SARANTIS POLSKA
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Financial Statement of Sarantis Polska S.A.
for the period
from 1 January 2017 to 31 December 2017

INTRODUCTION TO THE FINANCIAL STATEMENT
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 16.11.2001 under the number 0000050586.
On 24.04.2003 the Company was transformed to Joint Stock Company – entered in the National Court Register of Entrepreneurships under the number 0000158603.
On 24.10.2004 the Company changed it's name to Sarantis Polska S.A.

Company address
ul. Puławska 42 c
05-500 Piaseczno

Main Warehouse address
Moszna Parcela
05-840 Brwinów

2. Management Board of the Company

On 31 December 2017 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
Antonios Ayiostratitis – 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 2017 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 2017

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 2017 and the comparative period from 1 January to 31 December 2016.
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 2017 and 31 December 2016, results of its activity and cash flows for the year ended 31 December 2017 and 31 December 2016.

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.

Piaseczno, 16th of February 2018.

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*	*Member of the Board*
Antonios Ayiostratitis	*Grigorios Sarantis*	*Elpiniki Sarantis*	*Grigorios Sarantis*

Prepared by:
Barbara Ostruszka

9. Significant accounting principles

Basic of the financial statement

Financial statement of Sarantis Polska S. A. is prepared in accordance with International Accounting Standards adopted by European Union. The statement was prepared 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 justfiied, 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

Fixed assets, excluding land and investment property, are estimatated at cost which consists acquisition cost and direct costs related to bringing the fixed asset into use. Fixed assets are depreciated and subject to impairment allowances. The cost of current maintenance of property, plant and equipment is recorded in the financial result during the period when they are incurred. The cost of significant repairs and regular maintenance programs is recognized as property, plant and equipment and depreciated in accordance with their economic useful lives. Depreciation of property, plant and equipment starts 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 rmethods and residual value of fixed assets is verified on each balance sheet day and respective adjustments are made if it is necessary.

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

Buildings and constructions 6 - 40 years
Machinery and equipment 2 - 12 years
Vehicles and 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 esimated recovarable value.
The recoverable amount of property, plant and equipment reflects the higher of the following values: net selling price and value in use. Impairment allowances are recognized as other operating costs in the profit and loss.

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

Finance lease

A lease contract, under IAS 17, is regarded as a finance lease if it transfers substantially all risks and rewards incidental to ownership of the leased asset.
Assets used under lease, tenancy, rental or similar contracts which meet the criteria defined in IAS 17, "Leases, are regarded as non-current assets and recognized at the lower of fair value of the leased asset at the commencement of the lease term and the present value of the minimum lease payments.
Depreciation methods for leased assets being depreciated are consistent with normal depreciation policies applied for similar Company owned assets and depreciation is calculated in accordance with IAS 16 and IAS 38. If it is not certain that the lessee will obtain title to the asset before the end of the lease term, the asset is depreciated over the shorter of the lease term or the asset's economic useful life.

Intangible assets

Intangible assets are recognized if it is probable that expected future economic benefits, which are directly attributable to the assets, will cause 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 securites to maturity term, they are classified as a financial assets held to maturity term.At the begining all financial assetd held to maturity term are presented in fair value increased by direct costs. Evaluation of financial assets is realized in accordance

to amorthized cost with efective interest rate method, after the decreasing by the potential impairment losses. Sale or reclassification financial assets of significant amount held to maturity in other term, causes reclassification of all investments held to maturity term to investments available to sale. Thus the Company is prohibited of presenting acquired investments as financial assets held to maturity until the end of financial year and for the next two years.
Financial assets held to maturity include bonds.

Receivables and loans

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Except the assets with the maturity date above 12 months after the balance sheet date, receivables and loans are 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.

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.

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	31.12.2017	31.12.2016
USD	3,4813	4,1793
EUR	4,1709	4,4240
CHF	3,5672	4,1173
CZK	0,1632	0,1637
CNY	0,5349	0,6015

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 possibiity of genertion 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.

Impact of new Standards and interpretations on the Company's financial statements.

<u>Changes in standards or interpretations in force and applied by the Company from 2017.</u>

New or amended standards and interpretations that have been effective since January 1, 2017 and their impact on the consolidated financial statements of the Company:

Amendment to IAS 12 "Income tax"

The amendment clarifies the principles:

- recognition of deferred income tax assets in the case of unrealized losses incurred by the entity,

• calculation of future tax profits necessary to recognize deferred income tax assets.

The change of the standard did not have significant impact on the Company's financial statements.

Amendment to IAS 7 "Statement of cash flows"

The revised standard requires entities to disclose information that will enable users of financial statements to assess changes in an entity's indebtedness (ie changes in loans and credits taken out).

The company disclosed the information required by the amended standard in note 14.

Amendments to IFRS 12 resulting from the "Annual amendments project: cycle 2014-2016": it has been clarified that disclosures regarding shares in other entities required by this standard also apply if these shares are classified as held for sale in accordance with IFRS 5. The amendment will not impact the Company's financial statements, as it did not qualify any shares as held for sale.

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.

<u>Application of the standard or interpretation prior to their effective date.</u>

These financial statements do not use the voluntary application of the standard or interpretation prior to their mandatory effective date..

<u>Standards and interpretations that were published but did not enter into effect for the periods beginning on January 1, 2017 and their impact on the Company's statements.</u>

Until the date of preparation of these financial statements, new or amended standards and interpretations were published, effective for annual periods following (after) 2017:

New IFRS 9 "Financial Instruments"

The new standard will replace the current IAS 39. The changes introduced by the standard in the accounting of financial instruments include mainly:

- other categories of financial assets on which the asset valuation method depends; 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,
- a new model of impairment of financial assets based on anticipated losses and necessitating faster recognition of costs in the financial result.

The company has analyzed the impact of the new standard on its financial statements.

Until now, the Company had only assets classified as "loans and receivables". Under the new standard, all such assets will be classified as measured at amortized cost. This change will not affect the value of the Company's assets and its financial result.

Changes in the method of estimating losses due to credit risk will not have a material impact on the financial statements.

The Company's Management Board has decided that the application of IFRS 9 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 will be recognized as a change in the opening balance of retained earnings as of January 1, 2018.

The standard is effective for annual periods beginning on January 1, 2018 or later.

New IFRS 15 "Revenue from contracts with customers"

The new standard will replace the existing IAS 11 and IAS 18 by providing one consistent revenue recognition model. The new 5-step model will make the recognition of revenue dependent on the client's control over the good or service. In addition, the standard introduces additional disclosure requirements and guidance on several specific issues. The Company has analyzed the impact of the standard on the financial statements. Its results indicate that the recognition of revenues and the Company's results will not change significantly.

The Company's Management Board of the Company has decided that the application of IFRS 15 will take place retrospectively without adjusting the comparative data. The effects of the implementation of the standard will be recognized as a change in the opening balance of retained earnings as of January 1, 2018. The standard is effective for annual periods beginning on January 1, 2018 or later.

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

The rules governing the settlement of loss of control over a subsidiary so far provided for a gain or loss to be recognized at that time. In turn, the principles of applying the equity method indicated that the result of transactions with entities accounted for using the equity method is recognized only up to the amount of the share of other shareholders of these entities.

When a parent company sells or contributes shares in a subsidiary to an entity priced with the entity method, 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 enterprise, the result of the transaction is recognized in full,
- if the entity over which control is lost does not constitute a business enterprise, the result is recognized only to the amount of the share of other investors.

The entry into force of this amendment has been suspended.

New IFRS 16 "Leasing"

The new standard regulating lease agreements (including rental 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 IAS 17.

The Company estimates that the new standard will have a significant impact on its financial statements, but has not yet completed the process of determining the value. At the end of 2017, the Company is a lessee in three operating lease and rental and lease agreements concluded for periods from 2 to 5 years. The changes are effective for annual periods beginning on January 1, 2019 or later.

Amendment to IFRS 2 "Share-based payments"

The IAS Board settled three issues:

• the manner of including in the valuation of the program (regulated in cash) conditions other than the conditions for the acquisition of rights,

• classification of payments in shares when the entity is required to collect a tax from the employee,

• modification of the program, which results in a change from the program settled in cash into a program settled in equity instruments.

The Company estimates that the change in the standard will not affect its financial statements due to the fact that there were no transactions covered by the amendment.

The changes are effective for annual periods beginning on January 1, 2018 or later.

Amendment to IFRS 4 "Insurance Contracts"

In connection with the entry into force in 2019 of the new standard on financial instruments (IFRS 9), the IASB introduced transitional (until the entry into force of the new IFRS 17) rules for the application of new accounting principles for financial instruments in the financial statements of insurers. Otherwise their results would be exposed to a 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,

• exemption from the application of IFRS 9 until the entry into force of the new insurance standard (or 2021).

The amendment to the standard will not affect the Company's financial statements due to the fact that it does not conduct insurance activities.

The changes are effective at the time of applying IFRS 9.

Amendments to IFRS 1 and IAS 28 resulting from the "Annual amendments project: cycle 2014-2016". Amendments to standards include:

• IFRS 1: some short-term exemptions that were applied when switching to IFRS were removed due to the fact that they concerned periods that had already passed and their application was no longer possible. The change will not affect the Company's financial statements, as it is already prepared in accordance with IFRS.

• IAS 28: it has been clarified that in situations where IAS 28 permits investment valuation either using the equity method or at fair value (by high risk capital management organizations, mutual funds, etc. or shares in investment units), this choice may be made separately for each of the such investments. The change will have no impact on the financial statements of the Company, as the Company does not have the possibility to choose the method of investment valuation in affiliates and joint ventures to fair value.

The changes will come into force for annual periods beginning on January 1, 2018.

Amendment to IAS 40 "Investment Property"

The amendment clarifies the rules according to which the real estate is reclassified to or from the investment property category from or to fixed assets or inventories.

First of all, the change of classification takes place when the method of use changes and this change has to be proved. The standard directly implicates that change of 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 amendment to the standard.

The Company estimates that the change will not have a material impact on its financial statements. The changes are effective for annual periods beginning on January 1, 2018 or later.

New 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 date of payment 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 acquired should be recognized at the exchange rate effective on the day when the advance was recognized, not at the exchange rate when the income or cost or asset was recognized.

The Company has assessed that the new interpretation will not have a material impact on its financial statements, as advance payments are made sporadically. The interpretation applies to annual periods beginning on 1 January 2018 or later.

New IFRIC 23 "Uncertainty regarding the inclusion of income tax".

The interpretation to IAS 12 "Income tax" determines the approach to the situation when the interpretation of income tax regulations is not unambiguous and it can not 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 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.

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

Piaseczno, 16th of February 2018

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 *Antonios Agiostratitis*	*Member of the Board* *Grigorios Sarantis*	*Member of the Board* *Elpiniki Sarantis*	*Member of the Board* *Grigorios Sarantis*

Prepared by:
Barbara Ostruszka

STATEMENT OF FINANCIAL POSITION for the period ended on 31 December 2017

	Nota	31 December 2017	31 December 2016
ASSETS			
Fixed assets			
Property, plant and equipment	1	4 805 594	3 345 413
Intangible assets	2	11 663 862	12 089 255
Perpetual usufruct of land	3	1 462 980	1 462 980
Shares in affiliated companies	4	19 499 060	19 499 060
Loans granted	10	13 500 000	13 529 676
Deferred tax assets	5	2 095 397	1 539 038
Total fixed assets		**53 026 893**	**51 465 422**
Current assets			
Inventory	6	34 333 957	42 678 705
Trade and other receivables	7	72 849 654	74 935 199
Transitional accounts	9	2 422 449	3 433 635
Cash and cash equivalents	11	14 590 129	336 830
Total current assets		**124 196 188**	**121 384 369**
TOTAL ASSETS		**177 223 082**	**172 849 791**
LIABILITIES			
Nominal share capital	12	56 800 000	56 800 000
Nominal share premium	12	1 055 603	1 055 603
Retained profits	13	56 856 989	39 842 199
Total equity		**114 712 592**	**97 697 802**
Long-term liabilities			
Provision for retirement benefits		310 347	228 593
Deferred tax provision	5	1 593 584	1 578 632
Total long-term liabilities		**1 903 931**	**1 807 225**
Short-term liabilities			
Trade and other liabilities	17	51 768 005	49 723 372
Bank loan liabilities		-	234 858
Income tax liabilities	18	1 627 246	787 745
Dividend payable		-	17 785 837
Accruals	9	7 211 308	4 812 952
Total short-term liabilities		**60 606 559**	**73 344 764**
Total liabilities		**177 223 082**	**172 849 791**

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*	*Member of the Board*
Antonios Agostratitis	*Grigorios Sarantis*	*Elpiniki Sarantis*	*Grigorios Sarantis*

Prepared by:
Barbara Ostruszka

STATEMENT OF COMPREHENSIVE INCOME
for the period ended on 31 December 2017

	Note	31 December 2017	31 December 2016
Continuing of acitivity			
Sales income	19	**302 229 328**	**311 480 896**
Other income	20	**551 199**	**1 802 597**
Change of the inventory product balance		(963 750)	1 506 198
Cost of work performed by the entity for its own needs		2 069 199	2 774 883
Depreciation		(1 275 222)	(1 397 513)
Consumption of materials and power		(60 057 141)	(71 071 893)
External services		(57 324 800)	(62 047 729)
Taxes and fees		(309 416)	(392 932)
Salaries		(21 069 192)	(18 372 179)
Social insurance and other benefits		(3 571 140)	(3 265 252)
Other cost by nature		(342 986)	(630 844)
Cost of trade goods and materials sold		(137 984 260)	(135 239 623)
Other costs	21	(2 225 661)	(3 809 731)
Total cost on operating activity		**(283 054 369)**	**(291 946 615)**
Profit from operating activities		**19 726 158**	**21 336 878**
Financial revenues	22	2 028 454	316 478
Financial expenses	22	(755 257)	(1 255 483)
Net financial revenues and expenses		**1 273 197**	**(939 005)**
Profit before tax		**20 999 355**	**20 397 873**
Income tax	23	(3 984 565)	(3 959 766)
Net profit		**17 014 790**	**16 438 107**
Net other comprehensive income		-	-
Total comprehensive income		**17 014 790**	**16 438 107**

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Grigorios Sarantis

Member of the Board
Elpiniki Sarantis

Member of the Board
Grigorios Sarantis

Prepared by:
Barbara Ostruszka

STATEMENT OF CASH FLOWS
for the period ended on 31 December 2017

	Note	01.01.2017 31.12.2017	01.01.2016-31.12.2016
Cash flows - operational activity			
Gross profit from the business activity		**20 999 355**	**20 397 873**
Adjustments for:		12 565 400	(20 950 838)
Non- cash:			
Depreciation and impairment of property, plant and equipment		1 275 222	1 397 513
(Profit)/loss on account of foreign exchange differences		(231 790)	1 603
Profit from the sale of property, plant and equipment		(8 034)	(206 034)
Interest income		(616 516)	(209 188)
Interest expenses		46 879	221 012
Changes of working capital			
Increase/decrease in inventories		8 344 748	(4 238 990)
Increas/decrease in trade and other receivables	28	2 115 836	(4 764 596)
Increase/decrease in trade and other payables	28	1 827 177	(9 613 026)
Change in the value of accruals		3 416 595	(1 055 883)
Change in provisions		81 754	228 593
Income tax paid		(3 686 471)	(2 711 842)
Net cash flows from operating activities		**33 564 755**	**(552 965)**
Cash flows - investment activities			
Revenues generated from sale of fixed assets	28	44 226	707 773
Revenues from dividends		616 516	-
Acquisition of tangible fixed assets and intangible assets	28	(2 128 558)	(643 671)
Loans granted		-	(13 500 000)
Interest received from affiliated entities		359 423	179 512
Net cash used in investing activities		**(1 108 393)**	**(13 256 386)**
Cash flow - financial activities			
Inflows from bank credits		-	234 858
Proceeds from the share capital increase		-	12 400 000
Repayment of bank credits		(234 858)	-
Settlement of liabilities due to finance lease		-	(352 462)
Interest paid		(414 158)	(213 962)
Dividends paid		(17 785 837)	(12 371 364)
Other financial inflows		257 709	-
Net cash provided by/(used in) financial activities		**(18 177 144)**	**(302 930)**
Net change in cash and cash equivalents		14 279 218	(14 112 281)
Effect of exchange rate changes		(25 919)	(1 603)
Balance sheet change in the cash value		14 253 299	(14 113 884)
Cash and cash equivalents on 1 January 2017		336 830	14 450 714
Cash and cash equivalents on 31 December 2017		**14 590 129**	**336 830**

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STATEMENT OF CHANGES IN EQUITY

	Nominal share capital	Nominal share premium	Reserve capital	Retained earnings	Total equity
Equity as of 1 January 2016	**34 400 000**	**1 055 603**	**10 000 000**	**41 189 929**	**86 645 532**
Net profit	-	-	-	16 438 107	16 438 107
Payment by shareholders to increase the capital	22 400 000	-	(10 000 000)	-	12 400 000
The dividend to be paid to shareholders	-	-	-	(17 785 837)	(17 785 837)
Equity as of 31 December 2016	**56 800 000**	**1 055 603**	**-**	**39 842 199**	**97 697 802**
Net profit	-	-	-	17 014 790	17 014 790
Equity as of 31 December2017	**56 800 000**	**1 055 603**	**-**	**56 856 989**	**114 712 592**

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ADDITIONAL INFORMATION AND EXPLANATIONS

Contents:

Prepared by:
Barbara Ostruszka

ADDITIONAL INFORMATION AND EXPLANATIONS

1. Tangible fixed assets

	31.12.2017	31.12.2016
Buildings, premises and structures of land and water engineering	1 234 791	1 280 166
Machinery and technical equipment	1 379 199	1 438 163
Transportation means	313 344	427 571
Other fixed assets	123 261	199 513
Fixed assets under construction	1 754 999	-
Total tangible fixed assets	**4 805 594**	**3 345 413**

There are no tangible assets which are a security for liabilities of the company as of 31st December 2017 and 31st December 2016.

As of December 31, 2017 and December 31, 2016, the Company did not have any liabilities due to finance leases.

In 2017 and 2016, the Company did not make any changes to depreciation periods.

At December 31, 2017 and December 31 ,2016 the Company had no future investment commitments.

Changes in tangible fixed assets according to the category criterion:

Gross value of tangible fixed assets	Buildings, premises and structures of land and water engineering	Machinery and technical equipment	Transportation means	Other fixed assets	Fixed assest under construction	Total
Gross value as of 1st January 2016	1 761 516	7 119 608	3 647 938	1 642 618	-	14 171 680
Increases:	172 416	354 867	38 499	35 676	-	601 458
Acquisition	172 416	354 867	38 499	35 676	-	601 458
Decreases:	-	874 315	2 202 001	-	-	3 076 316
sales	-	51 478	2 198 120	-	-	2 249 598
liquidation	-	822 837	3 881	-	-	826 718
Gross value as of 31st December 2016	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 of 31st December 2017	1 949 632	6 818 673	1 464 028	1 678 666	1 754 999	13 665 998

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	Buildings, premises and structures of land and water engineering	Machinery and technical equipment	Transportation means	Other fixed assets	Fixed assets under construction	Total
Accumulated depreciation and impairment loss as of 1st January 2016	609 755	5 603 379	2 499 848	1 386 792	-	10 099 774
Increases:	44 011	432 933	257 090	91 989	-	826 023
depreciation for the year	44 011	432 933	257 090	91 989	-	826 023
Decreases:	-	874 315	1 700 073	-	-	2 574 388
sales	-	51 478	1 698 822	-	-	1 750 300
liquidation	-	822 837	1 251	-	-	824 088
Accumulated depreciation and impairment loss as of 31st December 2016	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 of 31st December 2017	714 841	5 439 474	1 150 684	1 555 405	-	8 860 404
Net accounting value:						
as at 1st January 2016	1 151 761	1 516 229	1 148 090	255 826	-	4 071 906
as at 31st December 2016	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

2. Intangible fixed assets

	31. 12.2017	31. 12.2016
Computer software	3 783 712	4 025 166
Trademarks, licenses	7 880 150	8 064 089
Total intangible fixed assets	**11 663 862**	**12 089 255**

Changes of intangible fixed assets were following:

Gross value of intangible fixed assets	Trademarks, licenses	Computer software	Total
Gross value as of 1st January 2016	9 457 483	8 022 317	17 479 800
Increases:	-	30 652	30 652
acquisition	-	30 652	30 652
Gross value as of 31st December 2016	9 457 483	8 052 969	17 510 452
Increases:	-	106 146	106 146
acquisition	-	106 146	106 146
Gross value as of 31st December 2017	9 457 483	8 159 115	17 616 598

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	Trademarks, licenses	Computer Software	Total
Accumulated depreciation and impairment loss as of 1st January 2016	**1 209 454**	**3 640 253**	**4 849 707**
Increases:	183 940	387 551	571 491
depreciation for the year	183 940	387 551	571 491
Accumulated depreciation and impairment loss as of 31st December 2016	**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 of 31st December 2017	**1 577 333**	**4 375 403**	**5 952 736**

Net accounting value:

as of 1st January 2016	8 248 029	4 382 064	12 630 093
as of 31st December 2016	8 064 089	4 025 165	12 089 254
as of 31st December 2017	**7 880 150**	**3 783 712**	**11 663 862**

In 2017 and 2016, the Company did not make any changes to depreciation periods.

3. Perpetual usufruct

The Company use perpetual usufruct of land with 8 004 square meters which are property of the State Treasury and are located in Piaseczno, ul. Puławska 42C. The right of perpetual usufruct of land is regarded by the Company as an equivalent to property due to the long period of use, 5 December 2089. The right of perpetual usufruct results from costs of its acquisition.

4. 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).

5. Deferred tax

Deferred tax as of 31 December 2017 and 31 December 2016 is resulting from:

Assets due to deferred tax	**31.12.2017**	**31.12.2016**
Accruals	1 630 725	1 108 555
Inventories	163 646	133 637
Valuation in foreign currencies	27 442	43 728
Fixed assets	8 225	8 664
Provisions for returns of goods	135 098	116 145
Bad debt provision	59 374	72 928
Liabilities not paid	7 028	7 350
Provisions for retirement benefits	58 966	43 433
Other	4 893	4 598
	2 095 397	**1 539 038**

Provision for deferred tax	**31.12.2017**	**31.12.2016**
Valuation in foreign currencies	57 863	15 257
Fixed assets	1 515 600	1 540 860
Unpaid interest or receivables	20 121	22 515
	1 593 584	**1 578 632**

6. Inventories

	31.12.2017	**31.12.2016**
Trade goods	28 197 844	34 200 501
Finished products	3 325 933	4 450 106
Materials	2 810 180	4 028 098
	34 333 957	**42 678 705**

As of 31 December 2017 and 31 December 2016 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 2017 and 2016.

7. Trade receivables and other receivables

	31.12.2017	**31.12.2016**
Trade receivables from affiliated entities	4 016 489	5 338 001
Trade receivables from other entities	66 060 192	66 008 728
Provision for bad debts on trade receivables	(1 558 459)	(1 188 083)
Prepayment delivery of goods	1 703 729	1 731 784
Other receivables from affiliated entities	123 905	5 228
Other receivables from other entities	2 505 243	3 051 646

Provision for bad debts on other receivables	(1 445)	(12 105)
Short-term receivables	**72 849 654**	**74 935 199**

Trade receivables are interest-free and their term of payment is 30-90 days. As of 31 December 2017 receivables in amount of 1 559 904 PLN were considered as difficult to recover and Company created provision for bad debts. Movements regarding provision for bad debts were following:

	01.01.2017-31.12.2017	**01.01.2016-31.12.2016**
Beginning of a period	**1 200 188**	**143 852**
Increases	471 191	1 075 030
Usage	(92 673)	(12 269)
Decreases – reversal	(18 802)	(6 425)
At the end of a period	**1 559 904**	**1 200 188**

Analysis of trade receivables overdue, but recoverable as of 31 December 2017 and as of 31 December 2016 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
2017	68 518 222	67 707 481	810 741	-	-	-	-
2016	70 158 646	69 040 328	1 006 710	-	24 247	87 361	-

Currency structure of short-term trade receivables and other receivables

	31.12.2017	**31.12.2016**
Receivables in the local currency	66 329 358	66 609 287
Receivables in the foreign currency	6 520 296	8 325 912
	72 849 654	**74 935 199**

	31.12.2017	**31.12.2016**
Receivables in EUR	5 490 240	6 562 082
Receivables in USD	1 030 056	1 763 830
	6 520 296	**8 325 912**

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

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8. Transactions with affiliated entities

Loans granted	31.12.2017	31.12.2016
Polipak Sp. z o.o. - Poland	13 500 000	13 529 676
	13 500 000	**13 529 676**

Receivables from affiliated entities:	31.12.2017	31.12.2016
Sarantis Czech Republic s.r.o.	89 817	294 073
Gr. Sarantis SA Greece	282 981	884 410
Sarantis Romania SA Romania	2 048 622	1 531 324
Sarantis Bulgaria Ltd. Bulgaria	557 324	700 435
Sarantis Hungary Kft. Hungary	1 007 030	1 864 977
Sarantis Portugal LDA, Portugal	30 715	62 782
	4 016 489	**5 338 001**

Other receivables	31.12.2017	31.12.2016
Polipak Sp. z o.o. - Poland	123 905	5 228
	123 905	**5 228**

Liabilities to affiliated entities:	31.12.2017	31.12.2016
Sarantis Czech Republic s.r.o.	25 129	353 358
Gr. Sarantis SA Greece	2 252 688	3 009 482
Sarantis Hungary Kft. Hungary	-	21 353
Sarantis Bulgaria Ltd. Bulgaria	-	7 014
Polipak Sp. z o.o. Poland	4 110 318	4 602 553
	6 388 135	**7 993 760**

Liabilities for prepayments	31.12.2017	31.12.2016
Sarantis D.O.O., Serbia	1 481 955	1 692 141
Sarantis Czech Republic s.r.o.	2 080 114	-
	3 562 069	**1 692 141**

Investments liabilities	31.12.2017	31.12.2016
Gr. Sarantis SA Greece	9 259	-
	9 259	**-**

Dividend payable

	31.12.2017	31.12.2016
GR Sarantis Cyprus Ltd., Cyprus	-	17 785 837
	-	**17 785 837**

Income from the sales – affiliated entities

	31.12.2017	31.12.2016
Sarantis Czech Republic s.r.o.	4 200 854	5 373 452
Gr. Sarantis SA Greece	1 444 219	1 545 102
Sarantis Romania SA	9 349 877	8 480 424
Sarantis D.O.O. Serbia	10 418 539	9 734 421
Sarantis Bulgaria Ltd.	2 998 024	2 489 437
Sarantis Hungary Kft.	8 689 622	8 779 146
Sarantis Portugal LDA	318 473	267 870
Polipak Sp. z o.o., Poland	11 798	-
	37 431 406	**36 669 852**

Other revenues – affiliated companies

	31.12.2017	31.12.2016
Sarantis Czech Republic s.r.o.	7 448	31 527
Sarantis Hungary Kft.	414	-
Gr. Sarantis S.A.,Greece	42 915	591 902
Sarantis Portugal LDA	3 808	23 305
Polipak Sp. z o.o., Poland	8 108	18 997
	62 693	**665 731**

Financial income – affiliated companies	**31.12.2017**	**31.12.2016**
Polipak Sp. z o.o.- Poland - interest	360 228	209 188
Polipak Sp. z o.o.- Poland - loan guarantee	93 425	-
	453 653	**209 188**

Goods purchased from affiliated entities

	31.12.2017	31.12.2016
Sarantis Czech Republic s.r.o., Czechy	352 619	424 791
Gr. Sarantis SA, Greece	21 016 703	27 740 918
Sarantis Romania SA, Rumunia	-	107 179
Sarantis Hungary Kft., Węgry	-	24 698
Sarantis D.O.O., Serbia	130 801	167 211
Polipak Sp. z o.o., Poland	22 472 282	18 785 668
Sarantis Bulgaria Ltd., Bułgaria	10 760	6 828
	43 983 165	**47 257 293**

Purchase of fixed assets

	31.12.2017	31.12.2016
Gr. Sarantis S.A.,Greece	26 319	-
	26 319	**-**

Other purchase affiliated entities

	31.12.2017	31.12.2016
Gr. Sarantis SA, Greece	551 164	286 714
	551 164	**286 714**

Financial costs – affiliated companies

	31.12.2017	31.12.2016
Sarantis Skopje Macedonia – interest paid	341 671	-
Gr. Sarantis SA, Greece – fee for bank credit guarantee	180 514	-
	522 185	**-**

9. Accruals and deferrals

Deferred expenses - assets

	31.12.2017	31.12.2016
Subscriptions	2 553	822
Other deferrals: input VAT to deduction	2 348 993	3 324 337
Other	70 903	108 476
	2 422 449	**3 433 635**

Accrued expenses– liabilities

	31.12.2017	31.12.2016
Provisions for costs	7 211 308	4 812 952
	7 211 308	**4 812 952**

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

10. Loans granted

	31.12.2017	31.12.2016
Loans granted – long-term	13 500 000	13 500 000
Loan interest receivables	-	29 676
	13 500 000	**13 529 676**

Loans granted concern loans granted to the subsidiary company Polipak Sp. o.o. with the repayment date falling in 2019.

11. Cash and cash equivalents

	31.12.2017	31.12.2016
Cash in hand	23 655	26 027
Cash in banks	14 480 227	260 742
Cash in bank of the Social Fund	86 181	49 907
Cash in transit	66	154
	14 590 129	**336 830**

	31.12.2017	31.12.2016
In local currency	11 261 200	289 034
In foreign currency	3 328 929	47 796
	14 590 129	**336 830**

	31.12.2017	31.12.2016
Cash in EUR	2 906 483	5 979
Cash in USD	421 181	41 205
Cash in CHF	530	612
Cash in CNY	37	-
Cash in CZK	698	-
	3 328 929	**47 796**

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 to the Social Fund are deposited on the separate bank account.

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

Share capital of Sarantis Polska S.A. as of 31 of December 2017 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 as of 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 of 31st December of 2017 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).

13. Retained profits and limitations connected with capital

	31.12.2017	31.12.2016
Profits retained from the previous years-supplementary capital	12 834 018	11 518 969
Profits retained from the previous years	27 008 181	11 885 123
Net profit in current period	17 014 790	16 438 107
Total retained profits	**56 856 989**	**39 842 199**

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 allocate 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 27 May 2017, the Company transferred to the reserve capital the part of profit for 2016 years in the amount of 1 315 049 PLN.
Since 2010, Company creates reserve capital from the profit distribution which will be used for dividend payment. Reserve capital value as of 31 December 2017 was 27 008 181 PLN.
The dividend paid in 2017 was the amount of 17 785 837 PLN. The dividend paid in 2016 accounted for 12 371 364 PLN.

14. Suggested profit distribution for 2017

The Management Board proposes a net profit for 2017, in amount of 17 014 790 PLN, to be allocated as:

- in the amount of 15 653 607 PLN – to reserve capital
- in the amount of 1 361 183 PLN - to supplementary capital

15. Credits, loans and other liabilities

As of 31 December 2017, the Company had no liabilities arising from loans.
As of 31 December 2016 loan liabilities accounted for a total amount of 234 858 PLN.

At the end of the reporting period the Company had bank lines of multi-purpose in total amount of 36 102 760 PLN and available credit limits in total amount of 23 050 380 PLN.
Corporate guarantees issued by Gr. Sarantis S.A. are a security for credit lines in amount of 36 102 760 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 9 February 2017 to 30 November 2017, the Company used a loan from Sarantis-Skopje from Macedonia in the amount of 2 500 000 EUR. The loan was repaid on 1 December 2017.

Financial leasing

As of 31 December 2017 and 31 December 2016, 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:

During the year	1 900 000
More than one year and less than five years	8 900 000
	10 800 000

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	784 000
More than one year and less than five years	268 000
	1 052 000

16. Financial instruments

Financial instruments in accordance with category:	**31.12.2017**	**31.12.2016**
Granted loans and own receivables:	**84 645 924**	**86 727 864**
- loans granted	13 500 000	13 529 676
- trade receivables	68 518 222	70 158 647
- other receivables	2 627 702	3 039 541
Cash	**14 566 474**	**310 803**
	99 212 398	**87 038 667**

Financial liabilities valued to the fair value by financial result		
Trade liabilities	46 429 882	45 779 004
	46 429 882	**45 779 004**

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

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17. Short-term trade payables and other liabilities

	31.12.2017	31.12.2016
Trade payables to affiliated entities	6 388 134	8 009 161
Trade payables to other entities	40 041 748	37 769 843
Liabilities towards to the State Budget	1 342 962	2 095 256
Prepayment from affiliated companies	3 562 070	1 692 141
Salary payables	21 423	35 560
Other liabilities	337 454	89 515
Other liabilities - affiliated companies	9 259	-
Special founds	64 955	31 896
Total short-term liabilities	**51 768 005**	**49 723 372**

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**
2017	**46 429 882**	36 306 241	8 923 327	1 110 911	89 297	-	106
2016	**45 779 004**	35 647 347	9 769 437	362 220	-	-	-

Currency structure of short-term liabilities

	31.12.2017	31.12.2016
Liabilities in local currency	29 816 099	32 647 844
Liabilities in foreign currency	21 951 906	17 075 528
	51 768 005	**49 723 372**

	31.12.2017	31.12.2016
Liabilities in EUR	17 606 068	16 032 516
Liabilities in USD	4 345 838	1 043 012
	21 951 906	**17 075 528**

18. Income tax liabilities

	31.12.2017	31.12.2016
Income tax liabilities	1 627 246	787 745
	1 627 246	**787 745**

19. Sales revenue

	31.12.2017	31.12.2016
Revenue from goods sales	215 670 931	211 898 317
Revenue from products sales	86 191 051	99 154 370
Revenue from materials sales	367 346	428 209
	302 229 328	**311 480 896**

	31.12.2017	31.12.2016
Revenue from domestic sales	254 458 673	265 789 441
Revenue from export	47 770 655	45 691 455
	302 229 328	**311 480 896**

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

20. Other revenue

	31.12.2017	31.12.2016
Profits from sales of services	191 074	19 363
Provision expense reversal	182 307	337 148
Profits from sales of fixed assets	8 034	206 034
Received compensations	21 403	1 039 765
Reversal of provision for bad debts	18 802	6 425
Return of court fees	8 810	14 004
Stock count differences	-	112 856
Other	120 769	67 002
	551 199	**1 802 597**

21. Other operating costs

	31.12.2017	31.12.2016
Liquidation and decomposition of inventories	1 067 203	1 751 310
Provision for bad debts	471 191	1 075 030
Costs of legal proceedings	104 398	13 846
Donations	5 969	262 590
Insurance of receivables	144 528	166 883
Liquidation of property damages costs	-	50 616
Provisions for other operational costs	66 395	235 334
Provisions for retirement benefit	81 754	228 593
Others	21 891	25 529
Stock count differences	12 640	-
Anti-dumping duty	249 692	-
	2 225 661	**3 809 731**

22. Financial costs and revenues

Financial revenue

	31.12.2017	31.12.2016
Interest revenue	360 228	209 188
Interest on receivables	80 082	88 124
Bank interest	20 421	19 166

Net exchange rate differences	951 207	-
Dividend Polipak	616 516	-
	2 028 454	**316 478**

Financial costs

	31.12.2017	31.12.2016
Interest on liabilities	7 367	9 575
Bank interest	65 437	183 153
Interest on loans	341 671	-
Interest under the leasing agreements	-	37 859
Commissions, charges	253 693	236 434
Net exchange rate differences	-	718 310
Costs of capital increase	-	70 152
Costs of loan guarantees	87 089	-
	755 257	**1 255 483**

23. Income tax

Major components of income tax for the years ended 31 December 2017 and 31 December 2016 are as follows:

	31.12.2017	31.12.2016
Current income tax	4 534 150	3 854 204
Creation/ reversal of deferred tax	(541 407)	105 562
Corrections of income tax from the previous years	(8 178)	-
Income tax shown in the profit and loss account	**3 984 565**	**3 959 766**

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:

	31.12.2017	31.12.2016
Gross financial results	20 999 355	20 397 873
The amount of the tax according to the tax rate **19%**	3 989 877	3 875 596
- tax effects of costs which are not revenue-earning costs	(5 312)	84 170
Current income tax	**3 984 565**	**3 959 766**
Effective tax rate	**18,97%**	**19,41%**

24. Credit risk management

The overall objective of the Company's market risk management is to reduce the volatility of cash flows and potential economic losses caused by the events that may have a negative impact on the individual. Market risk

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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 to 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 by 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 69 517 038 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**
2017	69 517 038	68 094 648	1 132 644	240 401	48 633	712	-
2016	73 198 187	70 916 194	2 045 993	-	31 467	204 533	1 472

As of 31 December 2017, 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 14 566 474 PLN 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 2017	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	14 566 474	0,50%	145 665	145 665	-145 665	-145 665
Total			145 665	145 665	-145 665	-145 665

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Exchange rate risk

Transactions of purchase of goods in foreign currency are the main sources of exchange rate risk. Significant part of trade payables is in foreign currency especially 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 2016	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	5 490 240	4,2583	1 098 048	1 098 048	-1 098 048	-1 098 048
Receivable in USD	1 030 056	3,7782	206 011	206 011	-206 011	-206 011
Cash in EUR	2 906 483	4,2583	581 297	581 297	-581 297	-581 297
Cash in USD	421 181	3,7782	84 236	84 236	-84 236	-84 236
Cash in CHF	530	3,8364	106	106	-106	-106
Cash in CNY	37	0,5587	7	7	-7	-7
Cash in CZK	698	0,1617	140	140	-140	-140
Liabilities denominated in currency						
Liabilities in EUR	17 606 068	4,2583	-3 521 214	-3 521 214	3 521 214	3 521 214
Liabilities in USD	4 345 838	3,7782	-869 168	-869 168	869 168	869 168
Total			-2 420 536	-2 420 536	2 420 536	2 420 536

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 7. In accordance with the age structure, 99% of receivables are not overdue on 31 December 2017, and 98% as of 31 December 2016. 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 2017 and 2016 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
2017	46 429 882	10 123 641	18 131 813	11 079 851	5 512 149	1 582 428	-
2016	45 779 004	10 131 657	19 059 032	10 395 378	4 465 096	1 727 841	-

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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. The Company regularly monitors the profitability of individual products and on the basis of these data takes action related to the optimization of the purchase price or the sale of products.

25. Capital management

The main purpose of company capital management is retaining of 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 appropriate 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.

26. Conditional liabilities

	Value on 31.12.2017	Date
Guarantee issued for MLP Pruszków III Sp. z o.o. for security of liabilities execution	164 000 EUR	31.12.2018
Loan repayment guarantee for Polipak Sp. z o.o. for BGŻ BNP Paribas Polska S.A.	10 000 000 PLN	01.07.2029
Loan repayment guarantee for Polipak Sp. z o.o. for Bank Handlowy in Warsaw	10 000 000 PLN	31.12.2019
Letters of credit opened in banks:	3 443 357 USD 14 741 EUR	
guarantee payment GR Sarantis SA liabilities granted to the following entities:		
Dobis Sp. z o.o., Poland	430 000 EUR	07.11.2018
Aptar Italia SPA, Italia	63 429 EUR	indefinitely
Aptar Dortmund GMBH, Germany	21 708 EUR	indefinitely
Czech Aerosol AS, Czech Republic	1 049 261 EUR	indefinitely
PPF Hasco-Lek S.A., Poland	200 EUR	indefinitely
Maspex GMW Sp. z o.o., Poland	28 921 EUR	indefinitely

27. Tax settlements

Regulations regarding VAT, corporate and personal income tax, social insurance contributions are liable to frequent changes. As a result, there are often no references to recorded regulations or legal precedents.

Regulations which are in force are ambiguous, causing differences in opinions about legal interpretations of tax regulations between bodies of state administration and companies. Tax settlements and other settlements (e.g. customs and currency) can be a subject of control conducted by bodies of state administration, which are able to impose significant fines, and additional liabilities may be charged with interest. These facts create tax risk in Poland which is higher than in countries with more developed tax systems. Tax settlements may be subject to inspection for a period of five years from the end of the year in which the tax was due. As a result of inspections, the existing tax settlements may be subject to additional tax liabilities.

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

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Balance sheet change of trade receivables and other receivables	2 116 026	(4 764 786)
Change resulting from investment receivables	(190)	190
Change of receivables in cash flow	**2 115 836**	**(4 764 596)**

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Balance sheet change of trade liabilities and other liabilities	(15 136 562)	(9 977 048)
Change in liabilities due to loans	234 858	-
Change in lease liabilities	-	352 462
Change in income tax liability	(839 501)	-
Dividend payment	17 785 837	-
Change resulting from investment liabilities	(217 455)	11 560
Change of liabilities in cash flow	**1 827 177**	**(9 613 026)**

	01.01.2017- 31.12.2017	01.01.2016- 31.12.2016
Net accounting value of fixed assets sold	36 002	501 929
Profit from fixed assets sold	8 034	206 034
Change resulting from investment receivables	190	(190)
Income from fixed assets and intangibles sale	**44 226**	**707 773**

	01.01.2017- 31.12.2017	01.01.2016 - 31.12.2016
Accounting value of fixed assets and intangibles purchased	2 346 013	(632 111)
Change resulting from investment liabilities	(217 455)	(11 560)
Expenses for purchase of fixed assets and intangibles	**2 128 558**	**(643 671)**

29. Structure of employment

Average employment in Company was as follows:

	31.12.2017	31.12.2016
Sales and marketing	113,2	112,0
Storage and production	81,1	81,3
Administration	60,7	59,2
	255,0	**252,5**

30. Salaries of key management personnel

Total value of salaries paid in 2017 for key management personnel was 6 377 336 PLN. In 2016 total amount of salaries paid for key management personnel was 4 086 343 PLN. There were no payments in form of company's shares and no long-term benefits for employees.

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

The salary of the statutory auditor for the audit of annual financial statement of Company was 50 000 PLN.

32. Events after date of balance sheet day

On 9 of January 2018, in accordance with the notarial deed of rep A 61/2018, the Company acquired land with an area of 52 981 sqm, located in Środa Wielkopolska, intended for investment purposes.
On 17 of January 2018, the Company received a loan of 3 000 000 EUR from Sarantis-Skopje from Macedonia with a repayment date of 31 December 2018.

Piaseczno, 16th of February 2018

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
Antonios Ayiostratitis

Member of the Board
Grigorios Sarantis

Member of the Board
Elpiniki Sarantis

Member of the Board
Grigorios Sarantis

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