



**Financial Statement of Sarantis Polska S.A.
for the period
from 1 January 2013 to 31 December 2013**

INTRODUCTION TO THE FINANCIAL STATEMENT THE GENERAL INFORMATION

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

The subject of the Company's activity is mainly the sales activity in the scope of household articles made of artificial materials and skin care cosmetics.

The Company was registered on 24.01.1991 by the District Court in Warsaw under the number RHB 25872.

The Company was entered in the National Court Register of Entrepreneurships on 16.11.2001 under the number 0000050586.

On 24.04.2003 the Company was transformed to Joint Stock Company – entered in the National Court Register of Entrepreneurships under the number 0000158603.

On 24.10.2004 the Company changed it's name to Sarantis Polska S.A.

Company address

ul. Puławska 42 c
05-500 Piaseczno

Main Warehouse address

Moszna Parcela
05-840 Brwinów

2. Management Board of the Company

On 31 December 2013 the Management Board is composed of :

Kyriakos Sarantis – President of the Board

Konstantinos Rozakeas – Vice President of the Board

Nikos Evangelou - Vice President of the Board

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

3. Supervisory Board

The composition of the Supervisory Board as at 31 December 2013 was as following:

Grigorios Sarantis

Konstantinos Stamatou

Pantazis Sarantis

Vasileios Meintanis

4. Statutory auditor

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

5. Name of the parent company

GR Sarantis Cyprus Ltd. , Cyprus

6. Name of the ultimate parent company

GR Sarantis SA, Greece

7. Principles of presentation

Information on principles adopted for preparation of financial statement for 2013

The financial statement has been prepared in accordance with accounting principles contained in the International Financial Reporting Standards adopted by the European Union. The financial statements cover the period from 1 January to 31 December 2013 and the comparative period from 1 January to 31 December 2012.

The financial statement is compliant with all IFRS requirements adopted by the EU and present a true and fair view of the Company's financial position as at 31 December 2013 and 31 December 2012, results of its activity and cash flows for the year ended 31 December 2013 and 31 December 2012.

8. Statement of the Management Board

1) The Management Board of Sarantis Polska S.A. hereby honestly and sincerely declares that to the best of its knowledge the foregoing financial statements and comparative data were prepared in compliance with International Financial Reporting Standards adopted by the European Union (IFRS). The statements reflect true and fair view on financial position and its financial result of Sarantis Polska S.A. and that the Management Board Commentary on the Company's Operations presents true overview of Company's development, achievement and business situation of Company, including basic risks and exposures.

2) The Management Board of Sarantis Polska S.A. declares that the entity, authorized to audit and conducting the audit of financial statements, was selected in compliance with the law and that entity and auditors conducting the audit met the conditions to issue an independent opinion in compliance with relevant regulations of the domestic law.

Piaseczno, 11th February 2014.

The Management Board:


President of the Board
Kyriakos Sarantis


Vice President of the Board
Mikos Evangelou


Vice President of the Board
Konstantinos Rozakeas

9. Significant accounting principles

Basic of the financial statement

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

Functional currency and presentation currency of financial statements

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

Judgments and evaluations

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

Fixed assets

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

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

Buildings and constructions 10 - 40 years

Machinery and equipment 2 - 10 years

Vehicles and other 2 - 5 years

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

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

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

Finance lease

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

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

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

Intangible assets

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

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

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

Acquired computer software 2 - 25 years

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

Financial instruments

Financial instruments different than derivatives

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

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

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

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

Financial instruments estimated by financial results at fair value

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

Investments retained until the maturity term

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

Receivables and loans

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

Financial assets not available for sale

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

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

Inventories

Inventories are measured at the lower of cost and net realizable value, considering any inventory allowances. The net realizable value is the selling price estimated in the ordinary course of business activity less the estimated costs of completion and the estimated selling costs.

Cost of goods sold is determined based on the weighted average costs formula.

Receivables

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

Cash and cash equivalent

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

Trade incomes

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

Equity capital

Equity capital is divided by the types accordance with low rights and resolutions of Company Statute.

Share capital is presented in the nominal value, in the amount according to the Company Statute and entry in the commercial register. Declared but no made contributions are included by due contributions to the initial capital. Own funds of the Company are decreased by due contributions to the share capital.

The capital from issuance of shares above their nominal value is created from the surplus of the issue price of shares above their nominal value less costs to this issue.

Non-divided profits for the previous years and the current results (profits) are presented in the financial statement as the retained profits.

Loans and credits

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

Transactions in foreign currency

Transactions in foreign currency are carried out in accordance with exchange rate :

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

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

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

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

For the balance valuation the following exchange rates were adopted:

<i>Exchange rate at the day</i>	<i>31.12.2013</i>	<i>31.12.2012</i>
USD	3,0120	3,0996
EUR	4,1472	4,0882
CHF	3,3816	3,3868

Income tax

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

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

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

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

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

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

Component of assets from deferred tax for the purpose of transfer not settled amount tax loss and not used income tax relief and negative temporary differences is included to the extent in which there is possibility to have future income to tax, which allows for deduction of them.

Assets for deferred tax are reviewed as of the reporting day and they are reduced according to the possibility of generation profits in income tax, connected with them.

Fixed assets available to sale

Fixed assets available to sale satisfy a following criteria:

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

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

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

Provisions

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

Liabilities

Trade and other liabilities are measured at the due amount.

Contingent liabilities

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

Application of the accounting principles

The above principles are applicable for comparative data.

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

IFRS 11, *Joint Arrangements*, supersedes and replaces IAS 31, *Interest in Joint Ventures*. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10.

Under the new Standard, joint arrangements are divided into two types, each having its own accounting model defined as follows:

- a joint operation is one whereby the jointly controlling parties, known as the joint operators, have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- a joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

IFRS 11 effectively carves out from IAS 31, those cases in which, although there is a separate vehicle for the joint arrangement, separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations, under IAS 31, and are now called joint operations. The remainder of IAS 31 jointly controlled entities, now called joint ventures, must be accounted for using the equity method. Proportionate consolidation is no longer possible.

The entity does not expect IFRS 11 to have material impact on the financial statements since it is not a party to any joint arrangements.

- effective from 1st January 2014

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

The entity does not expect IFRS 12 to have material impact on the financial statements.

- effective from 1st January 2014

Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The amendments:

- define the date of initial application of IFRS 10 as the beginning of the annual period in which the standard is applied for the first time (1 January 2013 unless early adopted). At this date, an entity tests whether there is a change in the consolidation conclusion for its investees;
- limit the restatement of comparatives to the period immediately preceding the date of initial application; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged;
- requires disclosure of the impact of the change in accounting policy only for the period immediately preceding the date of initial application (i.e. disclosure of impact on the current period is not required);
- will remove the requirement to present comparative information disclosures related to unconsolidated structured entities for any periods before the first annual period for which IFRS 12 is applied.

The entity does not expect the Amendments to have material impact on the financial statements.

- effective from 1st January 2014

IAS 27 Separate Financial Statements (2011)

IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some minor clarifications. As well, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The Standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been carried over into IFRS 10 Consolidated Financial Statements.

The entity does not expect IAS 27 (2011) to have material impact on the financial statements, since it does not results in a change in the entity's accounting policy.

- effective from 1st January 2014

IAS 28 Investments in Associates and Joint Ventures (2011)

There are limited amendments made to IAS 28 (2008):

- *Associates and joint ventures held for sale.* IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
- *Changes in interests held in associates and joint ventures.* Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.

The entity does not expect the amendments to Standard to have material impact on the financial statements since it does not have any investments in associates or joint ventures that will be impacted by the amendments.

- effective from 1st January 2014

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

The Amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.

The Amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The entity does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

- effective from 1st January 2014

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 Impairment of Assets)

The Amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generated units for which an impairment loss was recognized or reversed during the period.

The Amendments also require the following additional disclosures when an impairment for individual assets (including goodwill) or cash-generated units has been recognized or reversed in the period and recoverable amount is based on fair value less costs to disposal:

- the level of IFRS 13 'Fair value hierarchy' within which the fair value measurement of the asset or cash-generating unit is categorized;

- for fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique together with the reason for making it,
- for fair value measurements categorized within Level 2 and Level 3, each key assumption (i.e. assumptions to which recoverable amount is most sensitive) used in determining fair value less costs of disposal. If fair value less costs of disposal is measured using a present value technique, discount rate(s) used both in current and previous measurement should be disclosed.

The entity does not expect the Amendments to have a material impact on the financial statements.

- effective from 1st January 2014

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*)

The Amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations, when the following criteria are met:

- the novation is made as a consequence of laws or regulations
- a clearing counterparty becomes a new counterparty to each of the original counterparties of the derivative instrument

Changes to the terms of the derivative are limited to those necessary to replace the counterparty

The entity does not expect the Amendments will have a material impact on the financial statements.

- effective from 1st January 2014

Standards and interpretations not yet endorsed by the EU

IFRS 9 *Financial Instruments (2009)*

This Standard replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*, about classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivable.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or
- financial assets measured at fair value.

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

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

Gains and losses on remeasurement of financial assets measured at fair value are recognized in profit or loss, except that for an investment in an equity instrument which is not held for trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual share-by-share basis. No amount recognized in OCI is ever reclassified to profit or loss at a later date.

The entity does not expect the new Standard to have material impact on the financial statements. The classification and measurement of the financial assets are not expected to change under IFRS 9 because of the nature of the operations and the types of financial assets that it holds.

-available for application (no mandatory effective date set)

Additions to IFRS 9 *Financial Instruments* (2010)

The 2010 additions to IFRS 9 replace the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*, about classification and measurement of financial liabilities and the derecognition of financial assets and financial liabilities.

The Standard retains almost all of the existing requirements from IAS 39 on the classification and measurement of financial liabilities and for derecognition of financial assets and financial liabilities.

The Standard requires that the amount of change in fair value attributable to changes in the credit risk of a financial liability designated at initial recognition as fair value through profit or loss, be presented in other comprehensive income (OCI), with only the remaining amount of the total gain or loss included in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss.

Amounts presented in OCI are not subsequently reclassified to profit or loss but may be transferred within equity.

Derivative financial liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are required to be measured at fair value under IFRS 9.

The entity does not expect additions to IFRS 9 (2010) to have material impact on the financial statements. The classification and measurement of the financial liabilities are not expected to change under IFRS 9 because of the nature of the company's operations and the types of its financial liabilities.

-available for application (no mandatory effective date set).

Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

These Amendments change the disclosure and restatement requirements relating to the initial application of IFRS 9 *Financial Instruments* (2009) and IFRS 9 *Financial Instruments* (2010).

The amended IFRS 7 requires to disclose more details about the effect of the initial application of IFRS 9 when an entity does not restate comparative information in accordance with the amended requirements of IFRS 9.

If an entity adopts IFRS 9 on or after 1 January 2013, then it will no longer be required to restate comparative information for periods prior to the date of initial application.

If an entity early adopts IFRS 9 in 2012, then it has a choice either to restate comparative information or to provide the enhanced disclosures as required by the amended IFRS 7.

If an entity early adopts IFRS 9 prior to 2012, then neither restatement of comparative information nor provision of the enhanced disclosures under the amended IFRS 7 are required.

It is expected that the Amendments, when initially applied, will not have a material impact on the financial statements. The classification and measurement of the entity financial assets are not expected to change under IFRS 9 because of the nature of the entity operations and the types of financial assets that it holds. It is expected that the new Standard, when initially applied, will have a significant impact on the level of disclosure in the financial statements. However, the entity is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

-available for application (no mandatory effective date set)

IFRIC Interpretation 21 *Levies*

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

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

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

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

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

- effective from 1st January 2014

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

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

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

- effective from 1st January 2014

Improvements to IFRS (2010-2012)

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

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

None of these changes are expected to have a significant impact on the financial statements of the entity.

- effective from 1st January 2014

Improvements to IFRS (2011-2013)

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

- clarify the meaning of 'each IFRS effective at the end of an entity's first IFRS reporting period' as used in paragraph 7 of IFRS 1 First-time Adoption of IFRSs.
- clarify that the scope exemption in paragraph 2(a) of IFRS 3 Business Combinations:
 - excludes the formation of all types of joint arrangements as defined in IFRS 11 Joint Arrangements from the scope of IFRS 3; and
 - only applies to the financial statements of the joint venture or the joint operation itself.
- clarify that the portfolio exception included in paragraph 48 of IFRS 13 applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*.
- clarify that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgment is based on the guidance in IFRS 3.

None of these changes are expected to have a significant impact on the financial statements of the entity.

- effective from 1st July 2014


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

Piaseczno, 11th February 2014.

The Management Board:


President of the Board
Kyriakos Sarantis


Vice President of the Board
Nikos Evangelou


Vice President of the Board
Konstantinos Rozakeas



STATEMENT OF FINANCIAL POSITION ended on 31 December 2013

	Note	31 December 2013	31 December 2012
ASSETS			
Fixed assets			
Property, plant and equipment	1	6 563 792	7 387 835
Intangible assets	2	13 725 955	14 213 630
Perpetual usufruct of land	3	1 462 980	1 462 980
Deferred tax assets	4	2 726 944	2 268 462
Total fixed assets		24 479 671	25 332 907
Current assets			
Inventory	5	36 045 555	33 358 399
Trade and other receivables	6	74 893 569	82 267 949
Income tax receivable		-	1 034 557
Short-term prepayments	8	2 550 442	1 538 103
Cash and cash equivalents	9	14 042 506	3 710 613
Other financial assets		-	-
Total current assets		127 532 072	121 909 621
TOTAL ASSETS		152 011 743	147 242 528

The Management Board:

President of the Board
Kyriakos Sarantis

Vice President of the Board
Nikos Evangelou

Vice President of the Board
Konstantinos Rozakeas

	Note	31 December 2013	31 December 2012
LIABILITIES			
Equity			
Nominal share capital	10	34 400 000	34 400 000
Nominal share premium	10	1 055 603	1 055 603
Retained profits	11	46 135 917	52 035 644
Total equity		81 591 520	87 491 247
Long-term liabilities			
Deferred tax provision	4	1 065 342	709 865
Other long-term liabilities	13	1 079 573	1 738 731
Total long-term liabilities		2 144 915	2 448 596
Short-term liabilities			
Trade and other liabilities	15	55 590 115	47 715 217
Credits and loans	13	-	180
Tax liabilities	16	2 148 784	-
Accruals and deferrals	8	10 536 409	9 587 288
Total short-term liabilities		68 275 308	57 302 685
Total liabilities		152 011 743	147 242 528

The Management Board:

President of the Board
Kyriakos Sarantis

Vice President of the Board
Nikos Evangelou

Vice President of the Board
Konstantinos Rozakeas

STATEMENT OF COMPREHENSIVE INCOME for the period ended on 31 December 2013

	Note	31 December 2013	31 December 2012
Continuing of activity			
Sales income	17	315 915 493	314 369 515
Other income	18	1 557 950	1 413 495
Change of the inventory product balance		311 840	(583 409)
Cost of work performed by the entity for its own needs		1 711 466	1 496 935
Depreciation		(2 631 410)	(2 872 562)
Consumption of materials and power		(63 950 104)	(61 018 906)
External services		(84 974 391)	(84 840 978)
Taxes and fees		(356 285)	(390 270)
Salaries		(16 758 299)	(17 553 813)
Social insurance and other benefits		(2 925 665)	(3 020 256)
Other cost by nature		(592 250)	(812 327)
Cost of trade goods and materials sold		(124 654 764)	(128 023 930)
Other costs	19	(1 536 992)	(1 353 117)
Total cost on operating activity		(296 356 854)	(298 972 633)
Profit from operating activities		21 116 589	16 810 377
Financial revenues	20	296 129	145 232
Financial expenses	20	(802 300)	(1 451 264)
Net financial revenues and expenses		(506 171)	(1 306 032)
Profit before tax		20 610 418	15 504 345
Income tax	21	(4 253 754)	(3 021 035)
Net profit		16 356 664	12 483 310
Exchange rate differences from converting of foreign companies		-	-
Effects of valuation of financial assets available for sale		-	-
Hedge accounting		-	-
Effects of revaluation of fixed assets		-	-
Actuarial profits and losses		-	-
Share in other comprehensive incomes of affiliated companies		-	-
Income tax regarding other comprehensive incomes		-	-
Net other comprehensive income		-	-
Total comprehensive income		16 356 664	12 483 310
Net profit assigned:			
Shareholders of parent company		16 356 664	12 483 310
Minority shareholders		-	-
Total completely income assigned:			
Shareholders of parent company		16 356 664	12 483 310

The Management Board:

President of the Board
Kyriakos Sarantis

Vice President of the Board
Nikos Evangelou

Vice President of the Board
Konstantinos Rozakeas

STATEMENT OF CASH FLOWS

for the period ended on 31 December 2013

	Note	01.01.2013- -31.12.2013	01.01.2012- -31.12.2012
Cash flows - operational activity			
Gross profit from the business activity		20 610 418	15 504 345
Adjustments for:		13 880 108	(465 505)
<i>Non-cash:</i>			
Depreciation and impairment of property, plant and equipment		2 663 657	2 872 561
(Profit)/loss on account of foreign exchange differences		(21 535)	148 851
Profit from the sale of property, plant and equipment		(284 715)	(348 231)
Income from interest and shares in profits			-
Interest expenses		365 552	576 580
Other net items		-	-
<i>Changes of working capital</i>			
Increase/decrease in inventories		(2 687 155)	(107 834)
Increase in trade and other receivables	28	7 374 390	2 985 964
Increase in trade and other payables	28	7 706 550	(8 435 548)
Change in the value of accruals and deferrals		(63 218)	4 486 766
Income tax paid		(1 173 418)	(2 644 594)
Net cash flows from operating activities		34 490 526	15 038 840
Cash flows - investment activities			
Revenues generated from sale of fixed assets	28	429 439	560 188
Acquisition of tangible fixed assets and intangible assets	28	(509 096)	(907 791)
Net cash used in investing activities		(79 657)	(347 603)
Cash flow - financial activities			
Revenues due to credit and loans		-	-
Repayment of credit and loans		(180)	(382 077)
Settlement of liabilities due to finance lease		(1 462 909)	(1 630 222)
Interest paid		(365 552)	(559 025)
Dividends paid		(22 256 391)	(12 604 608)
Other net items		-	-
Net cash provided by/(used in) financial activities		(24 085 032)	(15 175 932)
Net change in cash and cash equivalents		10 325 837	(484 695)
Effect of exchange rate changes		6 056	(11 211)
Balance sheet change in the cash value		10 331 893	(495 906)
Cash and cash equivalents on 1 January 2013		3 710 613	4 206 520
Cash and cash equivalents on 31 December 2013		14 042 506	3 710 613

The Management Board:

President of the Board

Kyrillos Sarantis

Vice President of the Board

Nikos Evangelou

Vice President of the Board


Konstantinos Rozakeas

STATEMENT OF CHANGES IN EQUITY

	Nominal share Capital	Nominal share premium	Retained earnings	Total equity
Equity as at 1 January 2012	34 400 000	1 055 603	52 156 941	87 612 544
Net profit	-	-	12 483 310	12 483 310
Dividends paid	-	-	(12 604 608)	(12 604 608)
Equity as at 31 December 2012	34 400 000	1 055 603	52 035 644	87 491 247
Net profit	-	-	16 356 664	16 356 664
Dividends paid	-	-	(22 256 391)	(22 256 391)
Equity as at 31 December 2013	34 400 000	1 055 603	46 135 917	81 591 520

The Management Board:

President of the Board
Kyriakos Sarantis



Vice President of the Board
Nikos Evangelou



Vice President of the Board
Konstantinos Rozakeas




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ADDITIONAL INFORMATION AND EXPLANATIONS

1. Tangible fixed assets

	31.12.2013	31.12.2012
Land	-	-
Buildings, premises and structures of land and water engineering	1 265 337	1 325 187
Machinery and technical equipment	1 641 988	1 861 754
Transportation means	3 121 829	3 492 777
Other fixed assets	534 638	708 117
Total tangible fixed assets	6 563 792	7 387 835

There are no tangible assets which are a security for liabilities of the company at 31st December 2013 and at 31st December 2012.

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

- 31 December 2013 - 3 228 958 zł
- 31 December 2012 - 3 516 796 zł

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

Changes in tangible fixed assets according to the category criterion:

Gross value of tangible fixed assets	Buildings, premises and structures of land and water engineering	Machinery and technical equipment	Transportation means	Other fixed assets	Fixed assets under construction	Total
Gross value as at 1st January 2012	1 761 516	6 274 905	8 090 702	1 854 023	-	17 981 146
Increases:	-	691 270	1 228 793	8 942	-	1 929 005
acquisition	-	691 270	1 228 793	8 942	-	1 929 005
transfer	-	-	-	-	-	-
Decreases::	-	96 816	2 135 011	614	-	2 232 441
sales	-	41 875	2 135 011	-	-	2 176 886
liquidation	-	54 941	-	614	-	55 555
transfer	-	-	-	-	-	-
Gross value as at 31st December 2012	1 761 516	6 869 359	7 184 484	1 862 351	-	17 677 710
Increases:	-	324 082	1 049 745	12 146	-	1 385 973
acquisition	-	324 082	1 049 745	12 146	-	1 385 973
transfer	-	-	-	-	-	-
Decreases::	-	162 049	2 258 561	-	-	2 420 610
sales	-	63 902	2 223 804	-	-	2 287 706
liquidation	-	98 147	34 757	-	-	132 904
transfer	-	-	-	-	-	-
Gross value as at 31st December 2013	1 761 516	7 031 392	5 975 668	1 874 497	-	16 643 073

Changes in tangible fixed assets according to the category criterion:

	Buildings, premises and structures of land and water engineering	Machinery and technical equipment	Transportation means	Other fixed assets	Fixed assets under construction	Total
Accumulated depreciation and impairment loss as at 1st January 2012	376 480	4 477 209	4 241 922	963 743	-	10 059 354
Increase:	59 849	622 491	1 377 561	191 105	-	2 251 006
Depreciation for the year	59 849	622 491	1 377 561	191 105	-	2 251 006
reclassifications	-	-	-	-	-	-
Decreases:	-	92 095	1 927 776	614	-	2 020 485
sales	-	39 507	1 927 776	-	-	1 967 283
liquidation	-	52 588	-	614	-	53 202
reclassifications	-	-	-	-	-	-
Accumulated depreciation and impairment loss as at 31st December 2012	436 329	5 007 605	3 691 707	1 154 234	-	10 289 875
Increase:	59 850	543 689	1 243 871	185 625	-	2 033 035
Depreciation for the year	59 850	543 689	1 243 871	185 625	-	2 033 035
reclassifications	-	-	-	-	-	-
Decreases:	-	161 890	2 081 739	-	-	2 243 629
sales	-	63 743	2 079 229	-	-	2 142 972
liquidation	-	98 147	2 510	-	-	100 657
reclassifications	-	-	-	-	-	-
Accumulated depreciation and impairment loss as at 31st December 2013	496 179	5 389 404	2 853 839	1 339 859	-	10 079 281
Net accounting value:						
as at 1st January 2012	1 385 036	1 797 696	3 848 780	890 280	-	7 921 792
as at 31st December 2012	1 325 187	1 861 754	3 492 777	708 117	-	7 387 835
as at 31st December 2013	1 265 337	1 641 988	3 121 829	534 638	-	6 563 792

2. Intangible fixed assets

	31. 12.2013	31. 12.2012
Computer software	5 110 047	5 384 022
Trademarks, licenses	8 615 908	8 809 608
Advances for intangible fixed assets	-	20 000
Total intangible fixed assets	13 725 955	14 213 630

Changes of intangible fixe assets were following:

	Trademarks, licenses	Computer software	Expenditure for intangible fixed assets	Total
Gross value of intangible fixed assets				
Gross value as at 1st January 2012	9 589 311	8 049 082	-	17 638 393
Increases:	-	52 367	20 000	72 367
Acquisition	-	52 367	20 000	72 367
Reclassifications	-	-	-	-
Gross value as at 31st December 2012	9 589 311	8 101 449	20 000	17 710 760
Increases:	-	130 700	-	130 700
Acquisition	-	130 700	-	130 700
Reclassifications	-	-	-	-
Transfer:	-	166 700	20 000	186 700
Sales	-	2 440	-	2 440
Liquidation	-	164 260	-	164 260
Reclassifications	-	-	20 000	20 000
Gross value as at 31st December 2013	9 589 311	8 065 449	-	17 654 760
	Trademarks, licenses	Computer Software	Advances for intangible fixed assets	Total
Accumulated depreciation and impairment loss as at 1st January 2012	560 749	2 314 825	-	2 875 574
Increases:	218 954	402 602	-	621 556
Acquisition	218 954	402 602	-	621 556
Reclassifications	-	-	-	-
Accumulated depreciation and impairment loss as at 31st December 2012	779 703	2 717 427	-	3 497 130
Increases:	193 700	404 675	-	598 375
Acquisition	193 700	404 675	-	598 375
Reclassifications	-	-	-	-
Decreases:	-	166 700	-	166 700
Sales	-	2 440	-	2 440
Liquidation	-	164 260	-	164 260
Accumulated depreciation and impairment loss as at 31st December 2013	973 403	2 955 402	-	3 928 805

Net accounting value:

as at 1st January 2012	9 028 562	5 734 257	-	14 762 819
as at 31st December 2012	8 809 608	5 384 022	20 000	14 213 630
as at 31st December 2013	<u>8 615 908</u>	<u>5 110 047</u>	-	<u>13 725 955</u>

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

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

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

3. Perpetual usufruct

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

4. Deferred tax

Deferred tax as at 31 December 2013 is resulting from:

Assets due to deferred tax	31.12.2013	31.12.2012
Accruals	1 987 579	1 818 970
Assets for the temporary differences – inventories	125 177	142 064
Assets for the temporary differences – leasing	-	191 308
Balance sheet valuation in foreign currency	24 367	39 131
Assets for the temporary differences – fixed assets	9 853	31 541
Interest payables not paid	46 584	30 261
Liabilities not paid	528 453	-
Other	4 931	15 187
	<u>2 726 944</u>	<u>2 268 462</u>
Provision for deferred tax	31.12.2013	31.12.2012
Assets and liabilities valuation in foreign currency	37 852	30 763
Provision for the temporary differences - assets	994 501	679 102
Temporary differences leasing	25 421	-
Unpaid interest on receivables	7 568	-
	<u>1 065 342</u>	<u>709 865</u>

5. Inventories

	31.12.2013	31.12.2012
Trade goods	27 966 596	25 742 124
Finished products	3 962 736	3 650 896
Materials	4 116 223	3 965 379
	<u>36 045 555</u>	<u>33 358 399</u>

As at 31 December 2013 and 31 December 2012 has been not established any pledge on the inventories to secure the Company's liabilities.

There was no write-off on inventories in the Company at the end of 2013. At the end of 2012, the Company created write-off in amount of 129 thousand PLN.

6. Trade receivables and other receivables

	31.12.2013	31.12.2012
Trade receivables from affiliated entities	4 547 182	5 513 184
Other receivables from affiliated entities	68 909 856	73 253 637
Trade receivables from other entities	2 023 546	3 271 663
Other receivables	-	852 356
Provision for bad debts	(587 015)	(622 891)
Short-term receivables.	<u>74 893 569</u>	<u>82 267 949</u>

Trade receivables are interest-free and their term of payment is 30-90 days. As at 31 December 2013 trade receivables in amount of 587 015 PLN have been considered as difficult to recover and Company created provision for bad debts.

Movements regarding provision for bad debts were following:

	31.12.2013	31.12.2012
Beginning of a period	622 891	643 604
Increases	119 042	128 694
Usage	(119 339)	(81 533)
Decreases – reversal	(35 579)	(67 874)
At the end of a period	<u>587 015</u>	<u>622 891</u>

Analysis of trade receivables overdue, but recoverable as at 31 December 2013 and as at 31 December 2012 is presented in the below table:

Year	Total	Not overdue	<i>Overdue, but recoverable</i>				
			< 30 days	30 - 60 days	60 - 90 days	90 -120 days	> 120 days
2012	78 145 966	68 644 042	8 230 288	888 357	278 878	10 085	94 316
2013	72 870 779	69 145 318	3 631 023	65 356	61 081	-27 946	-4 053

**Currency structure of short-term trade receivables
and other receivables**

	31.12.2013	31.12.2012
Receivables in the local currency	65 405 406	69 576 768
Receivables in the foreign currency	9 488 163	12 691 181
	74 893 569	82 267 949
	31.12.2013	31.12.2012
Receivables in EUR	8 687 347	10 438 168
Receivables in USD	329 810	1 994 951
Receivables in CHF	471 006	258 062
	9 488 163	12 691 181

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

7. Transactions with affiliated entities

Receivables from affiliated entities:

	31.12.2013	31.12.2012
Sarantis Czech Republic s.r.o.	620 994	609 138
Gr. Sarantis SA Greece	122 047	57 570
Sarantis Romania SA Romania	1 275 702	2 235 531
Sarantis D.O.O. Serbia	1 486 025	1 607 016
Sarantis Bulgaria Ltd. Bulgaria	640 537	898 596
Sarantis Hungary Kft. Hungary	296 958	105 333
Sarantis Portugal LDA, Portugal	104 919	-
	4 547 182	5 513 184

Liabilities to affiliated entities:

	31.12.2013	31.12.2012
Sarantis Czech Republic s.r.o.	-	457 785
Gr. Sarantis SA Greece	2 438 524	2 687 489
Sarantis Romania SA Romania	1 475 497	300 844
Sarantis Hungary Kft. Hungary	11 291	13 053
Sarantis D.O.O. Serbia	226 301	352 143
	4 151 613	3 811 314

Income from the sales – affiliated entities

	31.12.2013	31.12.2012
Sarantis Czech Republic s.r.o.	3 023 010	2 914 112
Gr. Sarantis SA Greece	678 865	1 356 203
Sarantis Romania SA	6 335 470	4 780 881
Sarantis D.O.O. Serbia	7 473 472	6 880 817
Sarantis Bulgaria Ltd.	1 967 946	2 006 504
Sarantis Hungary Kft.	486 709	580 143
Sarantis Portugal LDA, Portugalia	105 658	-
	<u>20 071 130</u>	<u>18 518 660</u>

Other revenues – affiliated companies

	31.12.2013	31.12.2012
Sarantis Czech Republic s.r.o.	8 806	157 019
Sarantis Hungary Kft.	135 872	71 600
Gr. Sarantis S.A.,Greece	10 676	2 847
GR Sarantis Romania SA	8 174	4 062
Sarantis D.O.O. Serbia	300	-
	<u>163 828</u>	<u>235 528</u>

Goods purchased from affiliated entities

	31.12.2013	31.12.2012
Sarantis Czech Republic s.r.o.	2 196 990	7 079 902
Gr. Sarantis SA Greece	17 079 524	17 979 488
Sarantis Romania SA	5 363 211	3 925 645
Sarantis Hungary Kft.	56 990	107 741
Sarantis D.O.O. Serbia	1 969 937	1 163 505
	<u>26 666 652</u>	<u>30 256 281</u>

8. Deferrals and accruals**Deferred expenses - assets**

	31.12.2013	31.12.2012
Insurances	85 974	116 242
Subscriptions	31 864	304
Other	97 520	287 507
Other deferrals: input Vat to deduction	2 335 084	1 134 050
	<u>2 550 442</u>	<u>1 538 103</u>

Accrued expenses– liabilities

	31.12.2013	31.12.2012
Provisions for costs	10 532 885	9 582 001
Future periods incomes	3 524	5 287
	<u>10 536 409</u>	<u>9 587 288</u>

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

9. Cash and cash equivalents

	31.12.2013	31.12.2012
Cash in hand	7 345	16 211
Cash in banks	13 933 614	2 677 144
Cash in bank of the Social Fund	101 276	88 925
Cash in transit	271	928 333
	<u>14 042 506</u>	<u>3 710 613</u>

	31.12.2013	31.12.2012
In local currency	13 151 971	3 220 938
In foreign currency	890 535	489 675
	<u>14 042 506</u>	<u>3 710 613</u>

	31.12.2013	31.12.2012
Cash in EUR	614 533	2 349
Cash in USD	83 532	452 870
Cash in CHF	192 470	34 456
	<u>890 535</u>	<u>489 675</u>

Except the funds collected on the Company Social Fund account, the right to dispose of the other funds are unlimited. Concentration of credit risk connected with financial funds is limited because the Company investments funds in reputable financial institutions. According to the Polish law, the Company manages funds from Social Fund for its employees. The contribution paid on the Social Fund are deposited on the separate bank account.

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

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

- 1 915 000 registered, not preferential A series shares
- 1 135 000 registered, not preferential B series shares
- 390 000 registered, not preferential C series shares

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

Supplementary capital from the issuance of shares above their nominal value as at 31st December of 2013 is

1 055 603 PLN. It is a remained part of share premium (after the coverage of loss from the previous years), connected with the issuance of B series shares in 2003 (stock issue price was 20,12 PLN).

11. Retained profits and limitations connected with capital

	31.12.2013	31.12.2012
Profits retained from the previous years-supplementary capital	10 411 064	10 039 553
Profits retained from the previous years	19 368 189	29 512 781
Net profit in current period	16 356 664	12 483 310
Total retained profits	46 135 917	52 035 644

Based on § 396 of Code of Commercial Companies the Company is obligated to keep retained profits in 1/3 value of share capital. It can be use only for covering potential losses. The Company has to intend for this aim minimum 8% of current profit until it collects required equivalent 1/3 of share capital. Since 2010, Company creates a reserve capital from the profit division which will be used for dividend payment. Reserve capital value as of 31 December 2013 was 19 368 189 PLN.

In 2013, the Company paid dividend to shareholder in the amount of 22 256 391 PLN. Dividend paid in 2012 was the amount of 12 604 608 PLN.

12. Suggested division of profit for 2013

The Management Board proposes a net profit for 2013, in amount of 16 356 664 PLN for the payment of dividend.

13. Credits, loans and other liabilities

Credit liabilities

	31.12.2013	31.12.2012
Credit on current account	-	180
	<u>-</u>	<u>180</u>

At the end of the reporting period the Company had bank lines of multi-purpose in total amount of 37,7 mln PLN and available credit limits in total amount of 25,8 mln PLN.

Corporate guarantees issued by Gr. Sarantis S.A. are a security for credit lines in amount of 37,7 mln PLN. Credit lines are remunerated at variable interest rate based on the reference rate WIBOR1M or EURIBOR1M/LIBOR1M plus a bank margin.

Financial leasing

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

	31.12.2013	31.12.2012
Future minimum leasing charges, which constituted commitment on the Company		
<i>Liabilities:</i>		
Liabilities payable up to 1 year	1 485 427	1 313 476
Liabilities payable after more than one year and less than five	1 131 750	1 832 077
	<u>2 617 177</u>	<u>3 145 553</u>
<i>Net present value:</i>		
Liabilities payable up to 1 year	1 352 071	1 150 685
Liabilities payable after more than one year and less than five	1 079 573	1 738 731
Liabilities payable after more than five years	-	-
	<u>2 431 644</u>	<u>2 889 416</u>

Operational leasing

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

Future minimum fees under the agreement are following:

During the year	2 500 000
More than one year and less than five years	600 000
	<u>3 100 000</u>

14. Financial instruments

Financial instruments in accordance with category:	31.12.2013	31.12.2012
Financial assets valued to the fair value by financial result		
Financial assets available to sale		
Granted loans and own receivables:	74 477 873	79 420 642
- granted loans	-	-
- trade receivables	72 870 779	78 145 966
- other receivables	1 607 094	1 274 676
Cash	14 035 161	3 694 402
Derivatives valuation	-	-
	88 513 034	83 115 044

Financial liabilities valued to the fair value by financial result

Trade liabilities	52 562 461	44 332 247
Credit and loans	-	180
Lease liabilities	2 431 644	2 889 416
Derivatives valuation	-	15 480
	54 994 105	47 237 323

15. Short-term trade payables and other liabilities

	31.12.2013	31.12.2012
Trade payables to affiliated entities	4 151 613	3 811 314
Trade payables to other entities	48 410 848	40 520 933
Liabilities towards to the State Budget	1 516 298	2 080 714
Salary payables	36 172	28 076
Lease liabilities falling due within one year	1 352 071	1 150 685
Other liabilities	23 884	35 004
Special funds	99 229	88 491
Total short-term liabilities	55 590 115	47 715 217

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

01.01.2013 - 31.12.2013		Not overdue liabilities	Overdue liabilities			
Ageing structure	Total		up to 30 days	31 - 60 days	61 - 90 days	91 - 360 day
Trade liabilities	52 562 461	40 150 855	12 333 445	137 183	1 522	-60 544
Total	52 562 461	40 150 855	12 333 445	137 183	1 522	-60 544

01.01.2012 - 31.12.2012		Not overdue liabilities	Overdue liabilities			
Ageing structure	Total		up to 30 days	31 - 60 days	61 - 90 days	91 - 360 day
Trade liabilities	44 332 247	34 104 708	6 608 908	3 146 876	325 775	145 980
Total	44 332 247	34 104 708	6 608 908	3 146 876	325 775	145 980

Currency structure of short-term liabilities

	31.12.2013	31.12.2012
Liabilities in local currency	40 564 078	35 310 355
Liabilities in foreign currency	15 026 037	12 404 862
	55 590 115	47 715 217

	31.12.2013	31.12.2012
Liabilities in EUR	11 610 413	10 522 108
Liabilities in USD	1 997 281	1 210 754
Liabilities in CHF	1 418 343	672 000
	15 026 037	12 404 862

16. Income tax liabilities

	31.12.2013	31.12.2012
Income tax liabilities	2 148 784	-
	2 148 784	-

17. Sales revenue

	31.12.2013	31.12.2012
Revenue from goods sales	220 553 879	219 444 669
Revenue from products sales	94 708 116	94 171 511
Revenue from materials sales	653 498	753 335
	315 915 493	314 369 515

	31.12.2013	31.12.2012
Revenue from domestic sales	276 029 930	275 120 489
Revenues from export	39 885 563	39 249 026
	315 915 493	314 369 515

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

18. Other revenue

	31.12.2013	31.12.2012
Profits from sales of services	961 955	584 401
Profits from sales of fixed assets	252 468	348 231
Received compensations	207 315	286 257
Reversal of provision for bad debts	35 579	67 874
Return of court fees	27 517	33 409
Stock count differences	5 992	18 957
Time-barred liabilities	993	4 088
Other	66 131	70 278
	<u>1 557 950</u>	<u>1 413 495</u>

19. Other operating costs

	31.12.2013	31.12.2012
Liquidation and decomposition of inventories	261 527	424 760
Provision for bad debts	119 043	128 449
Costs of legal proceedings	49 752	85 281
Donations	4 574	1 248
The costs of other marketing services	480 000	-
Write-off bad debts	612	245
Insurance of receivables	171 162	178 489
Liquidation of property damages costs	121 382	221 877
Provisions for other operational costs	131 513	226 649
Others	197 427	86 119
	<u>1 536 992</u>	<u>1 353 117</u>

20. Financial costs and revenues

Financial revenue		
	31.12.2013	31.12.2012
Interest on receivables	191 431	118 059
Bank interest	63 788	27 173
Net exchange differences	25 430	-
Reversal of the valuation of derivatives	15 480	-
	<u>296 129</u>	<u>145 232</u>

Financial costs

	31.12.2013	31.12.2012
Interest on liabilities	248 539	275 021
Bank interest	160 568	323 928
Interest under the leasing agreements	190 609	252 632
Commissions, charges	202 584	200 632
Derivates valuation	-	137 640
Net exchange rate differences	-	261 411
	<u>802 300</u>	<u>1 451 264</u>

21. Income tax

Major components of income tax for the years ended 31 December 2013 and 31 December 2012 are as follows:

	31.12.2013	31.12.2012
Current income tax	4 356 759	3 584 295
Creation/ reversal of deferred tax	(103 005)	(580 126)
Corrections of currently tax from the previous years	-	16 866
Income tax shown in the profit and loss account	<u>4 253 754</u>	<u>3 021 035</u>

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

	31.12.2013	31.12.2012
Gross financial results	20 610 418	15 504 345
The amount of the tax according to the tax rate 19%	3 915 979	2 945 826
- tax effects of costs which are not revenue-earning costs	337 775	58 343
- corrections of current income tax from the previous years	-	16 866
Current income tax	<u>4 253 754</u>	<u>3 021 035</u>

Effective tax rate	20,64%	19,49%
---------------------------	--------	--------

22. Net profit per share

	31.12.2013	31.12.2012
Net profit in period	16 356 664	12 483 310
Quantity of shares	3 440 000	3 440 000
Net profit per share	<u>4,75</u>	<u>3,63</u>

23. Dividend per share

In 2013 approved and paid dividend in PLN	22 256 391
- number of shares	3 440 000
Dividend per shares:	6,47

24. Credit risk management

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

Credit risk

Credit exposure is monitored currently according with the credit policy realized by the Company. Evaluation of credibility is conducted in relation with clients lending needs over the determined amount. Blank promissory note from certain clients is a security for the Company. The part of the foreign receivables is insured in reputable insurance corporation. Additionally receivables are regularly monitored by financial department.

Sales is stopped and receivables collection is started in connection with overdue receivables according with procedures.

The company is exposed to risk, that the creditors do not pay for their liabilities and cause the Company's losses. The maximum exposition to risk is 75 mln PLN at the balance sheet day and it was estimated as balance sheet value of receivables.

Year	Total	Not overdue	Overdue receivables, which do not lose their values				
			< 30 days	30 - 60 days	60- 90 days	90-120 days	> 120 days
2012	81 415 593	71 913 669	8 230 288	888 357	278 878	10 085	94 316
2013	74 893 569	70 376 042	4 423 289	65 156	61 081	-27 946	-4 053

As of 31 December of 2013 year 69% of all receivables were receivables from the hypermarkets, 20% from the clients of open market and 11% from the foreign customers. The Management Board considers that there is not significant concentration of credit risk, because of the great number of customers. Allowances for bad debts was made for receivables difficult to collect.

Credit risk connected with bank deposits, derivatives and other investments is not significant because the Company engages in transactions with institutions with established financial position.

Interest rate risk

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

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

Interest rate risk

Financial statements item	Accounting value of financial instruments	Average interest rate in 2013	Influence on financial results (Increase by100 pb)	Influence on equity capital (Increase by 100 pb)	Influence on financial results (Decrease by100 pb)	Influence on equity capital (Decrease by100 pb)
<u>Variable rate of interest assets</u>						
Cash at bank	14 035 161	0,50%	140 352	140 352	140 352	140 352
			140 352	140 352	140 352	140 352

Exchange rate risk

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

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

Exchange rate risk

Financial statement item	Accounting value of financial instruments	Average exchange rate in 2013	Influence on financial results (Increase by20%)	Influence on equity capital (Increase by 20%)	Influence on financial results (Decrease by20%)	Influence on equity capital (Decrease by20%)
<u>Assets denominated in currency</u>						
Receivable in EUR	8 687 347	4,1976	1 737 469	1 737 469	-1 737 469	-1 737 469
Receivable in USD	329 810	3,1615	65 962	65 962	-65 962	-65 962
Receivable in CHF	471 006	3,4101	94 201	94 201	-94 201	-94 201
Cash in EUR	614 533	4,1976	122 907	122 907	-122 907	-122 907
Cash in USD	83 532	3,1615	16 706	16 706	-16 706	-16 706
Cash in CHF	192 470	3,4101	38 494	38 494	-38 494	-38 494
<u>Liabilities denominated in currency</u>						
Liabilities in EUR	11 610 413	4,1976	-2 322 083	-2 322 083	2 322 083	2 322 083
Liabilities in USD	1 997 281	3,1615	-399 456	-399 456	399 456	399 456
Liabilities in CHF	1 418 343	3,4101	-283 669	-283 669	283 669	283 669
Total			-929 468	-929 468	929 468	929 468

Liquidity risk

The Company is exposed to liquidity risk arising from of the relationship of current liabilities to current assets. Operating activities are carried out under the assumption of maintaining a constant excess liquidity and credit lines. Receivables units are analyzed in Note 6. In accordance with the age structure, 95% of receivables are not overdue on 31 December 2013, and 88% as of 31 December 2012. Management believes that the carrying value of financial assets and liabilities reflect their fair value. In the opinion of the Management Board, because of a significant amount of cash on the balance sheet date, available credit, and good standing of the Company's financial result, the liquidity risk should be assessed as insignificant.

The maturity analysis of financial liabilities in 2013 and 2012 was as follows:

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

01.01.2012 - 31.12.2012		Liabilities payable before 31.12.2012	Maturity periods				
Ageing of liabilities	Total		up to 30 days	31 - 60 days	61 - 90 days	91 - 360 days	> 360 days
Trade liabilities	44 332 247	10 227 539	19 321 202	10 724 408	3 997 045	62 053	-
Credits and loans	180	-	180	-	-	-	-
Lease liabilities	2 889 416	-	-	-	-	1 150 685	1 738 731
Total	47 221 843	10 227 539	19 321 382	10 724 408	3 997 045	1 212 738	1 738 731

Price risk

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

25. Capital management

The main purpose of company capital management is retaining a good credit rating and safe capital indexes, which will support operational activity of the Company and increase value for its shareholders. The Company manages the capital structure and as a result of the economic changes conditions it enters a adjustments are made. For the purpose of retaining or correcting of capital structure, the company can regulate the dividend payment for shareholders, return the capital to shareholders or issue new shares.

In the year ended 31 December 2013 and 31 December 2012, there were no changes in the objectives, policies and processes in this area.

26. Conditional liabilities

	Guarantee amount as of 31. 12.2013	Term of Expiry
Guarantee issued for MLP Moszna I Sp. z o.o. for security of liabilities execution	192 000 EUR	31.12.2014
Guarantee of liabilities payments for GR. Sarantis S.A.	300 000 EUR	13.09.2014
Total amount of letters of credit opened in banks	1 513 720 USD	

27. Tax settlements

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

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

	01.01.2013 - 31.12.2013	01.01.2012 - 31.12.2012
Balance sheet change of trade receivables and other receivables	8 408 937	3 942 531
Change resulting from income tax receivables	(1 034 557)	(956 567)
Change resulting from investment receivables	10	-
Change of receivables in cash flow	7 374 390	2 985 964

	01.01.2013 - 31.12.2013	01.01.2012 - 31.12.2012
Balance sheet change of long term liabilities	(659 158)	(290 159)
Balance sheet change of trade liabilities and other liabilities	10 023 500	(9 048 627)
Change in credit and loans	180	382 077
Change in lease liabilities	457 773	513 822
Change in income tax liabilities	(2 148 784)	-
Change resulting from valuation of derivative financial instruments	15 480	(15 480)
Change resulting from investment liabilities	17 559	22 819
Change of liabilities in cash flow	7 706 550	(8 435 548)
	01.01.2013- 31.12.2013	01.01.2012- 31.12.2012
Net accounting value of fixed assets sold	144 734	211 957
Profit from fixed assets sold	284 715	348 231
Change resulting from investment receivables	(10)	-
Income from fixed assets and intangibles sale	429 439	560 188
	01.01.2013- 31.12.2013	01.01.2012 - 31.12.2012
Accounting value of fixed assets and intangibles purchased	(1 496 673)	(2 001 371)
Purchase of fixed assets from leasing	1 005 136	1 116 399
Change resulting from investment liabilities	(17 559)	(22 819)
Expenses for purchase of fixed assets and intangibles	(509 096)	(907 791)

29. Structure of employment

Average employment in Company was as follows:

	31.12.2013	31.12.2012
Sales and marketing	105,5	113,7
Storage and production	83,6	88,9
Administration	56,7	61,6
	245,8	264,2

30. Salaries of key management personnel

Total value of salaries paid in 2013 for key management personnel was 3 149 296 PLN. In 2012 total amount of salaries paid for key management personnel was 2 939 086 PLN. There were no payments in form of company's shares and no long-term benefits for employees.

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

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

32. Events after date of balance sheet day

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

Piaseczno, 11th February 2014.

The Management Board:


President of the
Management Board
Kyriakos Sarantis


Vice-President of the
Management Board
Nikos Evangelou


Vice-President of the
Management Board
Konstantinos Rozakeas