

Independent Auditor's Report

To the Owner of Sarantis Czech Republic, s.r.o.

Opinion

We have audited the accompanying special purpose financial statements of Sarantis Czech Republic, s.r.o, with its headquarters at Žerotínova 1133/2, Praha 3, Czech Republic, IC 25705971 (hereafter the "Company") as of December 31, 2016. Management is responsible for the preparation and presentation of this financial information in accordance with accounting policies described in the notes to the accompanying to the special purpose financial statements.

In our opinion, the special purpose financial statements give a true and fair view of the financial position of Sarantis Czech Republic, s.r.o. as at 31 December 2016 in accordance with accounting policies described in the notes to the accompanying to the special purpose financial statements.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under these regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Company's Statutory body for the Financial Statements

The Statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies described in the notes to the accompanying to the special purpose financial statements and for such internal control as the Statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory body.
- Conclude on the appropriateness of the Statutory body use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory body regarding, among other matters, the planned scope and timing of the audit and potential significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

We disclose that the prepared and audited financial statements do not constitute financial statements prepared in accordance with IFRS. Additional disclosures related to the balance sheet, to the profit and loss statement, to the cash flow and to the changes in equity are necessary to fully understand the Company's financial position.

Restriction on Use and Distribution

This special purpose financial statements has been prepared for purposes of providing information to GR. SARANTIS S.A. to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of SARANTIS CZECH REPUBLIC s.r.o. This report is intended solely for GR. SARANTIS S.A. and should not be used by or distributed to other parties.

In Prague, on 31th March 2017

Audit company:

BDO Audit s.r.o.

BDO Audit s. r. o.
Certificate No. 018

Statutory auditor:



Ondřej Šnejdar
Certificate No. 1987

**BALANCE SHEET
(BILANCE)
AS AT 31.12.2016**

('000 CZK)

ID No.
257 05 971

Commercial name or other name of an accounting unit

Sarantis Czech

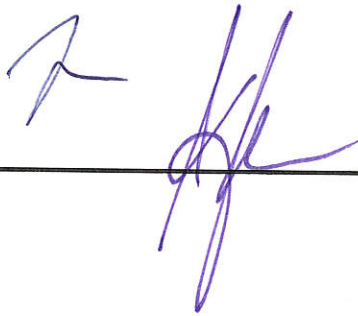
Republic, s.r.o.

Registered office or address of an accounting unit and place of business if different from the address

Praha 3

Žerotínova 1133/32

Indicat. a	ASSETS b	Line c	Current Year			Prior Year
			Brutto 1	Adjustment 2	Netto 3	Netto 4
	ASSETS	001	271 510	6 468	265 042	231 990
A.	Receivables for subscribed capital	002			0	
B.	Fixed assets	003	43 006	5 791	37 215	33 454
B. I.	Intangible assets	004	39 040	3 438	35 602	32 319
2	Valuable rights	006	39 040	3 438	35 602	27 608
	<i>B.I.2.1. Software</i>	007	11 385	2 332	9 053	506
	<i>B.I.2.2. Other valuable rights</i>		27 655	1 106	26 549	27 102
5	Advance payments for intangible fixed assets and intangible assets under construction	011				4 711
	<i>B.I.5.2. Intangible assets under construction</i>	013				4 711
B. II.	Tangible fixed assets	014	3 966	2 353	1 613	1 135
2	Machines, tools and equipment, transportation means, furniture and	018	3 966	2 353	1 613	1 102
5	Advance payments for tangible fixed assets and tangible assets under construction	024				33
	<i>B.II.5.2. Tangible assets under construction</i>	026				33
C.	Current assets	037	227 833	677	227 156	198 273
C. I.	Inventory	038	111 044	0	111 044	62 278
3	Finished goods and merchandise	041	111 044	0	111 044	61 960
	<i>C.I.3.2. Finished goods</i>	043	111 044		111 044	61 960
5	Advance payments for inventory	045				318
C. II.	Receivables	046	83 103	677	82 426	121 308
C. II. 1	Long-term receivables	047	374	0	374	0
	<i>C.II.1.5. Other receivables</i>	052	374	0	374	0
	<i>C.II.1.5.2. Long-term advance payments</i>	054	374		374	
2	Short-term receivables	057	82 729	677	82 052	121 308
	<i>C.II.2.1. Trade receivables</i>	058	78 939	677	78 262	118 320
	<i>C.II.2.4. Other receivables</i>	061	3 790	0	3 790	2 988
	<i>C.II.2.4.3. Due from state - tax receivables</i>	064	3 252		3 252	2 302
	<i>C.II.2.4.4. Short-term advance payments</i>	065	429		429	269
	<i>C.II.2.4.5. Estimated receivables</i>	066			0	24
	<i>C.II.2.4.6. Other receivables</i>	067	109		109	393
C. IV.	Cash in hand and bank accounts	071	33 686	0	33 686	14 687
C. IV. 1	Cash in hand	072	177		177	186
2	Bank accounts	073	33 509		33 509	14 501
D. I.	Accruals of assets	074	671	0	671	263
D. I. 1	Deferred expenses	075	671		671	263

Indicat. a	LIABILITIES b	Line c	Current Year 5	Prior Year 6
	TOTAL EQUITY AND LIABILITIES	078	265 042	231 990
A.	Equity	079	125 839	89 626
A. I.	Registered capital	080	39 320	39 320
1	Registered capital	081	39 320	39 320
A. III.	Legal, statutory and other reserve funds	092	3 932	3 932
A. III. 1	Other reserve funds	093	3 932	3 932
A. IV.	Profit/Loss - previous year	095	46 421	6 762
A. IV. 1	Retained profits from previous years	096	45 887	6 227
2	Accumulated losses from previous years	097		
3	Other result from previous years	098	534	534
A. V.	Profit/Loss - current year	099	36 166	39 612
B. + C.	Liabilities	101	139 203	142 062
B. I.	Provisions	102	8 770	6 625
2	Income tax provision	104	8 770	6 625
C.	Liabilities	107	130 433	135 437
C. I.	Long-term liabilities	108	6 146	5 199
8	Deferred tax liabilities	118	6 146	5 199
C. II.	Short-term liabilities	123	124 287	130 238
4	Trade payables	129	116 425	104 191
8	Other liabilities	133	7 862	26 047
	<i>C.II.8.3. Liabilities to employees</i>	136	1 476	1 200
	<i>C.II.8.4. Social security and health insurance liabilities</i>	137	919	748
	<i>C.II.8.5. Due to state - taxes and subsidies</i>	138	2 183	232
	<i>C.II.8.6. Estimated liabilities</i>	139	3 284	23 867
D. I.	Accruals of liabilities	141	0	302
D. I. 1	Deferred revenue	142		302
Type of company:		limited		
Matter of activity:		wholesaler		
Prepared date:	Person responsible for financial statements:	Signature of the authorised body of an accounting unit:		
				

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31. 12. 2016**
('000 CZK)

Commercial name or other name
of an accounting unit

**Sarantis Czech Republic,
s.r.o.**

ID no.

257 05 971

Registered office or address of an
accounting unit and place of business
if different from the address

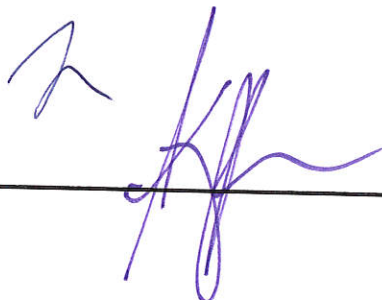
Praha 3
Žerotínova 1133/32

Indication a	TEXT b	Line c	Balance in the accounting period	
			Current 1	Previous 2
I.	Sales of own product and services	01	27	
II.	Sales of goods	02	588 399	525 034
A.	Production consumption	03	498 769	452 929
A. 1	Cost of goods sold	04	287 321	267 612
A. 2	Raw materials and consumption	05	15 848	19 711
A. 3	Services	06	195 600	165 606
D.	Personnel expenses	09	25 700	19 173
D. 1.	Wages and salaries	10	18 874	14 060
D. 2.	Social security expenses, health insurance and other expenses	11	6 826	5 113
D.	2. 1. Social security expenses and health insurance	12	6 539	4 891
D.	2.2. Other expenses	13	287	222
E.	Valuation adjustments relating to operating activities	14	1 650	1 109
E. 1.	Valuation adjustments of fixed assets	15	1 249	1 109
E.	1.1. Valuation adjustments of fixed assets - permanent			
E. 3.	Valuation adjustments of receivables	19	401	
III.	Ostatní provozní výnosy (ř. 21 + 22 + 23)	20	672	40
III. 3.	Other operating income	23	672	40
F.	Other operating expenses	24	6 206	2 453
F. 3.	Taxes and fees	27	73	18
F. 4.	Provisions relating to operating activities and complex deferred expenses	28		-23
F. 5.	Other operating expenses	29	6 133	2 458
*	Operating profit/loss	30	50 560	49 411
VI.	Interest income and similar income	39	2	6
VI. 2.	Other interest and similar income	41	2	6
J.	Interest expenses and similar expenses	43	0	1 136
J. 2.	Other interest and similar expenses	45		1 136
VII.	Other financial income	46	2 112	3 290
K.	Other financial expenses	47	6 987	5 345
*	Profit/loss from financial operations (transactions)	48	-4 873	-3 185
**	Profit/loss before tax	49	45 809	46 226
L.	Income tax	50	9 643	6 614
L. 1	Income tax - due	51	8 649	6 625
L. 2	Income tax - deferred	52	994	-11
**	Profit/loss after tax	53	36 166	39 612
***	Profit /loss of current accounting period	55	36 166	39 612
*	Net turnover	56	591 212	528 370

Prepared
date:

Person responsible for financial statements:

Signature of the authorised body of an accounting unit:



Notes to the accompanying to the special purpose financial statements

This financial statement is based on accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company and conforming with generally accepted accounting principles and standards of the Czech Republic may not conform with generally accepted accounting principles of other countries.

The accounting principles applied by the Company during the Financial Statements preparation for the period of January 1st 2016 – December 31st 2016 are as follows:

Fixed assets

Intangible fixed assets exceeding 60 thousand CZK are recorded at their acquisition value and related expenses. Intangible fixed assets not exceeding 60 thousand CZK are directly expensed, and then carried further in a subsidiary ledger.

Purchased tangible fixed assets exceeding 40 thousand CZK are recorded at their acquisition cost consisting of purchase price, freight, customs duties, and other related costs.

Tangible fixed assets not exceeding 20 thousand CZK are directly expensed, and then carried in a subsidiary ledger. Amortization period for assets worth between 20 and 40 thousand CZK is 3 years.

Depreciations of fixed assets exceeding 100 thousand CZK in purchase price are amortized 5 years.

Allowances for intangible and tangible assets are in accordance with the depreciation plan.

Supplies

Purchased supplies are registered at actual costs determined by a weighed average method. Purchased supplies costs include acquisition costs and all other relevant costs.

Provision for bad debts and inventories

Tax provisions for bad debts to receivables are created in accordance with the Reserve Act No. 593/1992 Coll., creation of 20%. Creation of additional provisions depends on whether the claim has been sued. Allowances are not accrued to receivables from the largest customers (retail chains) due to the ongoing credit of receivables and payables.

Accounting provisions are not made to receivables paid from the balance sheet date to the date of the preparation of the financial statements that are at the balance sheet date after maturity.

Allowances for inventories are formed in relation to the turnover of inventories, in relation to the physical state of the stocks.

Foreign translation to Czech currency

Assets and liabilities in foreign currency are evaluated in CZK according to the regular rate of the Czech National Bank. On the balance sheet day, the assets and monetary liabilities were evaluated by rate valid on December 31st, 2016, as announced by the Czech National Bank.

IFRS Adjustments

For the consolidation purpose and in connection with realization of Astrid products distribution termination and in connection with the acquisition of software SAP we have verified adjustments of the Czech financial statements in order to get IFRS statements.

There were following adjustments of the Czech Financial statements in order to get IFRS statements made:

- Recognition of intangible assets in the form of valuable rights to distribute Astrid and other interrelated products, including its depreciation,
- Deferred tax liabilities regarding the fact, that the above stated intangible assets were perceived as a taxable cost in the form of a common service in accordance with Czech income tax legislation, thereby its tax next book value applicable,
- Reclassifying of accruals credit notes from the accounts receivable to the estimated liabilities.