprehensive income and in the statement of financial position may be disaggregated.

• requirements were added for subtotals included in the statement of profit and loss and other comprehensive income and in the statement of financial position,

• the sequence of notes to the financial statements depends on the decision of the company, but their comprehensiveness and comparability must be ensured.

This amendment is effective for annual periods beginning on or after 1 January 2016. The Company reviewed its existing financial statements and concluded that the Company already applies the amended rules, therefore no amendment is required to its financial statements.

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

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

• if the parent company is a mid-level subsidiary of the investment unit, which recognizes its investments at fair value in accordance with IAS 39 / IFRS 9, then such parent company of mid-level is allowed not to prepare consolidated financial statements,

• if the investor is dependent on the investment unit, which recognizes its investments at fair value in accordance with IAS 39 / IFRS 9, then such investor does not have to apply the equity method in accounting for its investments in joint ventures and associates,

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

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

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

Application of the standard or interpretation before its entry into force

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

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

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

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

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

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

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

2. New IFRS 14 "Regulatory deferral Accounts"
The new standard applies only to entities that make transition to IFRS and operate in sectors in which the state-regulated prices are used, such as natural gas, electricity or water supply sectors. Standard allows for the continuation of the accounting policy for recognizing revenue from such business activities as used before the transition to IFRS, both for the first report prepared according to IFRS, and later. The new regulations will not affect the consolidated financial statements of the Company because the Company already uses IFRS. The standard is effective for annual periods beginning on or after 1 January 2016, but it will not be approved for use in the European Union.

3. New IFRS 15 "Revenue from Contracts with Customers"
The new standard replaces IAS 11 and IAS 18, and provides a consistent revenue recognition model. The new 5-step model will make the recognition of revenue from the customer dependent upon the control of the good or service. In addition, the standard introduces additional disclosure requirements and guidance on several specific issues. The Company has not completed the analysis of the impact of the standard on the financial statements, but preliminary estimates indicate that revenue recognition will not change significantly.
The standard is effective for annual periods beginning on or after 1 January 2018.

4. Amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"
The current principles governing the settlement of the loss of control over a subsidiary provided the recognition of profit or loss at the moment. In turn, the equity method principles stated that the result of transactions with entities valued using the equity method are recognised only to the extent of the other shareholders' interests of those entities. In a situation where the parent company sells or makes an in-kind contribution in the subsidiary to an entity valued using the equity method in such a way that it loses control over it, the above-cited regulations would conflict with each other. The amendment to IFRS 10 and IAS 28 eliminates this collision as follows:
- if the entity over which control was lost is an enterprise (business entity), the result on the transaction is recognised in full,
- if the entity over which control was lost is not a business, the result is recognised only to the extent of other investors' interests.
The entry into force of this amendment has been paused.

5. New IFRS 16 "Leases"
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.
The company estimates that the new standard will have a material impact on its financial statements, but did not yet complete the process of determining value. The amendments are effective for annual periods beginning on or after 1 January 2019.

6. The amendments to IAS 12 "Income Taxes"
IAS Board clarifies the following principles:
- on the recognition of deferred tax assets in the event of unrealized losses,
- calculation of future tax profits necessary to recognize deferred tax assets.
The Company estimates that the amendment will not have a material impact on its financial statements. The amendment is effective for annual periods beginning on or after 1 January 2017.

7. The amendments to IAS 7 "Statement of Cash Flows"
The revised standard requires entities to disclose information that enables users of financial statements to evaluate changes in the debt of the unit (i.e.. change in loans).
The Company estimates that the amendment will entail the need to supplement the disclosure with new data. The amendment is effective for annual periods beginning on or after 1 January 2017.

8. Amendment to IFRS 2 "Share-based Payments"
IAS Board 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 Company estimates that the change of the standard will have not any impact on the financial statements due to the fact that there were no transactions covered by the amendments.
The amendment is effective for annual periods beginning on or after 1 January 2018.

9. Amendment 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 the new standard on insurance) 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).
Changing the standard will not affect the Company's financial statements due to the fact that the Company does not carry insurance business.
The amendments are binding upon adoption of IFRS 9.

10.Amendments to IFRS 1, IFRS 12 and IAS 28 resulting from the "Annual Improvements Project: 2014-2016 cycle." Amendments to the standards include:
IFRS 1: some short-term 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 will not have any impact on the Company's financial statements, since they are already prepared according to IFRS.
IFRS 12: clarifies that the disclosures for interests in other entities required under this standard also apply when interests are classified as held for sale in accordance with IFRS 5. The amendment will not affect the Company's financial statements, because the Company does not classify interests to the held-for-sale category.
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 will not have any impact on the Company's financial statements, as there were no transactions affected by these changes.
The amendment will come into effect for annual periods beginning on 1 January 2017 (IFRS 12) or 1 January 2018 (IFRS 1 and IAS 28).

11. The amendments 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 Company estimates that the amendment of the standard will not have any impact on its financial statements because the Company does not have any investment property.
The amendment is effective for annual periods beginning on or after 1 January 2018.

12. The new IFRIC 22 "Foreign exchange transactions and advances"
The interpretation clarifies the exchange rate to be applied to sale or purchase transactions in foreign currency, that include the receipt or payment of advance consideration in such foreign 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 foreign 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, as advance payments for future deliveries occur sporadically. The interpretation is effective for annual periods beginning on or after 1 January 2018.

STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDING 31 DECEMBER 2016

	Note	31 December 2016	31 December 2015 *(restated figures)*	1 January 2015 *(restated figures)*
ASSETS				
Fixed assets				
Property, plant and equipment	4	33 369 060	20 413 760	17 576 540
Intangible assets	5	37 886	5 580	14 443
Perpetual usufruct of land	6	711 410	711 410	686 390
Financial assets in other entities	7	0	0	746 970
Deferred tax assets	8	317 608	271 747	284 005
Total fixed assets		**34 435 964**	**21 402 498**	**19 308 348**
Current assets				
Inventories	10	11 645 597	7 234 090	5 919 201
Trade account receivable from other entities, and other receivables	11	8 724 060	8 633 422	8 825 688
including : VAT receivable		*1 591 200*	*363 398*	*192 910*
Trade receivables from related entities	11	7 214 286	1 206 756	600 415
Income tax receivables	11	0	0	0
Prepayments and accrued income	12	80 404	139 677	78 908
Cash and cash equivalents	13	234 175	1 037 617	198 250
Total current assets		**27 898 522**	**18 251 563**	**15 622 461**
Total assets		**62 334 486**	**39 654 060**	**34 930 809**

EQUITY AND LIABILITIES

	Nota	31 December 2016	31 December 2015 *(restated figures)*	1 January 2015 *(restated figures)*
Equity				
Share capital	14	1 000 000	1 000 000	1 000 000
Share premium	14	3 607 059	3 607 059	3 607 059
Retained earnings	14	11 161 632	8 959 790	7 986 268
Total equity		**15 768 691**	**13 566 849**	**12 593 327**
Non-current liabilities				
Loans	16	178 140	5 698 145	2 594 677
Loans from related entities	16	13 500 000	0	0
Deferred tax liability	8	116 031	129 591	49 973
Provision for other liabilities	9	485 679	498 809	471 209
Other financial liabilities	16	1 519 672	2 174 535	982 886
Non-current accrued expenses and deferred income	12	671 487	791 656	971 721
Total non-current liabilities		**16 471 010**	**9 292 736**	**5 070 466**
Current liabilities				
Trade and other payables	18	10 486 493	10 301 749	8 706 517
including: VAT payable		*0*	*0*	*0*
personal income tax		*167 510*	*138 883*	*119 119*
Social Security Office		*679 894*	*609 720*	*466 744*
Special funds		*78 310*	*63 589*	*56 876*
Trade accounts payable to related entities	18	669 194	760 463	24 195
Loans payable	16	16 758 211	3 490 136	6 762 724
Loans payable to related entities	16	0	0	0
Other financial liabilities	16	642 270	721 500	433 798
Employee benefits payable	18	1 245 977	1 062 547	974 907
Income tax payable	18	113 898	248 324	35 992
Current accrued expenses and deferred income	12	178 743	209 757	328 882
Total current liabilities		**30 094 786**	**16 794 476**	**17 267 015**
Total equity and liabilities		**62 334 486**	**39 654 060**	**34 930 809**

The restatement of comparative figures for 2015 and 2014 is presented in Note 1

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDING 31 DECEMBER 2016

	Nota	31 December 2016	31 December 2015 *(restated figures)*
Continuing operations			
Sales revenue			
Revenue on the sale of products	19	96 907 729	79 722 458
Revenue on the sale of services	19	18 049	84 090
Revenue on the sale of commodities and materials	19	1 869 845	1 585 082
Sales revenue		**98 795 623**	**81 391 630**
Other revenue	20	**1 024 031**	**1 285 513**
Increase/decrease in product inventories		2 168 450	(2529)
Manufacturing cost of products for the entity's own purposes		51 681	(12094)
Amortisation and depreciation		(3180367)	(2866467)
Consumption of materials and energy		(72261963)	(58110201)
External services		(7163666)	(4134420)
Taxes and charges		(325045)	(284980)
Payroll		(10645451)	(9278075)
Social security contributions and other benefits		(2719221)	(2276452)
Other prime costs		(235999)	(239230)
Value of goods and materials sold		(1742153)	(1359057)
Other costs	21	(129682)	(53028)
Total operating expenses		**(96183415)**	**(78616533)**
Gain on operating activities		**3 636 238**	**4 060 610**
Finance income	22	5 083	30 953
Finance cost	23	(922101)	(1336613)
Net finance income and cost		**(917018)**	**(1305659)**
Earnings before tax		**2 719 220**	**2 754 951**
Income tax	24	**(517378)**	**(745011)**
Net profit		**2 201 842**	**2 009 940**
Other net comprehensive income		-	-
Total comprehensive income		**2 201 842**	**2 009 940**

The restatement of comparative figures for 2015 is presented in Note 1

CASH FLOW STATEMENT
for the year ending 31 December 2016

	Note	01.01.2016-31.12.2016	01.01.2015-31.12.2015 (restated figures)
Operating activities			
Gross profit on continuing operations		**2 719 220**	**2 754 951**
Adjustments by:			
Amortisation and depreciation		3 180 367	2 866 467
Gain (loss) on foreign exchange		332 300	(124766)
Interest and profit sharing (dividends)		423 840	404 837
Gain (loss) on disposal of property, plant and equipment		(191061)	(357768)
Change in provisions		74 570	140 757
Change in inventories		(4411507)	(1314889)
Change in receivables		(6098168)	(414076)
Change in liabilities		338 894	4 953 144
Change in prepayments and accruals		(137770)	(347703)
Income tax paid	24	(517378)	(745011)
Other adjustments		(493357)	(477630)
Net cash from operating activities		**(4780049)**	**7338313**
Investing activities			
Inflows from the sale of property, plant, equipment and intangible assets		526 967	1 775 786
Inflows from the sale of financial assets		-	746 970
Acquisition of property, plant, equipment and intangible assets		(16801554)	(7898326)
Acquisition of financial assets		-	-
Net cash from investing activities		**(16274587)**	**(5375570)**
Financing activities			
Loans		20 914 129	-
Repayment of loans received		-	(41906)
Payments under financial lease agreements		(734092)	(115396)
Interest paid		(393560)	(373988)
Dividends and other payments to shareholders		-	(1036419)
Other financial inflows		493 357	477 630
Other financial outflows		(30281)	(30849)
Net cash from financing activities		**20249553**	**(1120929)**
Change in cash and cash equivalents		(805083)	841 815
Effect of exchange rates changes on the foreign currency cash balance		1 641	(2447)
Balance-sheet change in cash		(803442)	839 367
Cash and cash equivalents as at 1 January 2015		**1 037 617**	**198 250**
Cash and cash equivalents as at 31 December 2016		**232 535**	**1 040 065**

The restatement of comparative figures for 2015 is presented in Note 1

STATEMENT ON CHANGES IN EQUITY

(restated figures)

	Equity	Supplementary capital	Retained profit	Total equity
Equity as at 1 January 2015	**1 000 000**	**3 607 059**	**7 986 268**	**12 593 327**
Profit for the period	-	-	2 009 940	2 009 940
Dividend distribution to shareholders	-	-	(1036419)	(1036419)
Distribution of profit earned in the prior period - carryforward	-	-	-	-
Equity as at 31 December 2015	1 000 000	3 607 059	8 959 790	13 566 849
Profit for the period	-	-	2 201 842	2 201 842
Dividend distribution to shareholders	-	-	-	-
Distribution of profit earned in the previous period - carryforward	-	-	-	-
Equity as at 31 December 2016	1 000 000	3 607 059	11 161 632	15 768 691

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS
ADDITIONAL INFORMATION AND NOTES

1. Restatement of financial statements for compliance with IFRS

Restatement of comparative figures for the Statement of Financial Position.

ASSETS	Note	1 January 2015 before restatement	Restatement Accounting Act	Restatement IFRS	1 January 2015 after restatement
Fixed assets					
Property, plant and equipment	4	18 262 930	-	(686390)	17 576 540
Intangible assets	5	14 443	-	-	14 443
Perpetual usufruct of land	6	-	-	686 390	686 390
Financial assets in other entities	7	746 970	-	-	746 970
Deferred tax assets	8	104 525	179 480	-	284 005
Total fixed assets		**19 128 868**	**179 480**	**0**	**19 308 348**
Current assets					
Inventories	10	5 919 201	-	-	5 919 201
Trade and other receivables	11	8 825 688	-	-	8 825 688
including : VAT receivable		*192 910*	-	-	*192 910*
Income tax receivable	11	-	-	-	-
Trade accounts receivable from related entities	11	600 415	-	-	600 415
Income tax receivables	11	-	-	-	-
Prepayments and accrued income	12	78 908	-	-	78 908
Short-term investments	13	198 250	-	(198250)	-
Cash and cash equivalents	13	-	-	198 250	198 250
Total current assets		**15 622 461**	**0**	**0**	**15 622 461**
Total assets		**34 751 329**	**179 480**	**0**	**34 930 809**

	Note	1 January 2015 before restatement	Restatement Accounting Act	Restatement IFRS	1 January 2015 after restatement
EQUITY AND LIABILITIES					
Equity					
Share capital	**14**	1 000 000	-	-	1 000 000
Share	**14**		-		
premium	**14**	3 607 059	-	-	3 607 059
Other reserve capital	**14**	6 500 000	-	(6500000)	0
Financial result for the current year	**14**	2 073 419	(587150)	(1486268)	0
Retained earnings				7 986 268	7 986 268
Total equity		**13 180 477**	**(587150)**	**0**	**12 593 327**
Non-current liabilities					
Loans	**16**	2 594 677	-	-	2 594 677
Loan from related entities	**16**	-	-	-	-
Deferred tax liability	**8**	8 220	41 753	-	49 973
Provision for other liabilities	**9**	-	471 209	-	471 209
Other financial liabilities	**16**	982 886	-	-	982 886
Non-current accrued expenses and deferred income	**12**	971 721	-	-	971 721
Total non-current liabilities		**4 557 504**	**512 963**	-	**5 070 466**
Current liabilities					
Trade and other payables	**18**	8 926 271	(219754)	-	8 706 517
including: VAT payable		-	-	-	-
personal income tax		-	*119 119*	*0*	*119 119*
Social Security Office		*466 744*	-	-	*466 744*
Special funds		*56 876*	-	-	*56 876*
Trade accounts payable to related entities	**18**	24 195	-	-	24 195
Loans and borrowings payable	**16**	6 762 724	-	-	6 762 724
Loans payable to related entities	**16**	-	-	-	-
Other financial liabilities	**16**	433 798	-	-	433 798
Employee benefits payable	**9**	501 485	473 422	-	974 907
Income tax payable	**18**	155 111	(119119)	-	35 992
Current accrued expenses and deferred income	**12**	328 882	-	-	328 882
Total current liabilities		**17 132 467**	**134 549**	**0**	**17 267 015**
Total equity and liabilities		**34 870 448**	**60 361**	**0**	**34 930 809**

Restatement of comparative figures for the Statement of Financial Position.

	Note	31 December 2015 before restatement	Restatement Accounting Act	Restatement IFRS	31 December 2015 after restatement
ASSETS					
Fixed assets					
Property, plant and equipment	4	21 125 170	-	(711410)	20 413 760
Intangible assets	5	5 580	-	-	5 580
Perpetual usufruct of land	6	-	-	711 410	711 410
Financial assets in other entities	7	-	-	-	-
Deferred tax assets	8	80 651	191096	-	271 747
Total fixed assets		**21 211 401**	**191 096**	**0**	**21 402 497**
Current assets					
Inventories	10	7 234 090	-	-	7 234 090
Trade and other receivables	11	8 633 422	-	-	8 633 422
including : VAT receivable		*363 398*	-	-	*363 368*
Trade accounts receivable from related entities	11	1 206 756	-	-	1 206 756
Income tax receivables	11	-	-	-	-
Prepayments and accrued income	12	139 677	-	-	139 677
Short-term investments	13	1 037 617	-	(1037617)	-
Cash and cash equivalents	13	-	-	1 037 617	1 037 617
Total current assets		**18 251 563**	**0**	**0**	**18 251 563**
Total assets		**39 462 964**	**191 096**	**0**	**39 654 060**

	Note	31 December 2015 before restatement	Restatement Accounting Act	Restatement IFRS	31 December 2015 after restatement
EQUITY AND LIABILITIES					
Equity					
Share capital	14	1 000 000,00	-	-	1 000 000
Share premium	14	3 607 059	-	-	3 607 059
Other reserve capital	14	7 537 000	-	(7537000)	0
Undistributed result of prior years			(587150)	587150	-
Financial result of the current year	14	2 135 133	(125193)	(2009940)	-
		-	-	8 959 790	8 959 790
Total equity		**14 279 191**	**(712343)**	**0**	**13 566 849**
Non-current liabilities					
Loans	16	5 698 145	-	-	5 698 145
Loans from related entities	16	-	-	-	-
Deferred tax liability	8	105 588	24 003	-	129 591
Provision for other liabilities	9	-	498 809	-	498 809
Other financial liabilities	16	2 174 535	-	-	2 174 535
Non-current accrued expenses and deferred income	12	791 656	-	-	791 656
Total non-current liabilities		**8 769 923**	**522 812**	-	**9 292 736**
Current liabilities					
Trade and other payables	18	10 428 083	(126334)	-	10 301 749
including: VAT payable		-	-	-	-
personal income tax		*138 883*	-	-	*138 883*
Social Security Office		*609 720*	-	-	*609 720*
Special funds		*63 589*	-	-	*63 589*
Trade accounts payable to related entities	18	760 463	-	-	760 463
Loans payable	16	3 490 136	-	-	3 490 136
Loans payable to related entities	16	-	-	-	-
Other financial liabilities	16	721 500	-	-	721 500
Employee benefits payable	18	555 587	506 961	-	1 062 547
Income tax payable	18	248 324	-	-	248 324
Current accrued expenses and deferred income	12	209 757	-	-	209 757
Total current liabilities		**16 413 849**	**380627**	-	**16 794 476**
Total equity and liabilities		**39 462 964**	**191 096**	-	**39 654 060**

Restatement of comparative figures for the Statement of Comprehensive Income.

	Note	31 December 2015 before restatement	Restatement Accounting Act	Restatement IFRS	31 December 2015 after restatement
Continuing operations					
Sales revenue					
Revenue on the sale of products	19	79 806 548	-	(84090)	79 722 458
Revenue on the sale of services	19	-	-	84 090	84 090
Revenue on the sale of goods and materials	19	1 585 082	-	-	1 585 082
Change in product inventories	19	(2529)	-	2 529	-
Production cost of products for the entity's own purposes	19	(12094)	-	12 094	-
Sales revenue		**81 377 007**	**0**	**14 623**	**81 391 630**
Other revenue	20	**1 378 933**	**(93420)**	-	**1 285 513**
Change in product inventories	19	-	-	(2529)	(2529)
Manufacturing cost of products for the entity's own purposes	19	-	-	(12094)	(12094)
Amortisation and depreciation		(2866467)	-	-	(2866467)
Consumption of materials and energy		(58110201)	-	-	(58110201)
External services		(4134420)	-	-	(4134420)
Taxes and charges		(284980)	-	-	(284980)
Payroll		(9216936)	(61139)	-	(9278075)
Social security contributions and other benefits		(2276452)	-	-	(2276452)
Other prime costs		(239230)	-	-	(239230)
Value of goods and materials sold		(1359057)	-	-	(1359057)
Other costs		(53028)	-	-	(53028)
Total operating expenses		**(78540771)**	**(61139)**	**(14623)**	**(78616533)**
Gain on operating activities		**4 215 169**	**(154559)**	-	**4 060 610**
Finance income	22	30 953	-	-	30 953
Finance cost	23	(1336613)	-	-	(1336613)
Net finance income and cost		**(1305659)**	-	-	**(1305659)**
Earnings before taxes		**2 909 510**	**(154559)**	-	**2 754 951**
Income tax	24	**(774377)**	**29366**	-	**(745011)**
Net profit		**2 135 133**	**(125193)**	-	**2009940**
Other net comprehensive income		-	-	-	-
Total comprehensive income		**2135133**	-	-	**2 009 940**

Restatement of comparative figures for the Cash Flow Statement.

	31 December 2015 approved in line with the Accounting Act	Adjustment	31 December 2015 before restatement	Restatement IFRS	31 December 2015 after restatement
Continuing operations					
Operating activities					
Net profit	**2 135 133**		**2 135 133**	(2135133)	-
Gross profit on continuing operations	-		-	2 754 952	**2 754 952**
Adjustment by:					
Amortisation and depreciation	2 866 467	-	2 866 467	-	2 866 467
Gain (loss) on foreign exchange	2 447	(127213)	(124766)	-	(124766)
Interest and profit sharing (dividends)	520 233	(115396)	404 837	-	404 837
Gain (loss) on disposal of property, plant and equipment	(357768)	-	(357768)	-	(357768)
Change in provisions	121242	(23874)	97368	43389	140 757
Change in inventories	(1314889)	-	(1314889)	-	(1314889)
Change in receivables	(414076)	-	(414076)	-	(414076)
Change in liabilities	3 983 864	875 860	4 859 724	93420	4 953 144
Change in prepayments and accruals	(359961)	23 874	(336087)	(11616)	(347703)
Income tax paid					(745011)
Other adjustments	(477630)	-	(477630)	-	(477630)
Net cash from operating activities	**6 705 063**	**633 250**	**7 338 313**	**745 011**	**7 338 314**
Investing activities					
Inflows from the sale of property, plant, equipment and intangible assets	357 768	1418018,42	1 775 786	-	1 775 786
Inflows from the sale of financial assets	746 970	-	746 970	-	746 970
Acquisition from the sale of property, plant, equipment and intangible assets	(5719845)	(2178482)	(7898326)	-	(7898326)
Acquisition of financial assets					
Net cash from investing activities	**(4615107)**	**(760463)**	**(5375570)**	-	**(5375570)**
Financing activities					
Loans	(169120)	127213	(41907)	-	(41907)
Repayment of loans received	(115396)	-	(115396)	-	(115396)
Payments under financial lease agreements	(373988)	-	(373988)	-	(373988)
Interest paid	(1036419)	-	(1036419)	-	(1036419)
Dividends and other payments to shareholders	477 630	-	477 630	-	477 630
Other financial outflows	(30849)	-	(30849)	-	(30849)
Net cash from financing activities	**(1248142)**	-	**(1120929)**	-	**(1120929)**
Change in cash and cash equivalents	841 814		841 814	-	841 814
Net exchange difference	(2447)	-	(2447)	-	(2447)
Balance-sheet change in cash	839 367	-	839 367	-	839 367
Cash and cash equivalents as at 1 January 2015	198 250	-	198 250	-	198 250
Cash and cash equivalents as at 31 December 2015	**1 040 064**	-	**1 040 064**	-	**1 040 064**

The restatement of comparative figures in Note 1 arises from the fact that the Company decided to recognize provisions for employee benefits such as: accrued holiday entitlement, jubilee, and retirement gratuity.
As the provision was not recognised in prior years, comparative figures for 2014 and 2015 pertaining to the provision have been restated to maintain comparativeness of particular items in the Financial Statements.
For the purpose of comparativeness, restated have been also comparative figures for purchase bonuses which were recognized used the accrual principle in the year in which the Company was credited under a relevant credit note.

2. Information on business segments

The Company prepares its financial statements independently, and the Company's core business segment is production packaging polyethylene packaging, which generates 99% of its revenue.
Profit or loss on other business comprises trade revenue or trade expenses related to the aforementioned core business segment .
The Company operates within one geographic region, i.e. Poland; it is also where all assets of the Company are located.

3. Business seasonality and cyclicality.

The Company's manufacturing operations are distributed uniformly over the year, although the demand for our products tends to increase in summer months, i.e. July and August. This trend, however, is not significant enough to be indicative of any seasonality in our industry.

4. Property, plant and equipment

	31.12.2016	31.12.2015	01.01.2015
Land	-	-	-
Buildings, premises, and civil engineering structures	8 247 786	8 310 541	6 570 881
Technical equipment and machinery	22 214 719	11 505 467	9 564 500
Motor vehicles	448 165	373 944	161 570
Other property, plant and equipment	249 194	214 280	227 497
Property, plant and equipment under construction	2 209 195	9 528	1 052 092
Total property, plant and equipment	**33 369 060**	**20 413 760**	**17 576 540**

In 2016, the Company entered into the investment agreement with GG Technology, under which the Company made a commitment to purchase four film making machines and two printing modules in 2017.
The amount of the contractual commitment was set at USD 264,000, of which 30% was prepaid in 2016.
The remaining portion of the commitment, i.e. USD 185,950 (PLN 777,140 when translated at the exchange rate of 31 December 2016), will be paid after the delivery of the machines, which is scheduled for January 2017.

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

as at 1 January 2015	PLN 3 860 813
as at 31 December 2015	PLN 6 293 599
as at 31 December 2016	PLN 6 331 815

As at 1 January 2015, 31 December 2015 and 31 December 2016, items of property, plant and equipment which include sealing machines, inventory nos. 268, 269 and 282, value: PLN 4 665 466.96, were entered into the Pledge Register (pledge amount: EUR 1 096 500) for Bank Handlowy w Warszawie by the District Court for Poznań Nowe Miasto and Wilda in Poznań, 7th Commercial Division.

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

as at 1 January 2015	PLN 2 053 233.10
as at 31 December 2015	PLN 3 405 780.93
as at 31 December 2016	PLN 2 846 577.74

The finance lease agreements are for 3 motor vehicles used for the Company's business purposes, 2 film making machines, 3 sealing machines, and a forklift truck.

Changes 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 and equipment	other property, plant and equipment	Total
Gross value as at 1 January 2015	**8 699 329**	**19 471 826**	**505 691**	**401 055**	**1 052 092**	**30 129 993**
Increase:	1 995 965	7 739 801	308 631	18 590	9 528	10 072 515
acquisition	1 995 965	2 730 022	38 000	18 590	9 528	4 792 105
buying out a lease	-	3 014 508	270 631	-	-	3 285 139
reclassification	-	1 995 270	-	-	-	1 995 270
Decrease:	-	4 018 201	47 682	-	1 052 092	5 117 974
sale	-	1 915 068	47 682	-	-	1 962 749
retirement	-	107 862	-	-	-	107 862
reclassification	-	1 995 270	-	-	1 052 092	3 047 363
Gross value as at 31 December 2015	**10 695 294**	**23 193 426**	**766 640**	**419 645**	**9 528**	**35 084 534**
Increase:	231 644	13 778 034	164 650	72 195	2 209 195	16 455 719
acquisition	231 644	13 778 034	164 650	72 195	2 209 195	16 455 719
buying out a lease	-	-	-	-	-	-
reclassification	-	-	-	-	-	-
Decrease:	-	735 333	-	-	9 528	744 861
sale	-	680 197	-	-	-	680 197
retirement	-	55 136	-	-	-	55 136
reclassification	-	-	-	-	9 528	9 528
Gross value as at 31 December 2016	**10 926 938**	**36 236 127**	**931 290**	**491 840**	**2 209 195**	**50 795 392**

Changes in property, plant and equipment by category

Accumulated depreciation and impairment losses	buildings, premises and civil engineering structures	technical equipment and machinery	motor vehicles	other property, plant and equipment	other property, plant and equipment	Total
as at 1 January 2015	**2 128 448**	**9 907 326**	**344 121**	**173 558**	**0**	**12 553 453**
Increase:	256 305	3 138 791	71 144	31 807	-	3 498 047
depreciation for the year	256 305	2 490 860	71 144	31 807	-	2 850 116
reclassification	-	647 931	-	-	-	647 931
						-
Decrease:	-	1 358 159	22 569	-	-	1 380 727
sale	-	668 692	22 569	-	-	691 261
retirement	-	41 535	-	-	-	41 535
reclassification	-	647 931	-	-	-	647 931
Accumulated depreciation and impairment losses as at 31 December 2015	**2 384 753**	**11 687 958**	**392 697**	**205 365**	**-**	**14 670 773**

Increase:	294 399	2 732 877	90 428	37 281	-	3 154 985
depreciation for the year	294 399	2 732 877	90 428	37 281	-	3 154 985
reclassification						-
Decrease:	-	399 427	-	-	-	399 427
sale	-	344 291	-	-	-	344 291
retirement	-	55 136	-	-	-	55 136
reclassification	-	-	-	-	-	-
Accumulated depreciation and impairment losses as at 31 December 2016	**2 679 152**	**14 021 408**	**483 125**	**242 646**	-	**17 426 332**
Net book value:						
as at 1 January 2015	**6 570 881**	**9 564 500**	**161 570**	**227 497**	**1 052 092**	**17 576 540**
as at 31 December 2015	**8 310 541**	**11 505 467**	**373 944**	**214 280**	**9 528**	**20 413 760**
as at 31 December 2016	**8 247 786**	**22 214 719**	**448 165**	**249 194**	**2 209 195**	**33 369 060**

Impairment losses

In the accounting periods from 1 January through 31 December 2015 and from 1 January to 31 December 2016, the Company did not identify the need for recognizing impairment losses in relation to property, plant and equipment.

5. Intangible assets

	31.12.2016	**31.12.2015**	**01.01.2015**
Computer software	37 886	5 580	14 443
Total intangible assets	**37 886**	**5 580**	**14 443**

Change in intangible assets

GROSS VALUE OF INTANGIBLE ASSETS	**computer software**	**Total**
Gross value as at 1 January 2015	**370 823**	**370 823**
Increase:	7 488	7 488
acquisition	7 488	7 488
reclassification		
Decrease:		
sale	-	-
retirement	-	-
reclassification	-	-
Gross value as at 31 December 2015	**378 311**	**378 311**
Increase:	57 688	57 688
acquisition	57 688	57 688
reclassification		
Decrease:	-	-
sale	-	-
retirement	-	-
reclassification	-	-
Gross value as at 31 December 2016	**435 999**	**435 999**

	computer software	Total
Accumulated amortisation and impairment losses as at 1 January 2015	**356 380**	**356 380**
Increase:	16 351	16 351
amortisation for the year	16 351	16 351
reclassification	-	-
Decrease:	-	-
sale	-	-
retirement	-	-
reclassification	-	-
Accumulated amortisation and impairment losses as at 31 December 2015	**372 731**	**372 731**
Increase:	25 381	25 381
amortisation for the year	25 381	25 381
reclassification	-	-
Decrease:	-	-
sale	-	-
retirement	-	-
reclassification	-	-
Accumulated amortisation and impairment losses as at 31 December 2016	**398 112**	**398 112**
Net book value:		
as at 1 January 2015	14 443	14 443
as at 31 December 2015	5 580	5 580
as at 31 December 2016	37 886	37 886

6. Perpetual usufruct right

The Company uses state-owned land of 23 744 m2, located at Środa Wielkopolska, ul. Harcerska 16.

	31.12.2016	**31.12.2015**	**01.01.2015**
Perpetual usufruct right - value at acquisition price	711 410	711 410	686 390

7. Investments in other entities

Interests and loans advanced	**31.12.2016**	**31.12.2015**	**01.01.2015**
Beginning of period	-	**746 970**	**746 970**
Increase	-	-	-
Set-off against liabilities	-	(744970)	-
Decrease	-	(2000)	-
End of period	-	-	**746 970**

The Company had a 40% participation interest of PLN 2 000 and PLN 744 970 in loans advanced to PDI-Flex Sp. z o.o. with its head office at Środa Wielkopolska; PDI-Flex Sp. z o.o. was active in the fields of flexographic printing on film and manufacturing of polyethylene packaging.

In April 2015, the Extraordinary Meeting of Shareholders of PDI-Flex Sp. z o.o. adopted the resolution imposing the obligation on the shareholders to make additional contributions, and allowing this obligation to be fulfilled by way of mutual set-off of receivables.

The relevant set-off agreement was signed, under which debts owed by PDI-Flex Sp. z o.o. as at 29 April 2015 to the shareholder (Polipak) and debts owed by Polipak Sp. z o.o. to PDI-Flex Sp. z o.o. have become fully extinguished and settled by set-off of PLN 784 000 under the agreement.

8. Deferred tax

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

Deferred tax asset components	31.12.2016	31.12.2015 (restated figures)	01.01.2015 (restated figures)
Assets			
Unrealised foreign exchange losses on trade receivables	538	2 398	0
Liabilities			
Provisions for employee benefits	207 841	191 096	179 480
Unrealised foreign exchange losses on loans	0	0	38 743
Unrealised foreign exchange losses on trade payables	26 568	6 973	10 722
Liabilities for social security contributions, paid after the balance sheet date	67 907	58 875	50 072
Payroll liabilities	5 376	12 405	4 988
Liabilities for interest on loans, paid after the balance sheet date	9 359	0	0
Other	19	0	0
	317 608	**271 747**	**284 005**

Deferred tax liability components	31.12.2016	31.12.2015 (restated figures)	01.01.2015 (restated figures)
Assets			
Net value of property, plant and equipment under finance lease	540 850	647 098	0
Unrealised foreign exchange gains on trade receivables	2 546	940	8 220
Interest accrued on trade receivables	51	0	0
Liabilities			
Unrealised foreign exchange gains on trade payables	8 197	7 796	0
Accrued bonuses from suppliers	(24844)	24 003	41 753
Lease payments	(410769)	(550246)	
	116 031	**129 591**	**49 973**

9. Provisions for other liabilities

	31.12.2016	31.12.2015 (restated figures)	01.01.2015 (restated figures)
Provision for employee benefits	**1 093 900**	**1 005 770**	**944 631**
including: non-current	*485 679*	*498 809*	*471 209*
current	*608 221*	*506 961*	*473 422*

10. Inventories

	31.12.2016	31.12.2015	01.01.2015
Materials	7 775 630	5 527 868	4 188 718
Commodities	-	4 705	26 437
Finished products	2 060 878	874 057	1 066 537
Work in progress	1 809 089	827 460	637 509
	11 645 597	**7 234 090**	**5 919 201**

As at 1 January 2015, 31 December 2015 and 31 December 2016, the Company's inventories were not pledged as security for its liabilities.

11. Trade and other receivables

	31.12.2016	31.12.2015	01.01.2015
Trade accounts receivable from related entities	**7 214 286**	**1 206 756**	**600 415**
Trade accounts receivable from other entities	7 129 685	8 261 290	8 624 038
Other receivables	3 175	8 734	8 740
VAT receivable	1 591 200	363 398	192 910
Valuation allowances on receivables	-	-	-
Current receivables	**8 724 060**	**8 633 422**	**8 825 688**

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:

Changes in valuation allowances on receivables	2016	2015
Beginning of period	-	-
Increase	-	57 944
Decrease-reversal	-	(57944)
End of period	-	0

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

	Past due but collectible				
	<30 days	30-60 days	60-90 days	90-120 days	> 120 days
As at:					
1 January 2015	1 756 279	194 259	233 632	677	44 731
31 December 2015	1 026 299	154 151	-	-	50 453
31 December 2016	1 204 300	25 370	-	135 555	-

Currency structure of current trade receivables

	31.12.2016	31.12.2015	01.01.2015
Receivables in local currency	10 762 196	6 619 299	7 331 973
Receivables in foreign currencies	3 581 775	2 848 747	1 892 479
	14 343 970	9 468 046	9 224 452

	31.12.2016	31.12.2015	01.01.2015
Receivables in EUR	3 581 795	2 848 747	1 892 479
Receivables in USD	-	-	-
	3 581 795	2 848 747	1 892 479

This specific structure of the receivables exposes the Company to foreign currency risks, 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 2015	440 280	607713
for the period from 1 January through 31 December 2016	651 176	680881

11.1. Income tax receivable

	31.12.2016	31.12.2015	01.01.2015
Income tax receivable	-	-	-
Total	-	-	-

12. Transactions with related entities

Sale to:	Gain on operating activities from 01.01. through 31.12.2016	Gain on operating activities from 01.01. through 31.12.2015
Parent	18 785 668	204 685
Other related entities	11 895 407	32 498
Total	30 681 075	237 183

Sale to:	Receivables as at 31.12.2016	Receivables as at 31.12.2015
Parent	4 602 553	256 832
Other related entities	2 611 733	949 924
Total	7 214 286	1 206 756

Purchase from:	Purchase (costs, assets) from 01.01. through 31.12.2016	Purchase (costs, assets) from 01.01. through 31.12.2015
Parent	19 142	-
Other related entities	7 224 299	2 318 817
Total	7 243 441	2 318 817

Purchase from:	Liabilities as at 31.12.2016	Liabilities as at 31.12.2015
Parent	34 903	-
Other related entities	634 291	760 463
Total	669 194	760 463

	31.12.2016		31.12.2015	
Loans advanced to:	Advanced in the period	Accumulated balance	Advanced in the period	Accumulated balance
Parent	-	-	-	-
Subsidiary	-	-	-	-
Associated entity	-	-	-	-
Joint venture	-	-	-	-
Other related entities	-	-	-	-
Total	-	-	-	-

	31.12.2016		31.12.2015	
Loans received from:	Received in the period	Accumulated balance	Received in the period	Accumulated balance
Parent	13 500 000	13 500 000	-	-
Subsidiary	-	-	-	-
Associated entity	-	-	-	-
Joint venture	-	-	-	-
Other related entities	-	-	-	-
Total	13 500 000	13 500 000	0	0

12.1. Prepayments and accrued income - assets

	31.12.2016	31.12.2015	01.01.2015
Insurance	38 905	40 424	45 941
Annual service fee of Exact	26 330	22 730	22 067
Spare parts	-	70 989	-
Other	15 169	5 534	10 900
	80 404	**139 677**	**78 908**

12.2. Accruals and deferred income - liabilities

	31.12.2016	31.12.2015	01.01.2015
Deferred income			
subsidies to finance fixed assets	295 359	311 825	375 984
other (including fixed assets financed through the Company Fund for Rehabilitation of Disabled Persons	554 871	689 587	924 620
	850 230	**1 001 412**	**1 300 604**

Deferred income			
non-current	671 487	791 656	971 722
current	178 743	209 756	328 882
	850 230	**1 001 412**	**1 300 604**

Subsidies received by the Company are recognised as deferred income in "Accruals and deferred income".
In 2013, the Company contracted the loan with Bank Handlowy, with 10% financial support for energy efficiency, for the total amount of USD 107 165 (PLN 453 171.94) for three sealing machines, of which proceeds of PLN 248 367.06 remained unsettled as at 31 December 2016.
In 2016, the Company received funding from the District Labour Office to finance the purchase of forklift trucks in the net amount of PLN 48 780.48, of which proceeds of PLN 46 991.87 remained unsettled as at 31 December 2016.
Proceeds of PLN 530 675.52 are from reductions and exemptions to which the Company became entitled under the Disabled Professional and Social Rehabilitation and Employment Act.
Having funds available in the Company Fund for Rehabilitation of Disabled Persons makes it possible for the Company to maintain its employment rate which the Company has been continuously maintaining since its loss of its supported employment enterprise status, and which the Company intends to maintain in the future.
Subsidies for items of the assets are gradually recognised in profit as income through periods proportionally to depreciation charges for the asset components.

13. Cash and cash equivalents

	31.12.2016	31.12.2015	01.01.2015
in hand	7 398	4 433	3 330
at banks	155 453	949 543	124 549
deposited on the account of the Company Employee Benefit Fund	10 299	62 280	43 622
deposited on the account of the Company Fund for Rehabilitation of Disabled Persons	61 026	21 361	26 748
	234 176	**1 037 617**	**198 250**
in local currency	214 810	1 035 095	191 920
in foreign currencies	19 366	2 522	6 329
	234 176	**1 037 617**	**198 250**
Cash in EUR	58	592	1 485
Cash in USD	4 572	-	-

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. BZ WBK, Bank Handlowy, Deutsche Bank and BGŻ BNP Paribas.

14. Share capital

As at 31 December 2016, the share (initial) capital of Polipak Sp. z o.o. was PLN 1 000 000 and comprises:

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

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 Sp. J. PPH "GG Plast" Grzegorz Nowak i Wspólnicy Spółka jawna transformed into GG Plast spółka z o.o. .

	31.12.2016	31.12.2015	01.01.2015
	3 607 059	3 607 059	3 607 059

Retained earnings include the following items:

	31.12.2016	31.12.2015 (restated figures)	01.01.2015 (restated figures)
supplementary capital	2 135 133		
reserve capital	7 537 000	7 537 000	6 500 000
net profit	2 201 842	2 009 940	1 486 268
undistributed profit of prior years	(712343)	(587150)	-
Total retained earnings	**11 161 632**	**8 959 791**	**7 986 268**

15. Proposed distribution of the Company's profit for 2016

Pursuant to the Company's Articles of Association, the Board of Directors proposes that the net profit of PLN 2 201 842.02 for 2016 should be distributed as fc of PLN 2 201 842.02 for 2016 should be distributed as follows:

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

16. Financial liabilities

16.1. Loans payable

	31.12.2016	31.12.2015	01.01.2015
overdraft facility - CH	3 080 779	4 025 161	994 663
overdraft facility - DB	3 100 973	2 575 402	4 859 718
investment loan - CH	1 446 329	2 206 298	3 019 959
investment loan - PFP	279 780	381 420	483 060
loan for current purposes - Sarantis Polska	3 000 000	-	-
overdraft facility - BNP Paribas	9 028 490	-	-
investment loan - Sarantis Polska	10 500 000	-	-
	30 436 351	**9 188 281**	**9 357 401**

	31.12.2016	31.12.2015	01.01.2015
non-current liabilities	13 678 140	5 698 145	2 594 677
current liabilities	16 758 211	3 490 136	6 762 724
	30 436 351	**9 188 281**	**9 357 401**

	31.12.2016	31.12.2015	01.01.2015
in local currency	19 930 200	1 285 684	2 102 974
in foreign currencies (EUR)	10 506 151	7 902 597	7 254 426
	30 436 351	**9 188 281**	**9 357 401**

	31.12.2016	31.12.2015	01.01.2015
loan in EUR	**2 374 808**	**1 854 417**	**1 701 998**

16.2. Loans payable to related entities

	31.12.2016	31.12.2015	01.01.2015
Sarantis Polska SA - loan for current purposes	3 000 000	-	-
Sarantis Polska SA - investment loan	10 500 000	-	-
	13 500 000	**0**	**0**

As at 31 December 2016, the Company had loans provided by the followings banks:
1. Deutsche Bank
overdraft facility under agreement no. KRB\0900766 of 08.01.2009, with the most recent annex of 21.12.2015,
and agreement no. KRB\0900775 of 08.01.2009, with the most recent annex of 31.12.2015.
The Bank granted overdraft lines of EUR 500 000 and PLN 1 000 000 to the Company, for the purpose of financing current operations.
Outstanding balances for those lines were EUR 477 822.20 and PLN 987 087.47 as at 31 December 2016.
The Bank charged interest on the outstanding balance at a variable rate of
EURIBOR/WIBOR 1M plus bank margin of 1.1 p.p. per annum.
The lines are secured with:
real property mortgage, up to PLN 3 750 000,
assignment of rights under the real property insurance policy for PLN 2 500 000
The lines were made available until 05 January 2017. The Company has repaid the loan in full.
The loan agreement has been terminated.

2. Bank Handlowy
a) dual currency overdraft facility under agreement no. BKD/KR-RB/000091421/0151/14, with the most recent annex of 30.12.2016.
The Bank granted the line of PLN 8 500 000 to the Company, for the purpose of financing current operations.
The outstanding balance for the line was EUR 696 378.63 as at 31 December 2016. The line remains available until 30 June 2017.
The Bank charged interest on the outstanding balance at a variable rate of
EURIBOR/WIBOR 1M plus bank margin of 1.1 p.p. per annum, front-end-fee of 0.2% of the granted limit
and administration fee of PLN 100.
The annex of 30.12.2016 changes the bank's margin to 0.95% and front-end-fee to 0.15%
The line is secured with:
real property mortgage, up to PLN 10 652 000,
assignment of rights under the real property insurance policy for PLN 8 500 000 ,
notarised statement on submission to collection proceedings for up to PLN 8 500 000
b) investment loan of EUR 223 650 for the purchase of the Elba sealing machine under
energy loan agreement no. BDK/KR-E/000091421/0014/13 of 24.06.2013. The bank charges interest at a variable rate
of EURIBOR 1M plus margin of 2.3 p.ps. The Bank charged the administration fee of PLN 350.
The loan is secured with the registered pledge on the said machine which is entered into books as an item of fixed assets under no. 268.
Pledge value: EUR 248 000. Loan term: 60 months.
The outstanding balance for the loan is EUR 58 918 as at 31 December 2016
c) investment loan of EUR 388 000 for the purchase of Rollomat sealing machine under
energy loan agreement no.: BDK/KR-E/000091421/0027/13 of 17.07.2013.
The bank charges interest at a variable rate of EURIBOR plus margin of 2.3 p.p.
Moreover, the bank charged the administration fee of PLN 1 050.
The loan is secured with the registered pledge on the said machine which is entered into books as an item of fixed asset sunder no. 269.
Pledge value: EUR 388 000. Loan term: 60 months.
The outstanding balance for the loan is EUR 108 150 as at 31 December 2016.
d) investment loan of EUR 460 000 for the purchase of the Coemter sealing machine under
energy loan agreement no.: BDK/KR-E/000091421/0058/13 of 05.11.2013.
The bank charges interest at a variable rate of EURIBOR 1M plus margin of 2.0 p.ps.
The bank charged the administration fee of PLN 1 750.
The loan is secured with the registered pledge on the said machine which is entered into books as an item of fixed assets under no.282.
Pledge value: EUR 460 000. Loan term: 60 months.
The outstanding balance for the loan is EUR 159 860 as at 31 December 2016.

3. BGŻ BNP Paribas
Overdraft facility under agreement no. WAR/3012/16/141/CB z 01.07.2016. The Bank granted the line
of PLN 10 000 000 to the Company, for the purposes of financing current operations. The outstanding balance was
PLN 5 163 332.68 plus EUR 873 679.21 as at 31 December 2016 . The line remains available until 29 June 2017.
The Bank charges interest on the outstanding balance at a variable rate of WIBOR 1M plus
bank margin of 1.0 p.p. per annum for the PLN portion and EURIBOR 3M plus bank margin of 1.5 p.p. per annum
for the EUR portion
The line is secured with:
- civil-law guarantee from Sarantis Polska SA for up to PLN 15 000 000, together 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 obligation under the agreement is concerned, for up to PLN 15 000 000.

4. Polska Fundacja Przedsiębiorczości
Polska Fundacja Przedsiębiorczości granted the repayable loan of PLN 500 000.
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% p.a. Loan term: 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 production & warehouse building construction costs.
The outstanding balance for the loan was PLN 279 780 as at 31 December 2016.

5. Sarantis Polska S.A. of Piaseczno
The Company received the loan from Sarantis Polska S.A. under the following two agreements:
- loan agreement of 29.01.2016, with the annex of 24.03.2016 under which Sarantis granted the loan of PLN 3 000 000 for Polipak to finance its current operations. The loan repayment deadline is 27 January 2017.
- loan agreement of 24.03.2016, under which Sarantis granted the loan for the total amount of PLN 12 400 000 to be disbursed in multiple disbursement in amounts and on dates to be agreed by the parties on an on-going basis.
The loan repayment deadline is 31 December 2017. The loan is for current and investing business activities.
The outstanding balance for the loan is PLN 10 500 000 as at 31 December 2016.
The Lender is entitled to interest on the loans at a variable rate of WIBOR 1M plus margin of 1,1 p.p. per annum, which interest accrues at the end of each month and is due by the 10th day of the following month.
Total interest on the loans was PLN 209 187.51 in 2016.

On 20.01.2017, the Extraordinary Meeting of Shareholders of Polipak adopted the resolution to extend the loan deadline until 31.01.2018 and change the interest rate which shall be WIBOR 1M + 1 pp. starting with 1 February 2017.
Therefore, the liability for the two loans is presented as non-current liability in the Statement of financial position.

Bank Handlowy, while advancing investment loans referred to in items 2b, 2c and 2d, imposed additional financial obligations on the Company, which obligations the Company undertook to meet during the term of the loan agreements.
The covenants included in the loan agreements have been violated,
as the Debt to EBIDTA ratio, which is calculated according to the following formula specified in the agreements:
(Non-current loan payable + liabilities from the issue of the debt securities
+ other non-current financial liabilities + current loan payable +
current liabilities from the issue of debt securities + other current financial liabilities
/ (Profit(loss) on operating activities - gain on the sale of non-financial fixed assets + loss on the sale of non-financial fixed assets + depreciation) should have been maximum 3 instead of 4.92 at the balance sheet date.
The outstanding balance for the investment loans was EUR 326 928 as at 31 December 2016, or PLN 1 446 329.47 upon translation at the exchange rate of 31.12.2016, of which PLN 644 206.27 was a non-current portion of the liability.
In the case when the agreement is violated, the Bank is entitled to:
- request the client to establish additional collaterals for the loan,
- terminate the loans in whole or in part, and
- reduce the amount of the loan.
Given the above, the non-current portion of the loans have been reclassified into current liabilities.
After the balance sheet date, after having clarified the reasons for the violation, the Company received the letter from the Bank notifying that the Bank waives its rights under the Regulations as well as its right to terminate the loans.

16.3. Finance lease

For its business operations, the Company uses the machines, equipment, and forklift truck under finance lease agreements with a buyout option.
The following are future minimum lease payments under the lease agreements, and net current value of minimum payments:

	31.12.2016
Future obligatory minimum lease payments	
Liabilities	
Liabilities due within 1 year	678 586
Liabilities due within 1 to 5 years	1 755 530
Liabilities due after 5 years	-
	2 434 116

Net current value:

Liabilities due within 1 year	642 270
Liabilities due within 1 to 5 years	1 519 672
Liabilities due after 5 years	-
	2 161 942

17. Financial instruments

The value of financial assets presented in the Statement of Financial Position relates to the following categories of financial instruments specified in IAS 39:

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

	*Financial instrument categories as per IAS 39								
	Note	L&R	AFW-PL	AFW-V	HTMV	ASFS	HD	Outside IAS 39	Total
As at 31.12.2016									
Fixed assets:									
Receivables and loans		-	-	-	-	-	-	-	0
Derivative financial instruments		-	-	-	-	-	-	-	0
Other non-current financial assets		-	-	-	-	-	-	-	0
Current assets:									
Trade and other receivables		14 347 146	-	-	-	-	-	1 591 200	15 938 346
Loans		-	-	-	-	-	-	-	0
Derivative financial instruments		-	-	-	-	-	-	-	0
Other current financial assets		-	-	-	-	-	-	-	0
Cash and cash equivalents		234 175	-	-	-	-	-	-	234 175
Total financial asset categories		14 581 321	0	0	0	0	0	1 591 200	16 172 521
As at 31.12.2015									
Fixed assets:									
Receivables and loans		-	-	-	-	-	-	-	0
Derivative financial instruments		-	-	-	-	-	-	-	0
Other non-current financial assets		-	-	-	-	-	-	-	0
Current assets:									
Trade and other receivables		9 476 780	-	-	-	-	-	363 398	9 840 178
Loans		-	-	-	-	-	-	-	0
Derivative financial instruments		-	-	-	-	-	-	-	0
Other current financial assets		-	-	-	-	-	-	-	0
Cash and cash equivalents		1 037 617	-	-	-	-	-	-	1 037 617
Total financial asset categories		10 514 397	0	0	0	0	0	363 398	10 877 795

The value of financial liabilities presented in the Statement of Financial Position relates to the following categories of financial instruments specified in IAS 39:

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

	Note	*Financial instrument categories as per IAS 39					Total
		LFW-PL	LFW-V	LAC	HD	Outside IAS 39	
As at 31.12.2016							
Non-current liabilities:							
Loans and other debt instruments		-	-	13 678 140	-	-	13 678 140
Finance lease		-	-	-	-	1 519 672	1 519 672
Derivative financial instruments		-	-	-	-	-	0
Other liabilities		-	-	-	-	-	0
Current liabilities:							
Trade and other payables		-	-	10 229 973	-	925 714	11 155 687
Loans and other debt instruments		-	-	16 758 211	-	-	16 758 211
Finance lease		-	-	-	-	642 270	642 270
Derivative financial instruments		-	-	-	-	-	0
Total financial liability categories		0	0	40 666 324	0	3 087 657	43 753 981
As at 31.12.2015							
Non-current liabilities:							
Loans and other debt instruments		-	-	5 698 145	-	-	5 698 145
Finance lease		-	-	-	-	2 174 535	2 174 535
Derivative financial instruments		-	-	-	-	-	0
Other liabilities		-	-	-	-	-	0
Current liabilities:							
Trade and other payables		-	-	10 250 020	-	812 192	11 062 212
Loans and other debt instruments		-	-	3 490 136	-		3 490 136
Finance lease		-	-	-	-	721 500	721 500
Derivative financial instruments		-	-	-	-	-	0
Total financial liability categories		0	0	19 438 301	0	3 708 227	23 146 528

18. Current trade and other payables

	2016/12/31	31.12.2015 *(restated figures)*	01.01.2015 *(restated figures)*
Trade accounts payables to related entities	669 194	760 463	20 582
Other payables to related entities	0	0	3 613
	669 194	**760 463**	**24 195**
Trade and other payables	10 486 493	10 301 748	8 706 517
including: VAT payable	*0*	*0*	*0*
personal income tax	*167 510*	*138 883*	*119 119*
Social Security Office	*679 894*	*609 720*	*466 744*
Special funds	*78 310*	*63 589*	*56 876*
Other financial liabilities	642 270	721 500	433 798
Employee benefits payable	1 245 977	1 062 547	974 907
including: provisions for other employee benefits	*608 221*	*506 961*	*473 422*
Income tax payable	113 898	248 324	35 992
Total current liabilities	**13 157 832**	**13 094 583**	**10 175 409**

Trade payables bear no interest and are settled within various deadlines. Trade payables relating to raw materials such as granules, recycled granules, colorants and additives, cardboard boxes, labels, ... are usually settled within 30-70 days. Interest on late payments is paid upon a receipt of a relevant debit note.

Currency structure of current trade payables

	31.12.2016	31.12.2015 *(restated figures)*	01.01.2015 *(restated figures)*
Local currency payables	3 786 067	4 810 353	3 159 457
Foreign currency payables	6 418 055	5 413 421	4 897 134
	10 204 122	**10 223 774**	**8 056 590**

	31.12.2016	31.12.2015	01.01.2015
Payables in EUR	6 418 055	5 413 421	4 897 134
Payables in USD	-	-	-

18.1. Current income tax payable

	31.12.2016	31.12.2015	01.01.2015
income tax			
including: corporate income tax	*113 898*	*248 324*	*35 992*
	113 898	**248 324**	**35 992**

18.2. Current employee benefits payable

	31.12.2016	31.12.2015	01.01.2015
employee benefits	**1 245 977**	**1 062 547**	**974 907**
including: current provisions for other payables	*608 221*	*506 961*	*473 422*

19. Sales revenue

	1 January 2016 31 December 2016	1 January 2015 31 December 2015
Revenue on the sale of products	96 907 729	79 722 458
Revenue on the sale of services	18 049	84 090
Revenue on the sale of commodities and materials	1 869 845	1 585 082
	98 795 623	**81 391 630**
Domestic sales revenue	40 774 497	33 742 895
Foreign sales revenue	58 021 126	47 648 735
	98 795 623	**81 391 630**

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.

20. Other operating income

	1 January 2016 31 December 2016	1 January 2015 31 December 2015 *(restated figures)*
Gains on disposal of assets:	**191 061**	**357 768**
Gain on the sale of fixed assets	191 061	357 768
Subsidies	**707 142**	**737 438**
Wage and salary subsidies, other subsidies	493 357	413 471
Depreciation of fixed assets in the part financed with the subsidy, funds from the Company Fund for Rehabilitation of Disabled Persons, financial support for energy efficiency	213 785	323 967
Other operating income	**125 828**	**190 308**
bonuses on purchases	0	127 160
reimbursement of social security contributions and PZU insurance premiums	8 725	3 714
inventory differences	31 183	19 567
other	85 920	39 867
Attributable to continuing operations	**1 024 031**	**1 285 513**
Attributable to abandoned operations	-	-

Other operating income includes revenues and gains that are not directly connected with the Company's operating activities, or which are difficult to be directly allocated to a right segment of operating expenses.
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.

21. Other operating expenses

	1 January 2016 31 December 2016	1 January 2015 31 December 2015
Loss on disposal of assets:	-	-
Loss on the sale of fixed assets:	-	-
Other operating expenses	**129 682**	**53 028**
costs arising from inventory differences	4 615	3 734
donations	2 539	4 540
bad debt written-off	3 714	32 771
other	118 813	11 983
Attributable to continuing operations	129 682	53 028
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.

22. Finance income

	1 January 2016 31 December 2016	1 January 2015 31 December 2015
Interest income	**4 430**	**23 285**
interest on bank deposits	4 430	752
interest on loans advanced	-	22 533
Other finance income	**653**	**7 668**
gain on exchange differences	-	-
gain the sale of interests in related parties	-	2 000
valuation allowances on interest revenue, reversed	-	-
other	653	5 668
Attributable to continuing operations	**5 083**	**30 953**
Attributable to abandoned operations	0	**0**

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

23. Finance cost

	1 January 2016 31 December 2016	1 January 2015 31 December 2015
Interest expense	**493 349**	**472 423**
interest on loans, including overdraft facilities	402 521	176 363
lease interest	79 406	94 660
interest on factoring arrangements	10 622	196 261
interest on liabilities	799	5 139
Other finance cost	**428 752**	**864 189**
loss on exchange differences	397 606	47 339
bank fees and charges	30 281	30 849
costs of additional contributions to related parties	-	784 000
costs of the sale of interests in related parties	-	2 000
other	865	1
Attributable to continuing operations	**922 101**	**1 336 613**
Attributable to abandoned operations	**0**	**0**

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.

24. 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 2016 and 31 December 2015:

	Period ending 31.12.2016	Period ending 31.12.2015 (restated figures)
Current income tax	576 800	653 135
Origination/reversal of temporary differences	(59422)	91 876
Income tax disclosed in comprehensive income	**517378**	**745011**

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 31.12.2016	Period ending 31.12.2015 (restated figures)
Financial result before tax	2 719 220	2 754 952
Tax at a rate of 19% applicable in Poland	576 800	523 440
Tax effect of non-deductible costs and non-taxable income	(59422)	121 242
Current tax liability	517 378	745 011
Effective tax rate	19,03%	27,04%

25. Contingent liabilities

A contingent liability is understood to mean a possible obligation to perform, which arises from certain events.
The Company, however, assesses that the probability of outflow of resources embodying economic benefits is negligible with respect to the following existing liabilities:

- guarantee from Sarantis Polska SA for the liability under the multi-year line of credit granted by BGŻ BNP Paribas, for PLN 15 000 000.00
- corporate guarantee from Gr Sarantis SA Greece to secure the liability under the multi-year line of credit granted by BGŻ BNP Paribas, for up to PLN 10 000 000.00
- liability in the form of a financial penalty which might be imposed on Polipak as a result of the administrative proceedings initiated by the President of the Energy Regulatory Office, case file no. OPO.451.209.2016.MT z 5.07.2016r., upon suspicion that the Company violated its obligation to comply with the electric energy supply and consumption restrictions applicable between 10 August and 31 August 2015.

As far as this incident is concerned, on 14 July 2016, the Company showed cause and explained that promptly after becoming aware of the introduction of the rationing level 20, the Company started to reduce its electric energy consumption levels, and first several hours during which the Company exceeded consumption was solely the result of its implementing the alignment procedure for the entire process cycle, as well as and its unreliable consumption control system which consisted only of taking visual reads of the energy consumption meter and of ad hoc responding.
Despite the fact that the Company promptly proceeded to comply with the restriction, the phasing-out procedure took a dozen or so hours, and within the following three days the Company experienced deviations from the restrictions, deviating by 90 kW for 1200 kW contracted.
Under the Energy Law Act of 10.04.1997, the President of the Energy Regulatory Office may impose the maximum penalty on the Company, which is 15% of the Company's annual revenue (the regulation is of a general nature and, as such, does not provide details as to "how much - for what").
As there was no similar event within the past 30 years, it is difficult to foresee a final decision of the President of the Energy Regulatory Office. According to the Industrial Energy Sector and Energy Recipients Chamber, approximately 1200 entities failed to comply with the restrictions in Poland.
So far, in the letter of 28.12.2016, the deadline for issuing the decision by the President of the Energy Regulatory Office has been extended until 30 June 2017.

26. 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 loosing 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.

27. 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, transaction 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 the lower extent, in USD.
Moreover, the Company contracted the investment loan in EUR to finance transactions on the European market, and and uses dual currency overdraft facilities (PLN/EUR) to provide financing for its current operations.
To minimize currency risks, the Company tries to align values and maturities of assets, and maturities of liabilities.
The most important and most effective factor in construing the currency risk management strategy is the human factor consisting in control of, and collaboration among people involved in the selection of purchasing and selling markets.
The following are the Company's financial assets and liabilities, other than derivatives stated in foreign currencies, translated into PLN at the closing rate at the balance sheet date:

	Value in		Value after
As at 31.12.2016	EUR	USD	translation
Financial assets (+)			
Loans	-	-	-
Trade receivables and other financial receivables	3 572 306	-	3 581 775
Other financial assets	-	-	-
Cash and cash equivalents	259	18 004	19 366
Financial liabilities (-)			
Loans	(10472377)	-	(10506151)
Lease payables	-	-	-
Trade and other payables financial liabilities	(6356395)	-	(6419310)
Total currency risk exposure	**(13256207)**	**18 004**	**(13324320)**

As at 31.12.2015

Financial assets (+)			
Loans	-	-	-
Trade receivables and other financial receivables	2 848 747	-	2 841 269
Other financial assets	-	-	-
Cash and cash equivalents	2 717	7	2 522
Financial liabilities (-)			
Loans	(7917295)	-	(7902597)
Lease payables			
Trade and other payables financial liabilities	(5413421)	-	(5423788)
Total currency risk exposure	**(10479252)**	**7**	**(10482594)**

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 if 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 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.
No impairment loss has been recognised and there was no litigation during the year or at the balance sheet date.

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 particularby evaluating the ability to source funds under a loan, in comparison with current inflows.

28. Employment structure

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

	01.01.2016 through 31.12.2016	**01.01.2015 through 31.12.2015**
White-collar workers	40	37
Blue-collar workers	168	167
Total FTE	208	204
Workers engaged under a contract of mandate	25	19
Workers engaged by the Job Agency	44	3
number of workers hired	59	25
number of workers terminated	33	38

29. Remuneration for the Board of Directors

	01.01.2016 through 31.12.2016	**01.01.2015 through 31.12.2015**
under the contract of employment		
Board of Directors composed of 4 persons	-	533 528
Board of Directors composed of 5 persons	560 279	-

30. 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 position.

On 03.02.2017, the Company received the letter from BH notifying that BH waives its right to terminate the loans in connection with the violation of the covenants set forth in the investment loan agreements nos.: BDK/KR-E/000091421/0014/13, BDK/KR-E/000091421/0027/13 and BDK/KR-E/000091421/0058/13

On 20.02.2017, the resolution was adopted to extend the repayment deadline for the loans from Sarantis Polska SA until 31 January 2018 .

On 30.01.2017, Vice-President Leszek Pawłowski was dismissed from his role, and his contract of employment was also terminated by mutual agreement.

Środa Wielkopolska, 14 February 2017

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