



Sarantis Polska S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2010**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 10 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the financial statements
for the financial year ended
31 December 2010



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This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Sarantis Polska S.A.

We have audited the accompanying financial statements of Sarantis Polska S.A., seated in Piaseczno, ul. Puławska 42 C (“the Company”), which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Financial Statements

Management of the Company is responsible for the correctness of the accounting records and the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations and preparation of the Report on the Company’s activities. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) (“the Accounting Act”), Management of the Company and members of the Supervisory Board are required to ensure that the financial statements and the Report on the Company’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility, based on our audit, is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying financial statements of Sarantis Polska S.A. have been prepared and present fairly, in all material respects, the financial position of the Company as at 31 December 2010 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Other Matters

As required under the Accounting Act, we also report that the Report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and the information is consistent with the financial statements.

The corresponding figures presented are based on the financial statements of the Company as of and for the year ended 31 December 2009, which were audited by another auditor who expressed a qualified opinion on those financial statements on 22 March 2010 in relation to lack of information that would enable to evaluate existence of impairment indicators of investment in a subsidiary.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k. registration number 3546
ul. Chłodna 51, 00-867 Warsaw



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Certified Auditor No. 90068
Limited Liability Partner with power of
attorney
Andrzej Ziąbrowski

10 February 2011
Warsaw



TRANSLATION

Sarantis Polska S.A.

**Report supplementing
the auditor's opinion
on the financial statements
Financial Year ended
31 December 2010**

The report supplementing the auditor's opinion
contains 10 pages

Report supplementing the auditor's opinion
on the financial statements
for the financial year ended
31 December 2010



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1. General

1.1. General information about the Company

1.1.1. Company name

Sarantis Polska S.A.

1.1.2. Registered office

ul. Puławska 42 C
05-500 Piaseczno

1.1.3. Registration in the National Court Register

Registration court:	District Court for the Capital City Warsaw in Warsaw, XIV Commercial Department of the National Court Register
Date:	24 April 2003
Registration number:	KRS 158603
Initial capital as at balance sheet date:	34,400,000

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

At 31 December 2010, the Management Board of the Company was comprised of the following members:

- Kyriakos Sarantis – President of the Management Board,
- Konstantinos Rozakeas – Vice - President of the Management Board,
- Nikos Evangelou – Vice - President of the Management Board.

1.2. Auditor information

1.2.1 Key certified auditor information

Name and surname:	Andrzej Ziąbrowski
Registration number:	90068

1.2.2 Authorized auditor information

Name:	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000339379
Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
NIP number:	527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of entities authorised to audit financial statements under number 3546.

1.3. Prior period financial statements

The financial statements for the period ended 31 December 2009 were audited by BDO Sp. z o.o. and received a qualified opinion in relation to lack of information that would enable to evaluate existence of impairment indicators of investment in a subsidiary.

The financial statements were approved at the General Meeting on 29 June 2010 where it was resolved to allocate the profit for the prior financial year of PLN 16,144,515.00 as follows:

- PLN 1,291,561.00 to allocate to reserve capital,
- PLN 14,852,954.00 to allocate to reserve capital to be paid out in future as a dividend.

The financial statements were submitted to the Registry Court on 24 November 2010 and were published in Monitor Polski B No. 123 on 28 January 2011.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Sarantis Polska S.A. seated in Piaseczno, ul. Puławska 42 C and relates to the financial statements comprising: the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The audited Company prepares its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of Extraordinary General Meeting of Shareholders dated 1 January 2007.

The financial statements have been audited in accordance with the contract dated 23 November 2010, concluded on the basis of the resolution of Supervisory Board dated 14 October 2010 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the financial statements in the Company's head office during the period from 23 to 26 November 2010 and from 29 January 2011 to 4 February 2011.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Company's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

Management of the Company submitted a statement dated the same date as this report as to the true and fair presentation of the financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.



All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditor and KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. fulfill independence requirements. The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

2. Financial analysis of the Company

2.1. Summary of the financial statements

2.1.1. Statement of financial position

ASSETS	31.12.2010 PLN '000	% of total	31.12.2009 PLN '000	% of total
Non-current assets				
Property, plant and equipment	9,610.2	6.3	9,499.3	8.4
Intangible assets	14,944.2	9.8	3,736.4	3.3
Shares in subsidiaries	-	-	3,101.4	2.7
Perpetual usufruct right	1,463.0	1.0	1,463.0	1.3
Deferred tax assets	2,320.0	1.5	1,501.9	1.3
Total non-current assets	28,337.4	18.6	19,302.0	17.0
Current assets				
Inventories	30,509.5	20.1	20,803.6	18.4
Trade and other receivables	86,738.0	57.0	63,412.9	56.0
Income tax receivable	-	-	1,683.2	1.5
Accruals and deferred income	1,991.7	1.3	1,736.4	1.6
Cash and cash equivalents	4,628.5	3.0	6,263.5	5.5
Total current assets	123,867.7	81.4	93,899.6	83.0
TOTAL ASSETS	152,205.1	100.0	113,201.6	100.0
EQUITY AND LIABILITIES				
	31.12.2010 PLN '000	% of total	31.12.2009 PLN '000	% of total
Equity				
Share capital	34,400.0	22.6	34,400.0	30.4
Share premium	1,055.6	0.7	1,055.6	0.9
Retained earnings	36,401.2	23.9	20,466.6	18.1
Total equity	71,856.8	47.2	55,922.2	49.4
Non-current liabilities				
Deffered tax liabilities	76.7	0.1	43.8	-
Other non-current liabilities	3,117.7	2.1	3,266.7	2.9
Total non-current liabilities	3,194.4	2.1	3,310.5	2.9
Current liabilities				
Trade and other payables	53,691.0	35.3	45,559.8	40.2
Current bank borrowings and loans	11,898.0	7.8	2,556.9	2.3
Income tax payable	872.3	0.6	-	-
Other finance liabilities	17.0	0.0	10.9	-
Accruals and deferred income	10,675.6	7.0	5,841.3	5.2
Total current liabilities	77,153.9	50.7	53,968.9	47.7
TOTAL EQUITY AND LIABILITIES	152,205.1	100.0	113,201.6	100.0

2.1.2. Statement of comprehensive income

Statement of comprehensive income

	1.01.2010 - 31.12.2010 zł '000	% of total sales	1.01.2009 - 31.12.2009 zł '000	% of total sales
CONTINUING OPERATION				
Revenue	276,219.2	100.0	238,461.3	100.0
Other revenues	2,288.8	0.83	2,771.2	1.2
Operating expenses				
Change in inventory position	2,572.9	0.9	(2,458.3)	1.0
Cost of products produced for internal use	714.0	0.3	-	-
Depreciation	(2,654.0)	1.0	(2,109.3)	0.9
Materials and energy	(55,582.1)	20.1	(5,864.4)	2.5
External services	(73,249.3)	26.5	(58,980.6)	24.7
Taxes and charges	(343.0)	0.1	(468.7)	0.2
Payroll	(16,385.9)	5.9	(14,402.2)	6.0
Social security and other benefits	(2,562.7)	0.9	(2,303.9)	1.0
Other expenses by kind	(617.3)	0.2	(592.1)	0.2
Cost of merchandise and raw materials sold	(108,209.8)	39.2	(131,106.7)	55.0
Other expenses	(1,378.3)	0.5	(2,314.3)	1.0
Operating expenses	(257,695.5)	93.3	(220,600.5)	92.5
Results from operating activities	20,812.5	7.5	20,632.0	8.7
Finance income	433.4	0.1	341.3	0.1
Finance expenses	(1,089.2)	0.4	(938.5)	0.4
Net finance income and expense	(655.8)	0.3	(597.2)	0.3
Profit before income tax	20,156.7	7.3	20,034.8	8.4
Income tax expense	(4,222.1)	1.5	(3,890.3)	1.6
Profit from continuing operations	15,934.6	5.8	16,144.5	6.8
Profit for the period	15,934.6	5.8	16,144.5	6.8
Total comprehensive income for the period	15,934.6	5.8	16,144.5	6.8
Profit attributable to:				
Owners of the Company	15,934.6	5.8	16,144.5	6.8
Total comprehensive income attributable to:				
Owners of the Company	15,934.6	5.8	16,144.5	6.8

2.2. Selected financial ratios

	2010	2009	2008
1. Return on sales			
$\frac{\text{profit for the period} \times 100\%}{\text{revenue}}$	5.8%	6.8%	5.9%
2. Return on equity			
$\frac{\text{profit for the period} \times 100\%}{\text{equity} - \text{profit for the period}}$	28.5%	40.6%	37.5%
3. Debtors' days			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{revenue}}$	96 days	101 days	95 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	52.8%	50.6%	56.2%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.6	1.7	1.7

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, excluding allowances for receivables.

3. Detailed report

3.1. Proper operation of the accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act.

3.2. Notes to the financial statements

All information included in the notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented correctly and completely. The notes to the financial statements should be read in conjunction with the financial statements.

3.3. Report on the Company's activities

The Report on the Company's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and the information is consistent with the financial statements.



3.4. Information on the opinion of the independent auditor

Based on our audit of the financial statements as at and for the year ended 31 December 2010, we have issued an unqualified opinion.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k. registration number 3546
ul. Chłodna 51, 00-867 Warsaw

.....
Certified Auditor No. 90068
Limited Liability Partner with power
of attorney
Andrzej Ziąbrowski

10 February 2011
Warsaw