Financial Statement of Sarantis Polska S.A.
for the period
from 1 January 2018 to 31 December 2018

Piaseczno, 22 March 2019

Contents:

STATEMENT OF FINANCIAL POSITION

	Nota	31 December 2018	31 December 2017 (transformed data)
ASSETS			
Fixed assets			
Property, plant and equipment	4	18 911 784	4 805 594
Intangible assets	5	11 204 354	11 663 862
Perpetual usufruct of land	7	3 241 000	1 462 980
Shares in affiliated companies	8	19 499 060	19 499 060
Investment properties	6	4 901 802	-
Loans granted	14	13 500 000	13 500 000
Deferred tax assets	9	1 888 995	2 095 397
Total fixed assets		**73 146 995**	**53 026 893**
Current assets			
Inventory	10	39 957 591	34 333 957
Trade and other receivables	11	64 927 226	67 237 921
Transitional accounts	13	3 084 946	2 422 449
Cash and cash equivalents	15	116 368	14 590 129
Total current assets		**108 086 131**	**118 584 456**
TOTAL ASSETS		**181 233 126**	**171 611 349**
LIABILITIES			
Nominal share capital	16	56 800 000	56 800 000
Nominal share premium	16	1 055 603	1 055 603
Capital from revaluation of property		3 486 341	-
Retained profits	17	48 645 098	56 856 989
Total equity		**109 987 042**	**114 712 592**
Long-term liabilities			
Provision for retirement benefits		213 305	310 347
Deferred tax provision	9	2 390 520	1 593 584
Total long-term liabilities		**2 603 825**	**1 903 931**
Short-term liabilities			
Trade and other liabilities	21	63 223 469	53 367 581
Bank loan liabilities	19	4 250 435	-
Tax liabilities	22	1 168 355	1 627 246
Total short-term liabilities		**68 642 259**	**54 994 826**
Total liabilities		**181 233 126**	**171 611 349**

The Management Board:

President of the Board — *Kyriakos Sarantis*
Vice President of the Board — *Konstantinos Rozakeas*
Vice President of the Board — *Konstantinos Stamatiou*
Member of the Board — *Meintanis Vasileios*
Member of the Board — *Grigorios Sarantis*
Member of the Board — *Elpiniki Sarantis*
Member of the Board — *Grigorios Sarantis*

STATEMENT ON THE RESULT AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2018	31 December 2017 (transformed data)
Continuing of acitivity			
Sales income	**23**	**298 010 155**	**273 265 378**
Other income	**24**	321 258	368 892
Change of the inventory product balance		(485 177)	(963 750)
Cost of work performed by the entity for its own needs		2 210 781	2 069 199
Depreciation		(1 349 959)	(1 275 222)
Consumption of materials and power		(67 304 721)	(59 864 798)
External services		(29 827 717)	(28 370 886)
Taxes and fees		(303 424)	(309 416)
Salaries		(21 303 613)	(21 069 192)
Social insurance and other benefits		(3 660 702)	(3 571 140)
Other cost by nature		(329 044)	(342 986)
Cost of trade goods and materials sold		(146 886 159)	(137 984 260)
Other costs	25	(1 683 274)	(2 225 661)
Total cost on operating activity		**(270 923 009)**	**(253 908 112)**
Profit from operating activities		**27 408 404**	**19 726 158**
Financial revenues	26	1 962 183	2 028 454
Financial expenses	26	(2 590 578)	(755 257)
Net financial revenues and expenses		**(628 395)**	**1 273 197**
Profit before tax		**26 780 009**	**20 999 355**
Income tax	27	(4 899 246)	(3 984 565)
Net profit		**21 880 763**	**17 014 790**
Net other comprehensive income			
Items not transferred to the financial result			
Revaluation of property and plant		4 304 124	-
Income tax related to revaluation of property, plant and equipment		(817 784)	-
Other net total income		**3 486 340**	-
Total comprehensive income		**25 367 103**	**17 014 790**

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Member of the Board *Grigorios Sarantis*

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Member of the Board *Grigorios Sarantis*

STATEMENT OF CASH FLOWS

	Note	01.01.2018-31.12.2018	01.01.2017-31.12.2017 (transformed data)
Cash flows - operational activity			
Gross profit from the business activity		**26 780 009**	**20 999 355**
Adjustments for:		(1 988 428)	12 565 400
Non- cash:			
Depreciation and impairment of property, plant and equipment		1 349 959	1 275 222
(Profit)/loss on account of foreign exchange differences		312 781	(231 790)
Profit from the sale of property, plant and equipment		(1 992)	(8 034)
Interest income and dividends		(1 403 372)	(616 516)
Interest expenses		231 433	46 879
Changes of working capital			
Increase/decrease in inventories		(5 623 633)	8 344 748
Increase in trade and other receivables	32	2 205 048	4 372 934
Increase in trade and other payables	32	6 853 654	1 968 436
Change in the value of accruals and deferrals		(662 496)	1 018 237
Change in provisions		(97 042)	81 754
Income tax paid		(5 152 768)	(3 686 471)
Net cash flows from operating activities		**24 791 581**	**33 564 755**
Cash flows - investment activities			
Revenues generated from sale of fixed assets	32	4 426	44 226
Revenues from dividends		1 403 372	616 516
Acquisition of tangible fixed assets and intangible assets	32	(10 088 023)	(2 128 558)
Payments for property investments		(4 284 514)	-
Interest received from affiliated entities		353 877	359 423
Net cash used in investing activities		**(12 610 862)**	**(1 108 393)**
Cash flow - financial activities			
Revenues due to credit and loans		16 797 935	10 790 500
Repayment of loans and borrowings		(12 547 500)	(11 025 358)
Interest paid		(583 954)	(414 158)
Dividends paid		(30 008 180)	(17 785 837)
Other financial expenses		(338 424)	-
Other financial inflows		-	257 709
Net cash provided by/(used in) financial activities		**(26 680 123)**	**(18 177 144)**
Net change in cash and cash equivalents		(14 499 404)	14 279 218
Effect of exchange rate changes		25 643	(25 919)
Balance sheet change in the cash value		(14 473 761)	14 253 299
Cash and cash equivalents on 1 January		14 590 129	336 830
Cash and cash equivalents on 31 December		**116 368**	**14 590 129**

The Management Board:

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Member of the Board
Elpiniki Sarantis

Member of the Board
Grigorios Sarantis

STATEMENT OF CHANGES IN EQUITY

	Nominal share capital	Nominal share premium	Revaluation Reserve	Retained earnings	Total equity
Equity as at 1 January 2017	**56 800 000**	**1 055 603**	**-**	**39 842 199**	**97 697 802**
Net profit	-	-	-	17 014 790	17 014 790
Equity as at 31 December 2017	**56 800 000**	**1 055 603**	**-**	**56 856 989**	**114 712 592**
Net profit	-	-	-	21 880 763	21 880 763
Revaluation of property	-	-	3 486 341	-	3 486 341
Profit (loss) from previous years	-	-	-	(84 474)	(84 474)
Dividend paid to shareholders	-	-	-	(30 008 180)	(30 008 180)
Equity as at 31 December2018	**56 800 000**	**1 055 603**	**3 486 341**	**48 645 098**	**109 987 042**

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ADDITIONAL INFORMATION AND EXPLANATIONS

The general information

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

The business of the company Sarantis Polska S.A. , hereinafter referred to as statement "Company", 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 12.11.2001 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 2018 the Management Board is composed of :
Kyriakos Sarantis – President of the Board
Konstantinos Rozakeas – Vice President of the Board
Konstantinos Stamatiou - Vice President of the Board
Meintanis Vasileios – Member of the Board
Grigorios Sarantis – Member of the Board
Elpiniki Sarantis – Member of the Board
Grigorios Sarantis – Member of the Board

To represent the Company are entitled:
1) President of the Management Board acting individually or
2) two Vice Presidents of the Management Board acting jointly or
3) Member of the Management Board acting jointly with the Vice President

3. Supervisory Board

The composition of the Supervisory Board as of 31 December 2018 was as following:
Pantazis Sarantis
Elpiniki Sarantis
Aikaterini Sarantis

4. Statutory auditor
Grant Thornton Frąckowiak sp. z o.o. sp. k.
ul. Abpa Antoniego Baraniaka 88 E
61-131 Poznań

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 2018

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 statement covers the period from 1 January to 31 December 2018 and the comparative period from 1 January to 31 December 2017.
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 of 31 December 2018 and 31 December 2017, results of its activity and cash flows for the year ended 31 December 2018 and 31 December 2017.

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 statement and comparative data were prepared in compliance with International Financial Reporting Standards adopted by the European Union (IFRS). The statement reflects 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 conduct 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.

Basis for the preparation of the report and 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 assuming that the company will continue its activity in the nearest future. On the day in which this statement was accepted there is no circumstances indicating any danger to continue of business activity of Company.

Consolidated financial statement

Consolidated financial statement, which includes also subsidiary entities is performed by highest level parent company GR Sarantis SA, based in Athens, Greece.

Functional currency and presentation currency of financial statements

The financial statement is presented in Polish zlotys after rounding 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 by the Management Board. Evaluations and assumptions based on the historical experience and other factors rationally justified, their results allow to estimate balance sheet value of assets and liabilities. Real value may be different from estimated value. Evaluations and assumptions are verified on a current basis. 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

A model based on a revalued value is used to value a property.
The fair value of real estate property is determined periodically based on current market information by an independent appraiser. The surplus from revaluation of real estate is included in other comprehensive income and is shown in the total amount in equity. An increase in fair value is recognized as revenue, to the extent that it reverses the decrease in revaluation value which was previously recognized as the cost of a given period.
The decrease in fair value is recognized as the cost of a given period. However, the decrease due to revaluation is recognized in other comprehensive income to the amount of the excess from the revaluation accumulated earlier in equity.
The surplus arising from the change in the fair value of a given asset, accumulated in equity, is transferred to the undistributed result from previous years at the moment of removing the asset from the statement of financial position.
Other than real estate property, property, plant and equipment are measured at the cost including the purchase price and costs directly related to the asset being put into use.
Property, plant and equipment are depreciated (amortized) using the straight-line method and impairment losses.

The costs of current maintenance of assets affect the financial result of the period in which they were incurred.

Depreciation of property, plant and equipment starts since when it is available for use that means it is 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 methods and residual value of fixed assets is verified on each balance sheet day and respective adjustments are made if it is necessary.

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

Buildings and constructions 6 - 40 years
Machinery and equipment 2 - 20 years
Vehicles and others 2 - 10 years

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

Investment real estate property

The investment real estate property is held due to revenues from rent or increase in its value and is measured based on the fair value model.
On subsequent balance sheet days, investment property is measured at fair value, determined by an independent appraiser, taking into account the location and nature of the property and current market conditions.
Gains or losses arising from changes in the fair value of investment property are recognized in profit or loss in the period in which changes occurred, as other operating income or expenses.
Investment real estate is removed from the statement of financial position at the time of its disposal or permanent withdrawal from use, if no economic benefits are expected in the future. Gains or losses resulting from these transactions are defined as the difference between sales revenue and the net value of these fixed assets. These profits and losses are recognized in the result in other operating income or expenses in the period in which the liquidation or sale of an investment property was effected, when the buyer takes control over the sold component of property .

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 increase 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 - 22 years

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

Valuation of shares in subsidiary entities

Shares in subsidiary entities are valued according to acquisition cost less accumulated impairment losses.

Financial instruments

Financial instruments other 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 at transaction date, which is a day, when the Company starts to be a part in mutual obligations regarding particular financial instruments.

The Company does not recognize financial assets upon expiration of the contractual rights to receive 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 purchase of them based on their fair value. These transactional costs are allocated directly to profit or loss of current period at the moment in which they have been incurred. Financial assets valued at fair value by financial results are valuated as fair value. All profits and loss are included in profit and loss of current period. Financial assets valued at fair value by the financial results include 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 designated as current assets. Trade receivables and other receivables are valuated in amount of the amortized costs using effective interest rate decreased by allowances for bad debts.

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Derivative Financial assets not available for sale

Derivatives are initially recognized at fair value, transaction costs are recognized at the moment of incurring in profits or losses of current period. After the initial presentation, the Company values the derivatives at fair value, profits and losses resulted from the changes of fair value are included in the mentioned below manner.
When the derivative is not designated as the security instrument, all changes of its fair value are immediately included in profit and loss of current period.

Inventories

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

Receivables

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

Cash and cash equivalent

Cash includes cash in hand and cash at the bank. Cash equivalent are short-term high liquid investments., convertible to known amounts of cash and exposed to small risk of change of the value. Cash is valuated in the nominal value in 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. Revenues from sales of goods are recognized at the time of delivery of the goods, when there has been a transfer of risks and rewards. Particular items of Company's costs are decreased by the reinvoiced amounts which are not an income.

Sales revenues

The Company recognizes revenue when it is probable that the economic benefits from the transaction and the amount of income will be determined in a reliable manner. The amount of revenues is determined according to the fair value of the received or due payment reduced by the value of granted rebates and the value of trade costs incurred related to cooperation with recipients. Revenues from the sale of goods are recognized when the goods are released, when the risks and benefits have been transferred.

Refunded amounts are not considered as revenue, but they reduce the relevant items of unit costs.

Equity capital

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

Loan and credits

Loans and credits are presented at the fair value of received inflows decreased by the costs of transactions.
Loans and credits are valuated at 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 resulting from clearance of transactions in foreign currencies and valuation of assets and liabilities in cash on the balance sheet day are presented as financial costs or income in statement of complete income in net amount.
For the balance valuation, the following exchange rates were adopted:

Exchange rate at the day	*31.12.2018*	*31.12.2017*
USD	3,7597	3,4813
EUR	4,3000	4,1709
CHF	3,8166	3,5672
CZK	0,1673	0,1632
CNY	0,5481	0,5349

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 execute 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 to 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 a 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 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 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 decreased 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.

Changes in standards or interpretations in force and applied by the Company since 2018

New or amended standards and interpretations that have been effective since January 1, 2018 and their impact on the Company's report:

- New IFRS 9 "Financial Instruments"

The new standard replaced the existing IAS 39. The changes introduced by the standard in the accounting of financial instruments include mainly:

o other categories of financial assets on which the asset valuation method depends:
   - measured at amortized cost,
   - measured at fair value through other comprehensive income,
   - measured at fair value through profit or loss (with the option of recognizing the effects of valuation in other comprehensive income for equity instruments);

the allocation of assets to the category is made depending on the business model relating to a given asset and the nature of flows from it,

- new hedge accounting principles that reflect risk management to a greater extent, increase of the possibility of designating instruments as hedging positions and eliminating rigid rules for determining efficiency in the range of 80-125%,
- a new model of impairment of financial assets based on anticipated losses and necessitating faster recognition of costs in the financial result; recognition of impairment losses in accordance with the existing principles took place only when there was objective evidence of impairment, such as significant financial difficulties of the debtor or failure to meet the terms of the contract, e.g. delay in repayment; the new model assumes that from the moment the financial asset is recognized, the entity estimates the expected credit losses using a 3-step model based on changes in credit risk; the standard provides for simplifications for trade receivables and assets under the contract.

The Management Board of the Company has decided that the application of IFRS 9 in terms of classification and valuation will take place retrospectively without adjustment of comparative data due to the fact that it would not be possible without the use of knowledge obtained post factum. The effects of the implementation of the standard did not affect the value of retained earnings as at January 1, 2018.

The effects of the changes are described below:
Until now, the Company had only assets classified as "loans and receivables". According to the new standard, all were classified as measured at amortized cost, because the analysis performed by the Company as of the date of the first application of the standard showed that they are maintained in order to obtain cash flows resulting from the agreement, and these flows are only repayment of the nominal value and interest. The change of category did not affect the value of the Company's assets and its financial result. The categories of financial liabilities have not changed.

Change in the method of estimating losses due to credit risk related to receivables which, in accordance with IAS 39 were categorized as "receivables and loans", and in accordance with IFRS 9 are measured at amortized cost: The company implemented a model for estimating expected losses from the receivables portfolio. For receivables from deliveries, a simplified version of the model assuming a loss calculation for the entire life of the instrument was applied. The company assumed that the increase in risk occurs, among others when the overdue payment exceeds 90 days. If the increase in credit risk was significant, losses corresponding to the entire life of the instrument are recognized. The Company assumes that the default is made when the overdue time is 90 days or other circumstances indicating this occur.

Company made a statement of impairment losses established in accordance with IAS 39 and IAS 37 with write-offs for expected credit losses estimated in accordance with IFRS 9 as at the date of its first application. This information is presented as follows:
As at December 31, 2017, an impairment loss on trade receivables amounted to 1 559 904 PLN. The adjustment introduced to the value of receivables and retained earnings as at January 1, 2018 amounted to PLN 104,289, which resulted in an increase in the impairment loss to 1 664 193 PLN. As at December 31st 2018, revaluation write-offs for receivables were higher by PLN 104 289 than if they had been made in accordance with the current rules.

- New IFRS 15 "Revenue from contracts with customers"

The new standard replaced the existing IAS 11 and IAS 18 and related interpretations and applies to all contracts with clients, except for contracts excluded from the scope of IFRS 15, including contracts governed by the provisions of other standards. The new IFRS 15 provides one consistent 5-step revenue recognition model that includes the following steps:

- identification of the contract with the client,
- identification of obligations under the contract,
- determining the price,
- assigning a price to duties,
- including income after completing or when fulfilling the duty.

The new model makes income from the receipt of control over the good or service by the customer.
In addition, the standard introduced additional disclosure requirements and guidance on the following specific issues:

- combining several contracts,
- changes to the contract,
- methods of measuring fulfillment of duty,
- variable price,
- the right to return,
- guarantees,
- customer-agent relationship,
- options to purchase further goods or services,
- non-returnable fees payable in advance,
- licenses and royalties,
- repurchase agreements,
- commission agreements,
- sale with a pending delivery,
- financial components embedded in contracts with clients (deferred payment or payment in advance),
- non-cash remuneration,
- contract costs, including the costs of obtaining a contract.

In connection with the entry into force of the provisions of IFRS 15, the Company adjusted revenues by the amount of incurred commercial costs related to cooperation with customers. An analogous correction was made for comparative data (note 2).

- Amendment to IFRS 2 "Share-based payments"

The IASB Council settled three issues:

- o the manner of including conditions other than vesting conditions in the valuation of the cash-adjusted program,
- o share payment classification in the case when the entity is required to collect a tax from the employee,
- o modification of the program, which results in a change from a program settled in cash into a program settled in capital instruments.

The effects of the change did not affect the financial statements of the Company because the Company does not use share-based payment programs.

- Amendment to IFRS 4 "Insurance Contracts"

In connection with the entry into force of the new standard on financial instruments in 2018 (IFRS 9), the IASB Council introduced transitional (until the entry into force of the new IFRS 17) rules for the application of new accounting principles in the financial statements of insurers. Otherwise their results would be exposed to considerable variability. Two alternative approaches have been proposed

  - adjusting the volatility caused by IFRS 9 for some assets through a separate item in the income statement and other comprehensive income,
  - an exemption from the application of IFRS 9 pending the entry into force of the new insurance standard (or 2021).

The change in the standard will not affect the entity's financial statements due to the fact that it does not conduct insurance activities. The changes are effective at the time of application of IFRS 9

- Amendments to IAS 28 resulting from the "Annual Amendments Project: 2014-2016 cycle":

It is clarified that in situations where IAS 28 permits investment valuation either using the equity method or at fair value (by risk capital management organizations, mutual funds, etc. or shares) in investment units) this choice can be made separately for each of these investments. The effects of the change did not affect the Company's financial statements

- Amendment to IAS 40 "Investment Property"

The amendment clarifies the rules according to which the property is reclassified to or from the investment property category from or to fixed assets or inventories.
First of all, the change of classification occurs when the method of use changes and this change has to be proved. The standard says that changing the intention of the Management Board is not enough in itself. The change of the standard should be applied to all changes in use, which will occur after the amendment to the standard comes into force and to all investment properties owned as of the effective date of the change in the standard.
The effects of the change did not affect the Company's financial statements.

- IFRIC 22 "Foreign currency transactions and advances"

The interpretation defines which rate of exchange should be used in the case of sale or purchase in a foreign currency, which is preceded by receiving or making an advance payment in that currency. According to the new interpretation, the advance payment as of the payment date should be included in the exchange rate for that day. Then, when recognized in the income statement, income in a currency or cost or asset purchased should be recognized at the rate on the day the pre-payment is recognized, not at the exchange rate when the income or cost or asset was recognized.
The effects of the introduction of the Interpretation did not affect the Company's financial statements

The standards and interpretations in force in the version published by the IASB, but not approved by the European Union, are shown below in the section on standards and interpretations that have not entered into force.

Application of the standard or interpretation prior to the effective date.

These financial statements do not use the voluntary prior application of the standard or interpretation.

Standards and interpretations published that have not entered into effect for the periods beginning on January 1, 2018 and their impact on the Company's report.

Until the date of preparation of these consolidated financial statements, new or amended standards and interpretations were adopted, effective for annual periods following 2018. The list also includes changes, standards and interpretations published but not yet accepted by the European Union.

- New IFRS 16 "Leasing".

The new standard regulating lease agreements (including rental and lease agreements) includes a new definition of leasing.

Significant changes concern the lessee: the standard requires recognition in the balance sheet of each lease contract the value of the "right to use an asset" and an analogous financial liability. The right to use the assets is then depreciated, while the liability is measured at amortized cost. Simplifications are foreseen for short-term contracts (up to 12 months) and low-value assets.

The accounting approach to leasing from the lessor's side is similar to the principles set out in the previous IAS 17. IFRS 16 requires a wider scope of disclosures as compared to IAS 17 (this applies to both the lessee and the lessor). The new standard assumes the possibility of applying a modified retrospective approach and some practical solutions under the transitional provisions.

The Company estimates that the new standard will have a significant impact on its financial statements. The Company verified its rental and leasing agreements in terms of the correct implementation of the standard. As at 31 December 2018, the Company has one rental agreement for the logistics center for the period up to 2023. According to preliminary estimates assuming the application of the marginal lending rate, the total assets and liabilities of the Company would increase by approximately 7.2 million PLN if the standard were applied in 2018. Exemptions for short-term contracts and low-value contracts are planned.

The changes are effective for annual periods beginning on January 1, 2019 or later.

- Amendment to IFRS 9 "Financial Instruments"

The change consists in admitting the classification into the category of assets measured at the amortized cost of such instruments, which in the case of early repayment cause that the entity will receive an amount less than the sum of capital and accrued interest (the so-called negative remuneration).

The company estimates that the change in the standard will not affect its financial statements due to the fact that there were no transactions subject to changes.

The changes are effective for annual periods beginning on January 1, 2019 or later.

- Amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"

The rules governing the settlement of the loss of control over a subsidiary so far provided for a gain or loss to be recognized at that time. In turn, the rules of using the equity method stated that the result of transactions with entities accounted for using the equity method is included only up to the share of other shareholders in these entities.
In a situation where the parent company sells or contributes shares in a subsidiary to a subject priced MPW in such a way that it loses control over it, the above-mentioned regulations would be contradictory. The amendment to IFRS 10 and IAS 28 eliminates this collision as follows:

- If the entity over which control is lost is a business (business), the result on the transaction is recognized in full,
- if the entity over which control is lost does not constitute an enterprise, the result is recognized only to the amount of the share of other investors.

The entry into force of this change has been suspended

- IFRIC 23 "Uncertainty over Income Tax Treatments"

The interpretation to IAS 12 "Income tax" settles the approach to the situation when the interpretation of income tax regulations is not unambiguous and it cannot be definitively decided which solution will be accepted by tax authorities, including courts. The management should first assess whether its interpretation is likely to be accepted by the tax authorities. If so, the interpretation should be used to prepare the financial statements. If not, the uncertainty of amounts related to income tax should be taken into account with the most probable value or expected value method. The company should assess any changes in facts and circumstances affecting the determined value. If the value is subject to adjustment, it is treated as a change in respect in accordance with IAS 8.

The company estimates that the new interpretation will not have a material impact on its financial statements, as it does not carry out transactions the changes concern.
The interpretation applies to annual periods beginning on January 1, 2019 or later.

- New IFRS 17 "Insurance Contracts"

A new standard regulating the recognition, valuation, presentation and disclosures regarding insurance and reinsurance contracts. The standard replaces the previous IFRS 4.
The company estimates that the new standard will not affect its financial statements because it does not conduct insurance activities.
The standard is valid for annual periods beginning on January 1, 2021 or later

- Amendment to IAS 19 "Employee benefits"

According to the introduced change, if a net asset component or liability under a defined benefit plan is re-measured as a result of changes, limitations or settlements, an entity should:

- determine the costs of current employment and net interest for the period following the re-valuation using the assumptions used in the re-valuation and
- determine net interest for the remaining period based on the discounted net assets or liabilities.

The company estimates that the new standard will not affect its financial statements, because it offers employees certain post-employment benefits.
The standard is effective for annual periods beginning on January 1, 2019 or later.

- Amendment to IAS 1 "Presentation of financial statements" and IAS 8 "Accounting principles (policy), changes in estimates and correction of errors".

The change consists in introducing a new definition of the term "significant" (with regard to omission or distortion in the financial statements). The current definition contained in IAS 1 and IAS 8 differs from that contained in the Financial Reporting Concepts, which may have caused difficulties in making judgments by entities preparing financial statements. The change will unify definitions in all applicable IAS and IFRS.
The company estimates that the new standard will not affect its financial statements, because the materiality judgments made so far were in line with those that would have been made using the new definition. The standard is valid for annual periods beginning on January 1, 2020 or later.

- Amendment to IFRS 3 "Business combinations"

The change concerns the definition of a business and mainly includes the following issues

- specifies that the set of assets and activities taken over to be treated as a project must also include input and relevant processes that will jointly contribute significantly to the development of the return,
- narrows the definition of return, and thus also the undertaking, focusing on goods and services provided to recipients, by removing a reference to a return in the form of a reduction of costs by definition,
- adds guidelines and illustrative examples to facilitate the assessment of whether an important process has been taken up as part of the merger,
- it disregards the assessment of whether it is possible to replace the missing input or process and to continue operating the project to obtain a return and
- adds the optional possibility of a simplified assessment to exclude that the set of activities and assets taken over is a business venture

The change applies to business combinations for which the acquisition date falls within the first annual reporting period beginning on or after January 1, 2020, and for acquisitions of assets that occurred in the reporting period or thereafter. As a result, the change will not affect the Company's financial statements.

The company intends to implement the above regulations within the time limits envisaged for application by standards or interpretations.

1. Transformation of comparative data for the Statement of financial position.

	Note	31 December 2017 (before transformation)	correction	31 December 2017 (after transformation)
ASSETS				
Fixed assets				
Property, plant and equipment	4	4 805 594	-	4 805 594
Intangible assets	5	11 663 862	-	11 663 862
Perpetual usufruct of land	7	1 462 980	-	1 462 980
Shares in affiliated companies	8	19 499 060	-	19 499 060
Loan fo affiliated companies	14	13 500 000	-	13 500 000
Deferred fax assets	9	2 095 397	-	2 095 397
Total fixed assets		**53 026 893**	**-**	**53 026 893**
Current assets				
Inventory	10	34 333 957	-	34 333 957
Trade and other receivables	11	72 849 654	(5 611 733)	67 237 921
Deferred expenses	13	2 422 449	-	2 422 449
Csh and cash equivalents	15	14 590 129	-	14 590 129
Total current assets		**124 196 189**	(5 611 733)	**118 584 456**
TOTAL ASSETS		**177 223 082**	**(5 611 733)**	**171 611 349**
LIABILITIES				
Nominal share capital	16	56 800 000	-	56 800 000
Spare capital	16	1 055 603	-	1 055 603
Retained earnings	17	56 856 989	-	56 856 989
Total equity		**114 712 592**	**-**	**114 712 592**
Long-term liabilities				
Deferred tax liabilities	9	1 593 584	-	1 593 584
Provisions for retirement benefis		310 347	-	310 347
Total long-term liabilities		**1 903 931**	**-**	**1 903 931**
Short-term liabilities				
Trade and other liabilities	21	51 768 005	1 599 575	53 367 580
Liabilities to income tax	22	1 627 246	-	1 627 246
Accruals and deferrals		7 211 308	(7 211 308)	-
Total short-term liabilities		**60 606 559**	(5 611 733)	**54 994 826**
TOTAL LIABILITIES		**177 223 082**	**(5 611 733)**	**171 611 349**

2. Transformation of comparative data for the Statement on result and other comprehensive income

	Note	01.01.2017-31.12.2017 (before transformation)	correction	01.01.2017-31.12.2017 (after transformation)
Continue activity				
Revenues from sale	23	302 229 328	(28 963 950)	273 265 378
Other income	24	551 199	(182 307)	368 892
Change in the value of product		(963 750)	-	(963 750)
Cost of production for own needs		2 069 199	-	2 069 199
Depreciation		(1 275 222)	-	(1 275 222)
Consumption of materials and power		(60 057 141)	192 343	(59 864 798)
Outsider services		(57 324 800)	28 953 914	(28 370 886)
Taxes and fees		(309 416)	-	(309 416)
Remunerations		(21 069 192)	-	(21 069 192)
Social insurance and other benefis		(3 571 140)	-	(3 571 140)
Other operating cost		(342 986)	-	(342 986)
Value of sold goods and materials		(137 984 260)	-	(137 984 260)
Other costs	25	(2 225 661)	-	(2 225 661)
Total cost on operating activity		(283 054 369)	29 146 257	(253 908 112)
Profit from operating activities		19 726 158	-	19 726 158
Financial revenues	26	2 028 454	-	2 028 454
Financial expenses	26	(755 257)	-	(755 257)
Net financial revenues and expenses		1 273 197	-	1 273 197
Profit before tax		20 999 355	-	20 999 355
Income tax	27	(3 984 565)	-	(3 984 565)
Net profit		17 014 790	-	17 014 790
Other net comprehensive income		-	-	-
Total comprehensive income		17 014 790	-	17 014 790

The transformation of comparative data included in note 2 is related to the fact that due to the entry into force of the provisions of IFRS 15, the Company adjusted revenues by the value of trade costs incurred related to cooperation with recipients. Similarly, the correction was made in relation to costs by type (consumption of materials and external services).

3. Transformation of comparative data for the Statement of cash flows

	Note	01.01.2017-31.12.2017 (before transformation)	correction	01.01.2017-31.12.2017 (after transformation)
Cash flow operating activities				
Profit from continued activity		**20 999 355**	-	**20 999 355**
Adjustments for:		12 565 400	-	12 565 400
Non-cash:				
Depreciation and impairment of property, plant and equipment		1 275 222	-	1 275 222
(Profi)/loss on account of foreign exchange differences		(231 790)	-	(231 790)
(Profit)/loss on sale of fixed assets and intangible assets		(8 034)	-	(8 034)
Interest revenue		(616 516)	-	(616 516)
Interest expense		46 879	-	46 879
Change of working capital				
Increase/decrease in inventories		8 344 748	-	8 344 748
Increase/decrease in trade and other receivables		2 115 836	2 257 099	4 372 935
Decrease in trade and other payables		1 827 177	141 259	1 968 436
Change in the value of accrued assets and transitional accounts		3 416 595	(2 398 358)	1 018 237
Income tax paid		(3 686 471)	-	(3 686 471)
Change in reserves		81 754		81 754
Net cash flows from operating activities		**33 564 755**	**-**	**33 564 755**
Cash flow – investments activities				
Revenues generated from sale of fixed assets and intangible assets		44 226	-	44 226
Divident income		616 516		616 516
Acquisition of tangible fixed assets and intangible assets		(2 128 558)	-	(2 128 558)
Interest received		359 423		359 423
Net cash used in investing activities		**(1 108 393)**	**-**	**(1 108 393)**
Cash flow – financila activities				
Revenues due to credit and loans		(234 858)	-	(234 858)
Interest paid		(414 158)	-	(414 158)
Dividends paid		(17 785 837)	-	(17 785 837)
Other financial receipts		257 709		257 709
Net cash provided by / (used in) financial activities		**(18 177 144)**	**-**	**(18 177 144)**
Net change in cash and cash equivalents		14 279 218	-	14 279 218
Effect of exchange rate changes		(25 919)	-	(25 919)
Balance sheet change in the cash value		14 253 299		14 253 299
Cash and cash equivalents at 1st January		336 830	-	336 830
Cash and cash equivalents at 31th December		**14 590 129**	**-**	**14 590 129**

The transformation of comparative data included in Note 1 and 3 is related to the fact that the Company has made a decision to change the presentation of passive accruals, transferring them accordingly to liabilities or (in the case of provisions for trade expenses related to cooperation with recipients, where there is title to be compensated) - as reduction of receivables.

4. Tangible fixed assets

	31.12.2018	31.12.2017
Buildings, premises and structures of land and water engineering	5 843 755	1 234 791
Machinery and technical equipment	2 702 489	1 379 199
Transportation means	343 391	313 344
Other fixed assets	641 771	123 261
Fixed assets under construction	9 380 378	1 754 999
Total tangible fixed assets	**18 911 784**	**4 805 594**

In 2018, the company changed the rules for the valuation of buildings and land, assuming fair value.

The first application of the fair value valuation took place as of 31 December 2018, in accordance with the appraisal report prepared by a property appraiser, Ewa Borkowska-Karwowska, no. 4984.

According to the report, the market value of buildings which was partly under construction, amounted to 14 067 000 PLN.

There are no tangible assets which are a security for liabilities of the company at 31st December 2018 and at 31st December 2017.

As at December 31, 2018 and December 31, 2017, the Company did not have any liabilities due to finance leases.

In 2018 and 2017, the Company did not make any changes to depreciation periods.

At December 31 ,2017 the Company had no future investment commitments.

As at December 31, 2018, the Company has future investment liabilities due to the expansion of the property in the amount of 1 200 000 PLN.

Changes in tangible fixed assets according to the category criterion:

Gross value of tangible fixed assets	Buildings	Machinery and technical equipment	Transportation means	Other fixed assets	Fixed assest under construction	Total
Gross value as at 1st January 2017	**1 933 932**	**6 600 160**	**1 484 436**	**1 678 294**	**-**	**11 696 822**
Increases:	15 700	381 843	82 455	4 871	1 754 999	2 239 868
Acquisition	15 700	381 843	82 455	4 871	1 754 999	2 239 868
Decreases:	-	163 330	102 863	4 499	-	270 692
sales	-	44 150	102 863	3 600	-	150 613
liquidation	-	119 180	-	899	-	120 079
Gross value as at 31st December 2017	**1 949 632**	**6 818 673**	**1 464 028**	**1 678 666**	**1 754 999**	**13 665 998**
Increases:	4 780 420	1 852 081	199 937	595 172	14 429 562	21 857 172
acquisition	3 894 446	1 852 081	199 937	595 172	13 306 241	19 847 877
revaluation	885 974	-	-	-	1 123 321	2 009 295
Decreases:	-	227 576	760	8 298	6 804 183	7 040 817
sales	-	76 480	-	-	-	76 480
liquidation	-	151 096	760	8 298	-	160 154
transfer	-	-	-		6 804 183	6 804 183
Gross value as at 31st December 2018	**6 730 052**	**8 443 178**	**1 663 205**	**2 265 540**	**9 380 378**	**28 482 353**

Changes in tangible fixed assets according to the category criterion:

	Buildings	Machinery and technical equipment	Transportation means	Other fixed assets	Fixed assest under construction	Total
Accumulated depreciation and impairment loss as at 1st January 2017	**653 766**	**5 161 997**	**1 056 865**	**1 478 781**	-	**8 351 409**
Increases:	61 075	440 807	160 680	81 123	-	743 685
depreciation for the year	61 075	440 807	160 680	81 123	-	743 685
Decreases:	-	163 330	66 861	4 499	-	234 690
sales	-	44 150	66 861	3 600	-	114 611
liquidation	-	119 180	-	899	-	120 079
Accumulated depreciation and impairment loss as at 31st December 2017	**714 841**	**5 439 474**	**1 150 684**	**1 555 405**	-	**8 860 404**
Increases:	171 455	526 358	169 889	76 663	-	944 365
depreciation for the year	70 977	526 358	169 889	76 663	-	843 887
revaluation	100 478	-	-	-		100 478
Decreases:	-	225 142	760	8 298	-	234 200
sales	-	76 398	-	-	-	76 398
liquidation	-	148 744	760	8 298	-	157 802
Accumulated depreciation and impairment loss as at 31st December 2018	**886 296**	**5 740 690**	**1 319 813**	**1 623 770**	-	**9 570 569**
Net accounting value:						
as at 1st January 2017	1 280 166	1 438 163	427 571	199 513	-	3 345 413
as at 31st December 2017	1 234 791	1 379 199	313 344	123 261	1 754 999	4 805 594
as at 31st December 2018	**5 843 756**	**2 702 488**	**343 392**	**641 770**	**9 380 378**	**18 911 784**

5. Intangible fixed assets

	31. 12.2018	31. 12.2017
Computer software	3 508 144	3 783 712
Trademarks, licenses	7 696 210	7 880 150
Total intangible fixed assets	**11 204 354**	**11 663 862**

Changes of intangible fixed assets were following:

Gross value of intangible fixed assets	**Trademarks, licenses**	**Computer software**	**Total**
Gross value as at 1st January 2017	**9 457 483**	**8 052 969**	**17 510 452**
Increases:	-	106 146	106 146
acquisition	-	106 146	106 146
Gross value as at 31st December 2017	**9 457 483**	**8 159 115**	**17 616 598**
Increases:	-	46 564	46 564
acquisition	-	46 564	46 564
Gross value as at 31st December 2018	**9 457 483**	**8 205 679**	**17 663 162**

Accumulated depreciation and impairment loss	**Trademarks, licenses**	**Computer Software**	**Total**
as at 1st January 2017	**1 393 394**	**4 027 804**	**5 421 198**
Increases:	183 939	347 599	531 538
depreciation for the year	183 939	347 599	531 538
Accumulated depreciation and impairment loss as at 31st December 2017	**1 577 333**	**4 375 403**	**5 952 736**
Increases:	183 940	322 132	506 072
depreciation for the year	183 940	322 132	506 072
Accumulated depreciation and impairment loss as at 31st December 2018	**1 761 273**	**4 697 535**	**6 458 808**
Net accounting value:			
as at 1st January 2017	8 064 089	4 025 165	12 089 254
as at 31st December 2017	7 880 150	3 783 712	11 663 862
as at 31st December 2018	**7 696 210**	**3 508 144**	**11 204 354**

In 2018 and 2017, the Company did not make any changes to depreciation periods.

6. Investment real estate

On January 9, 2018, in accordance with the notarial deed of rep A 61/2018, the Company acquired land with an area of 52,981 sq m, located in Środa Wielkopolska, intended for investment purposes, at a price of PLN 4,238 480.

On 31 December 2018, the company revalued the value of the property, in accordance with the appraisal report prepared by Kancelaria Lis, Mizera i Wspólnicy Sp. z o.o. The value after revaluation is PLN 4,901,802.

7. 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. The right of perpetual usufruct of land is by the Company regarded as equivalent to property due to the long period of use, 5 December 2089.In 2018, the company changed the rules for the valuation of buildings and land, assuming fair value.The first application of the fair value valuation took place as of 31 December 2018, in accordance with the appraisal report prepared by a property appraiser, Ewa Borkowska-Karwowska, no. 4984.The right of perpetual usufruct of land was also subject to reassessment. According to the report, the market value of this right amounted to 3 241 000 PLN.

8. Investment in associated companies

On December 17, 2015 the Company acquired 70% stake in the share capital and voting rights of the company Polipak Sp. o.o. with registered office in Sroda Wielkopolska, ul Harcerska 16, for a price of 19 306 000 PLN. The value of the purchase of shares was increased by the tax on civil law transactions in the amount of 193 060 PLN.
The purchase agreement of Polipak includes the option that the Company may acquire the remaining 30% of shares, which may be implemented as from January 1, 2025 year. At the same time a minority investor in the period from 1 January 2020 to 31 December 2045 has an option to sell 30% of shares held for Sarantis Polska S.A. The option price was determined as 30% of the value equal to the product of the average net earnings Polipak for the three financial years preceding the valuation date and the multiplier 6.32 constituting "an estimate of the value of the company", plus 30% of the retained earnings from fiscal years, starting from the profit for 2016 years, with provided that the option price will not be lower than 8 400 000 PLN.
The Company has not made a valuation of the option to fair value, as in the opinion of the Company, due to the fact that options are derivatives related to equity investments that do not have a quoted market price in an active market, the fair value option cannot be determined reliably.
The Company intends to acquire the remaining 30% stake in the subsidiary.
Polipak has been in business since 1995 and has been manufacturing packaging from polyethylene foil intended for households (garbage bags, frozen food) and for the automotive industry (packaging of spare parts).

9. Deferred tax

Deferred tax as at 31 December 2018 and 31 December 2017 is resulting from:

Assets due to deferred tax	**31.12.2018**	**31.12.2017**
Accruals	1 427 406	1 630 725
Assets for the temporary differences – inventories	157 471	163 646
Balance sheet valuation in foreign currency	9 268	27 442
Assets for the temporary differences – fixed assets	10 222	8 225
Assets – provisions for returns of goods	145 259	135 098
Assets arising from temporary differences - receivables	70 563	59 374
Liabilities not paid	8 448	7 028
Assets - provisions for retirement benefits	40 528	58 966
Assets - provision for receivables under the IFRS 9	19 815	-
Other	15	4 893
	1 888 995	**2 095 397**

Provision for deferred tax	**31.12.2018**	**31.12.2017**
Assets and liabilities valuation in foreign currency	9 139	57 863
Provision for the temporary differences - assets	1 547 519	1 515 600
Valuation of fixed assets	817 784	-
Unpaid interest on receivables	16 078	20 121
	2 390 520	**1 593 584**

The provision for deferred tax in the amount of 817 784 PLN regarding the revaluation of property, was presented in the Statement on result and comprehensive income as an item not transferred to the financial result.

10. Inventories

	31.12.2018	**31.12.2017**
Trade goods	30 001 412	28 197 844
Finished products	2 721 787	3 325 933
Materials	7 234 392	2 810 180
	39 957 591	**34 333 957**

As at 31 December 2018 and 31 December 2017 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 2018 and 2017.

11. Trade receivables and other receivables

	31.12.2018	**31.12.2017** (transformed data)
Trade receivables from affiliated entities	6 497 810	4 016 489
Trade receivables from other entities	55 403 304	60 448 460
Provision for bad debts on trade receivables	(1 639 645)	(1 558 459)
Prepayment delivery of goods	2 263 024	1 703 729
Other receivables from affiliated entities	29 123	123 905
Other receivables from other entities	2 375 055	2 505 243
Provision for bad debts on other receivables	(1 445)	(1 445)
Short-term receivables	**64 927 226**	**67 237 922**

Trade receivables are interest-free and their term of payment is 30-90 days. As at 31 December 2018 receivables in amount of 1 641 090 PLN have been considered as difficult to recover and Company created provision for bad debts.

Movements regarding provision for bad debts were following:

	01.01.2018-31.12.2018	**01.01.2017-31.12.2017**
Beginning of a period	**1 559 904**	**1 200 188**
Increases	139 352	471 191
Usage	(48 328)	(92 673)
Decreases – reversal	(9 838)	(18 802)
At the end of a period	**1 641 090**	**1 559 904**

Starting from 2018, in addition to write-offs for receivables created on an individual basis, the Company estimates general provisions for loan losses, assuming that a significant increase in risk occurs when overdue receivables exceed 90 days. The value of the provision for receivables estimated in this way was as at December 31, 2018 in the amount of PLN 104 289.

Analysis of trade receivables overdue, but recoverable as at 31 December 2018 and as at 31 December 2017 is presented in the below table:

			Overdue, but recoverable				
Year	**Total**	**Not overdue**	**< 30 days**	**30 - 60 days**	**60 - 90 days**	**90 -120 days**	**> 120 days**
2018	60 261 469	60 261 469	-	-	-	-	-
2017	62 906 490	62 095 749	810 741	-	-	-	-

Currency structure of short-term trade receivables and other receivables

	31.12.2018	**31.12.2017** (transformed data)
Receivables in the local currency	55 230 027	60 717 626
Receivables in the foreign currency	9 801 488	6 520 296
	65 031 515	**67 237 922**

	31.12.2018	**31.12.2017**
Receivables in EUR	7 980 837	5 490 240
Receivables in USD	1 820 651	1 030 056
	9 801 488	**6 520 296**

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

12. Transactions with affiliated entities

Loans granted	**31.12.2018**	**31.12.2017**
Polipak Sp. z o.o. - Poland	13 500 000	13 500 000
	13 500 000	**13 500 000**

Receivables from affiliated entities	**31.12.2018**	**31.12.2017**
Sarantis Czech Republic s.r.o.	826 302	89 817
Gr. Sarantis SA Greece	1 027 183	282 981
Sarantis Romania SA Romania	1 899 306	2 048 622
Sarantis Bulgaria Ltd. Bulgaria	601 068	557 324
Sarantis Hungary Kft. Hungary	2 081 595	1 007 030
Sarantis Portugal LDA, Portugal	22 163	30 715
Polipak Sp. z o.o. - Poland	5 797	-

	6 463 414	**4 016 489**

Other receivables	**31.12.2018**	**31.12.2017**
Polipak Sp. z o.o. - Poland	29 123	123 905
Gr. Sarantis SA, Grecja	34 396	-
	63 519	**123 905**

Liabilities to affiliated entities	**31.12.2018**	**31.12.2017**
Sarantis Czech Republic s.r.o.	38 192	25 129
Gr. Sarantis SA Greece	1 630 706	2 252 688
Sarantis Romania SA, Rumunia	135 395	-
Sarantis Hungary Kft. Hungary	58 976	-
Sarantis D.O.O., Serbia	45 602	-
Sarantis Bulgaria Ltd. Bulgaria	13 657	-
Polipak Sp. z o.o. Poland	4 881 375	4 110 318
	6 803 903	**6 388 135**

Liabilities for prepayments	**31.12.2018**	**31.12.2017**
Sarantis D.O.O., Serbia	465 961	1 481 955
Sarantis Czech Republic s.r.o.	-	2 080 114
	465 961	**3 562 069**

Investments liabilities	**31.12.2018**	**31.12.2017**
Gr. Sarantis SA Greece	-	9 259
	-	**9 259**

Other liabilities	**31.12.2018**	**31.12.2017**
Gr. Sarantis SA Greece	203 216	-
	203 216	-

Income from the sales	**31.12.2018**	**31.12.2017**
Sarantis Czech Republic s.r.o.	6 798 545	4 200 854
Gr. Sarantis SA Greece	6 053 564	1 444 219
Sarantis Romania SA	11 693 812	9 349 877
Sarantis D.O.O. Serbia	11 203 245	10 418 539
Sarantis Bulgaria Ltd.	3 069 487	2 998 024
Sarantis Hungary Kft.	9 903 523	8 689 622
Sarantis Portugal LDA, Portugalia	315 367	318 473
Polipak Sp. z o.o. Poland	12 369	11 798
	49 049 912	**37 431 406**

Other revenues	**31.12.2018**	**31.12.2017**
Sarantis Czech Republic s.r.o.	65 572	7 448

Sarantis Hungary Kft.	86 571	414
Gr. Sarantis S.A.,Greece	7 715	42 915
Sarantis Portugal LDA, Portugal	(487)	3 808
Polipak Sp. z o.o. Poland	19 229	8 108
Sarantis Romania SA, Rumunia	1 211	-
	179 811	**62 693**

Financial income	**31.12.2018**	**31.12.2017**
Polipak Sp. z o.o.- Poland - interest	352 520	360 228
Polipak Sp. z o.o.- Poland - loan guarantee	79 041	93 425
Gr. Sarantis S.A.,Greece – loan guarantee	34 371	-
	465 932	**453 653**

Goods purchased from affiliated entities	**31.12.2018**	**31.12.2017**
Sarantis Czech Republic s.r.o	82 951	352 619
Gr. Sarantis SA, Greece	18 348 704	21 016 703
Sarantis Romania SA, Rumunia	215 004	-
Sarantis Hungary Kft., Hungary	31 801	-
Sarantis D.O.O., Serbia	8 317	130 801
Polipak Sp. z o.o., Poland	27 702 300	22 472 282
Sarantis Bulgaria Ltd., Bulgaria	-	10 760
	46 389 077	**43 983 165**

Purchase of fixed assets	**31.12.2018**	**31.12.2017**
Gr. Sarantis S.A.,Greece	863	26 319
Polipak Sp. z o.o., Poland	85 300	-
	86 163	**26 319**

Other purchase affiliated entities	**31.12.2018**	**31.12.2017**
Gr. Sarantis SA, Greece	414 776	551 164
Polipak Sp. z o.o., Poland	4 585	-
Sarantis Bulgaria Ltd.	13 663	-
Sarantis Czech Republic s.r.o.	22 601	-
Sarantis D.O.O. Serbia	37 742	-
Sarantis Hungary Kft.	51 526	-
	544 893	**551 164**

Financial costs	**31.12.2018**	**31.12.2017**
Sarantis Skopje Macedonia - interest	385 986	341 671
Gr. Sarantis SA, Greece – costs of loan guarantees	203 131	180 514
	589 117	**522 185**

13. Deferrals and accruals

Deferred expenses - assets	**31.12.2018**	**31.12.2017**
Subscriptions	2 445	2 553
Other deferrals: input VAT to deduction	2 924 434	2 348 993
Other	158 067	70 903
	3 084 946	**2 422 449**

14. Loans granted

	31.12.2018	**31.12.2017**
Loans granted – long-term	13 500 000	13 500 000
	13 500 000	**13 500 000**

Loans granted concern loans granted to the subsidiary company Polipak Sp. o.o. with the repayment date falling in 2020.

15. Cash and cash equivalents

	31.12.2018	**31.12.2017**
Cash in hand	33 501	23 655
Cash in banks	58 545	14 480 227
Cash in bank of the Social Fund	24 322	86 181
Cash in transmit	-	66
	116 368	**14 590 129**

	31.12.2018	**31.12.2017**
In local currency	82 056	11 261 200
In foreign currency	34 312	3 328 929
	116 368	**14 590 129**

	31.12.2018	**31.12.2017**
Cash in EUR	12 542	2 906 483
Cash in USD	20 695	421 181
Cash in CHF	411	530
Cash in CNY	513	37
Cash in CZK	151	698
	34 312	**3 328 929**

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

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

Share capital of Sarantis Polska S.A. on 31 of December 2018 is 56 800 000 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

1 000 000 registered, not preferential D series shares

1 240 000 registered, not preferential E 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.

On 30 of November 2015 the Extraordinary General Meeting of the Company decided to increase the share capital by 10 000 000 PLN to the amount of 44 400 000 PLN, through the issue of new series D shares with a nominal value of 10 PLN each. All newly issued shares of Series D were acquired by the existing shareholder of the company GR Sarantis Cyprus Ltd. The amount of the capital increase was paid in full on 4 December 2015. Due to the registration of the share capital increase in the National Court Register on January 25, 2016, the amount of PLN 10 000 000 was presented on 31 December 2015 as the capital reserve.

On 4 May 2016, the Extraordinary General Meeting of the Company decided to increase the share capital by 12 400 000 PLN to the amount of 56 800 000 PLN, through the issue of new series E shares with a nominal value of 10 zł each. All newly issued shares were acquired by the existing shareholder of the company GR Sarantis Cyprus Ltd. The amount of the capital increase was paid on 20 May 2016 in the amount of PLN 7 000 000 and on 27June 2016 in the amount of 5 400 000 PLN.

Supplementary capital from the issuance of shares above their nominal value as at 31st December of 2018 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).

17. Retained profits and limitations connected with capital

	31.12.2018	31.12.2017
Profits retained from the previous years-supplementary capital	14 195 201	12 834 018
Profits retained from the previous years	12 653 608	27 008 181
Profit (loss) from previous years	(84 474)	-
Net profit in current period	21 880 763	17 014 790
Total retained profits	**48 645 098**	**56 856 989**

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 used 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.

According to the resolution of the General Meeting of Shareholders dated 25 April 2018, the Company transferred to the reserve capital the amount of profit for 2017 years in the amount of 1 361 183 PLN.

Since 2010, Company creates reserve capital from the profit division which will be used for dividend payment.

In 2018, the reserve capital was increased by a part of profit for 2017 in the amount of PLN 12 653 607. The value of the reserve capital as at December 31, 2018 amounted to PLN 12 653 607.

In 2018, the Company paid a dividend in the amount of PLN 30 008 180. The dividend paid in 2017 amounted to PLN 17 785 837.

18. Suggested division of profit for 2018

The Management Board proposes a net profit for 2018, in amount of 21 880 763 PLN, allocate:

- in the amount of 15 880 302 PLN – to reserve capital
- in the amount of 1 750 461 PLN - to supplementary capital
- in the amount of 4 250 000 PLN – for dividend payment

19. Credits, loans and other liabilities

As at 31 December 2018 loan liabilities accounted for a total amount of 4 250 435 PLN.
As at 31 December 2017, the Company had no liabilities arising from loans.

At the end of the reporting period the Company had bank lines of multi-purpose in total amount of 44 317 900 PLN and available credit limits in total amount of 27 158 950 PLN.
Corporate guarantees issued by Gr. Sarantis S.A. are a security for credit lines in amount of 44 317 900 PLN. Credit lines are remunerated at variable interest rate based on the reference rate WIBOR1M or EURIBOR1M/LIBOR1M plus a bank margin.
In the period from 17 January 2018 to 27 November 2018, the Company used a loan from Sarantis-Skopje from Macedonia in the amount of 3 000 000 EUR. The loan was repaid on 27 November 2018.

Financial leasing

As at 31 December 2018 and 31 December 2017, the Company had no liabilities under finance lease.

Operational leasing

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

Future minimum fees under the agreement are following:

During the year	1 800 000
More than one year and less than five years	6 100 000
	7 900 000

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

During the year	285 000
More than one year and less than five years	-
	285 000

20. Financial instruments

Financial instruments in accordance with category:	31.12.2018	31.12.2017
Granted loans and own receivables:	**76 164 191**	**79 034 191**
- loans granted	13 500 000	13 500 000
- trade receivables	60 261 469	62 906 489
- other receivables	2 402 722	2 627 702
Cash	82 867	14 566 474
	76 247 058	**93 600 665**

Financial liabilities valued to the fair value by financial result		
Trade liabilities	56 900 148	48 029 458
Loans and advances liabilities	4 250 435	-
	61 150 583	**48 029 458**

Due to the short-term nature of the financial instruments, their fair value is not significantly different from their fair value.

21. Short-term trade payables and other liabilities

	31.12.2018	31.12.2017
Trade payables to affiliated entities	7 007 118	6 388 134
Trade payables to other entities	49 893 030	41 641 324
Liabilities towards to the State Budget	1 793 720	1 342 962
Prepayment from affiliated companies	465 961	3 562 070
Salary payables	27 513	21 423
Other liabilities	4 029 310	337 454
Other liabilities - affiliated companies	-	9 259
Special founds	6 817	64 955
Total short-term liabilities	**63 223 469**	**53 367 581**

Trade payables are interest-free and usually settled within 60-120 days.

			Overdue liabilities				
Year	**Total**	**Not overdue**	**< 30 days**	**30 - 60 day**	**60- 90 day**	**90-120 day**	**> 120 day**
2018	**56 900 148**	40 774 335	14 459 876	1 631 354	21 692	12 891	-
2017	**48 029 458**	37 905 817	8 923 327	1 110 911	89 297	-	106

Currency structure of short-term liabilities

	31.12.2018	31.12.2017
Liabilities in local currency	37 828 844	31 415 675
Liabilities in foreign currency	25 394 625	21 951 906
	63 223 469	**53 367 581**

	31.12.2018	31.12.2017
Liabilities in EUR	19 329 743	17 606 068
Liabilities in USD	6 064 882	4 345 838
	25 394 625	**21 951 906**

22. Income tax liabilities

	31.12.2018	31.12.2017
Income tax liabilities	1 168 355	1 627 246
	1 168 355	**1 627 246**

23. Sales revenue

	31.12.2018	31.12.2017 (transformed data)
Revenue from goods sales	204 299 053	186 706 981
Revenue from products sales	93 419 456	86 191 051
Revenue from materials sales	291 646	367 346
	298 010 155	**273 265 378**

	31.12.2018	31.12.2017 (transformed data)
Revenue from domestic sales	236 729 143	225 494 723
Revenue from export	61 281 012	47 770 655
	298 010 155	**273 265 378**

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

24. Other revenue

	31.12.2018	31.12.2017 (transformed data)
Profits from sales of services	67 627	191 074
Provision expense reversal	97 045	-
Profits from sales of fixed assets	1 992	8 034
Received compensations	19 926	21 403
Reversal of provision for bad debts	9 838	18 802
Return of court fees	2 121	8 810
Stock count differences	11 960	-
Other	110 748	120 769
	321 258	**368 892**

25. Other operating costs

	31.12.2018	31.12.2017
Liquidation and decomposition of inventories	1 088 940	1 067 203
Provision for bad debts	35 063	471 191
Costs of legal proceedings	1 572	104 398
Donations	21 574	5 969
Insurance of receivables	158 759	144 528
Liquidation of property damages costs	33 025	-
Provisions for other operational costs	315 370	66 395
Provisions for retirement benefit	-	81 754
Others	28 971	21 891
Stock count differences	-	12 640
Anti-dumping duty	-	249 692
	1 683 274	**2 225 661**

26. Financial costs and revenues

Financial revenue	**31.12.2018**	**31.12.2017**
Interest revenue	352 520	360 228
Interest on receivables	142 521	80 082
Bank interest	63 678	20 421
net exchange differences	-	951 207
Polipak dividend	1 403 372	616 516
Others	92	-
	1 962 183	**2 028 454**

Financial costs	**31.12.2018**	**31.12.2017**
Interest on liabilities	6 917	7 367
Bank interest	225 925	65 437
Interest on loans	385 896	341 671
Interest under the leasing agreements	-	-
Commissions, charges	502 261	253 693
Net exchange rate differences	1 379 860	-
Costs of capital increase	-	-
Costs of loan guarantees	89 719	87 089
	2 590 578	**755 257**

27. Income tax

Major components of income tax for the years ended 31 December 2018 and 31 December 2017 are as follows:

	31.12.2018	31.12.2017
Current income tax	4 693 877	4 534 150
Creation/ reversal of deferred tax	205 369	(541 407)
Corrections of income tax from the previous years	-	(8 178)
Income tax shown in the profit and loss account	**4 899 246**	**3 984 565**

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

	31.12.2018	31.12.2017
Gross financial results	26 780 009	20 999 355
The amount of the tax according to the tax rate **19%**	5 088 202	3 989 877
- tax effects of costs which are not revenue-earning costs	(188 956)	(5 312)
Current income tax	**4 899 246**	**3 984 565**
Effective tax rate	**18,29%**	**18,97%**

28. Credit risk management

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

Credit risk

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

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

The company is exposed to risk, that the creditors do not pay for their liabilities and cause the Copmany`s losses. The maximum exposition to risk is 61 613 267 PLN.

			Overdue receivables, which do not lose their values				
Year	**Total**	**Not overdue**	**< 30 days**	**30 - 60 days**	**60- 90 days**	**90-120 days**	**> 120 days**
2018	61 613 267	61 215 711	-	397 556	-	-	-
2017	63 905 305	62 482 915	1 132 644	240 401	48 633	712	-

As of 31 December 2018, 72% of all receivables were receivables from the hypermarkets, 20% from the clients of open market and 8% 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 in amount of 82 867 PLN, 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, especially 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 2018	Influence on financial results (Increase by100 pb)	Influence on equity capital (Increase by 100 pb)	Influence on financial results (Decrease by100 pb)	Influence on equity capital (Decrease by100 pb)
Variable rate of interest assets						
Cash at bank	82 867	0,50%	829	829	-829	-829
			829	829	-829	-829

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, EUR, CHF, CNY and CZK 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 2018	Influence on financial results (Increase by20%)	Influence on equity capital (Increase by 20%)	Influence on financial results (Decrease by20%)	Influence on equity capital (Decrease by20%)
Assets denominated in currency						
Receivable in EUR	7 980 837	4,2617	1 596 167	1 596 167	-1 596 167	-1 596 167
Receivable in USD	1 820 651	3,6117	364 130	364 130	-364 130	-364 130
Cash in EUR	12 542	4,2617	2 508	2 508	-2 508	-2 508
Cash in USD	20 695	3,6117	4 139	4 139	-4 139	-4 139
Cash in CHF	411	3,6912	82	82	-82	-82
Cash in CNY	513	0,5458	103	103	-103	-103
Cash in CZK	150	0,1662	30	30	-30	-30
Liabilities denominated in currency						
Liabilities in EUR	19 329 743	4,2617	-3 865 949	-3 865 949	3 865 949	3 865 949
Liabilities in USD	6 064 882	3,6117	-1 212 976	-1 212 976	1 212 976	1 212 976
Total			-3 111 765	-3 111 765	3 111 765	3 111 765

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 11. In accordance with the age structure, 100% of receivables are not overdue on 31 December 2018, and 99% as of 31 December 2017. 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 2018 and 2017 was as follows:

			Liabilities due in the period				
Year	**Total**	**Due before**	**< 30 days**	**30 - 60 days**	**60- 90 days**	**90-120 days**	**> 120 days**
2018	56 900 148	16 125 813	19 384 504	14 489 252	5 295 193	1 605 386	-
2017	48 029 458	11 723 217	18 131 813	11 079 851	5 512 149	1 582 428	-

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.

29. 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 2016 and 2015 years were issues of new shares of series D and E, which have been acquired by the sole shareholder of the Company. Paid-up share capital in the total amount of 22 400 000 PLN, was intended for investment purposes.

30. Conditional liabilities

	31.12.2018	**31.12.2017**	**Expiry date**
Guarantee issued for MLP Pruszków III Sp. z o.o. for security of liabilities execution	174 059 EUR	164 000 EUR	31.12.2019 r.
Guarantee issued for TDP Sp. z o.o. for security of liabilities execution	60 000 PLN	-	31.12.2018 r.
Guarantee issued for the Director of the Tax Administration Chamber in Warsaw, which is a security for the value of presents for a promotional lottery (Kolastyna brand)	41 670 PLN	-	19.05.2019 r.
Loan guarantee for Polipak Sp. z o.o. for BGŻ BNP Paribas	10 000 000 PLN	10 000 000 PLN	01.07.2029 r.

Change resulting from investment liabilities	(3 002 235)	(217 455)
Change of liabilities in cash flow	**6 853 654**	**1 827 177**

	01.01.2018-31.12.2018	**01.01.2017-31.12.2017**
Net accounting value of fixed assets sold	82	36 002
Profit from fixed assets sold	1 992	8 034
Liquidation fixed assets	2 352	-
Change resulting from investment receivables	-	190
Income from fixed assets and intangibles sale	**4 426**	**44 226**

	01.01.2018-31.12.2018	**01.01.2017 - 31.12.2017**
Accounting value of fixed assets and intangibles purchased	13 090 259	2 346 013
Change resulting from investment liabilities	(3 002 236)	(217 455)
Expenses for purchase of fixed assets and intangibles	**10 088 023**	**2 128 558**

33. Structure of employment

Average employment in Company was as follows:

	31.12.2018	**31.12.2017**
Sales and marketing	110,7	113,2
Storage and production	76,0	81,1
Administration	62,4	60,7
	249,1	**255,0**

34. Salaries of key management personnel

Total value of salaries paid in 2018 for key management personnel was 6 019 192 PLN. In 2017 total amount of salaries paid for key management personnel was 6 377 336 PLN. There were no payments in form of company's shares and no long-term benefits for employees.

35. Events after date of balance sheet day

On 29 of January 2019, the Company received a loan of 3 000 000 EUR from Sarantis-Skopje from Macedonia with a repayment date of 31 December 2019.
On 9 of January 2019, the Company signed a multi-purpose credit line agreement with Millennium Bank in the amount of 12.000.000 PLN , valid until 8 of January 2021.

Piaseczno, 22th March 2019

The Management Board:

President of the Board	*Vice President of the Board*	*Vice President of the Board*	*Member of the Board*
Kyriakos Sarantis	*Konstantinos Rozakeas*	*Konstantinos Stamatiou*	*Meintanis Vasileios*
Member of the Board	*Member of the Board*	*Member of the Board*	
Grigorios Sarantis	*Elpiniki Sarantis*	*Grigorios Sarantis*	