



**Financial Statement of Sarantis Polska S.A.**  
**for the period**  
**from 01.01.2009 to 31.12.2009**

## INTRODUCTION TO THE FINANCIAL STATEMENT

### THE GENERAL INFORMATION

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

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

The Company was registered on 24. 01.1991 by the District Court in Warsaw under the number 25872.

The Company was entered in the National Court Register of Entrepreneurships on 12.11.2001 under the number 0000050586.

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

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

#### Company address

ul. Puławska 42 c  
05-500 Piaseczno

#### Main Warehouse address

Moszna Parcela  
05-840 Brwinów

#### 2. Management Board of the Company

On 31.December 2009 the Management Board is composed of :

Kyriakos Sarantis – President of the Board

Konstantinos Rozakeas – Vice President of the Board

Nikos Evangelou - Vice President of the Board

President of the Board together with Vice-president of the Board or Vice-president of the Board together with another Member of the Board are authorized to represent a company.

### 3. Supervisory Board

The composition of the Supervisory Board as at 31 December 2009 was as following:

Grigorios Sarantis  
Konstantinos Stamatou  
Pantazis Sarantis  
Vasileios Meintanis

### 4. Statutory auditor

BDO Numerica Sp. z o.o.  
ul. Postępu 12, Warszawa

### 5. Name of the parent company

GR Sarantis Cyprus Ltd., Cyprus

### 6. Name of the ultimate parent company

GR Sarantis SA, Greece

### 7. Principles of presentation

#### Information on principles adopted for preparation of financial statement for 2009

From 1 January 2007, Sarantis Polska S.A., acting under Resolution No. 1 of the Extraordinary General Shareholders' Meeting of Sarantis Polska S.A. of 11. November 2007 (adopted in compliance with Art. 45 1c of the Accounting Act, has prepared its statutory unconsolidated financial statements in accordance with IFRSs approved by the European Commission.

The financial statements have been prepared in accordance with accounting principles contained in the International Financial Reporting Standards adopted by the European Union. The financial statements cover the period from 1 January to 31 December 2009 and the comparative period from 1 January to 31 December 2008.

The financial statements are compliant with all IFRS requirements adopted by the EU and present a true and fair view of the Company's financial position as at 31 December 2009 and 31 December 2008 results of its operations and cash flows for the year ended 31 December 2009 and 31 December 2008.

### 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 their knowledge the foregoing financial statements and comparative data were prepared in compliance with International Financial Reporting Standards adopted by the European Union (IFRSs). The statements reflect true and fair view on financial position and its financial result of Sarantis Polska S.A. and that the Management Board Commentary on the

Company's Operations presents true overview of Company's development, achievement and business situation of Company, including basic risks and exposures.

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

Piaseczno, 16 February 2010 .

The Management Board:

President of the Board

*Nyfiakos Sarantis*



Vice President of the Board

*Nikos Evangelou*



Vice President of the Board

*Konstantinos Rozakeas*

  
*Alph. Goume*

## 9. Significant accounting principles

### Basic for financial statement

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

### Functional currency and presentation currency of financial statements

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

### Judgments and evaluations

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

### Fixed assets

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

Limit for low value fixed assets is 1 500 zloty.

The following useful lives are used for fixed assets:

Buildings and constructions 10 - 40 years

Machinery and equipment 2 - 10 years

#### Vehicles and other 2 - 5 years

If there have been events or changes which indicate that the carrying amount of fixed assets may not be recoverable, the assets are analyzed for potential impairment. If there are indications of impairment, and the carrying amount exceeds the estimated recoverable amount, the value of those assets or cash-generating units is decreased to the recoverable amount by an appropriate allowance. The recoverable amount of property, plant and equipment reflects the higher of 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 on the basis of difference between net incomes from disposal, and balance sheet value and shown like income or cost in the profit and loss account

#### Finance lease

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

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

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

#### Intangible assets

Intangible assets are recognized if it is probable that expected future economic benefits that are directly attributable to the assets will flow to the 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.

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

Acquired licenses, patents, and similar intangible assets 2 - 10 years

Acquired computer software 2 - 5 years

Other intangible assets are tested for impairment only if there are indications that their carrying amount may not be recoverable. 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 assets' net selling price and their value in use.

#### **Valuation of shares in subordinated entities**

Shares in subordinated entities are valued at cost of acquisition price less accumulated impairment losses.

#### **Financial instruments**

Investments classified in following categories:

- a) investments retained until the maturity term
- b) receivables and loans
- c) financial assets available to sale
- d) financial instruments estimated by profit and loss account

Classification to above categories depends on the aim of investments. At the initial moment of presentation investments are valued at fair value, increased by transactional costs in the case non-classified investments as valued at fair value by profit and loss account. These transactional costs are allocated directly to acquisition or element of investments issue. Erasure of investment from the balance sheet is followed after expiry of economical profits rights and risks or its transfers for third persons connected with this rights.

##### *(a) investments retained until the maturity term*

Financial assets other than derivatives with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity term, except financial assets including to investments valued at fair value by profit and loss account, investments available to sale and loans and receivables. Current assets are realized or available to sale or use in normal operational cycle in the Company. Investments retained until the maturity term are evaluated in amount of amortized cost with using the effective interest rate.

##### *(b) receivables and loans*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Except the assets with the maturity date above 12 months after the balance sheet date, receivables and loans are designate as current assets. Trade receivables and other receivables are evaluated in amount of the amortized costs with using effective interest rate decreased by allowances for bad debts, which are formed accordance with analysis of bad debts. Revaluation take into consideration the payment day and payment's degree of probability.

##### *(c) financial assets available to sale*

There are financial assets, others than derivative assets, available to sale or others than included in category (a) or (b). Those assets are classified as current assets when are available to sale during the 12 months from the balance sheet date. Financial assets available to sale are evaluated in fair value. Profits or loss from the valuation

of financial assets available to sale are contained as separate element of funds to the moment of disposal or time, when the their value gone down.

*(d) financial investments estimated by profit and loss account*

Instrument intended to turnover or classified to likes after the initial presentation is classified to investments evaluated in accordance with fair value by profit and loss account. The Company managed actively these investments and decided about sale and acquisition based on their fair value

After the initial presentation, costs of transactions connected with the investment are presented in the date, when the costs are bearded. All profit and loss connected with these investments are presented in the profit and loss account.

### **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 usage 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 evaluated 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 its non-collectible.

### **Cash and pecuniary equivalent**

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

### **Trade incomes**

Probability of derived economic benefits and possibility to determine the amount of income let the Company recognize the incomes. Trade incomes are evaluated in net value after the reduction by tax on goods and



services and discounts. The amount of incomes is evaluated in the fair value. Particular items of Company's costs are decreased by the invoiced amounts which are not an income.

#### **Equity capital**

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

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

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

#### **Loans and credits**

Loans and credits are presented in the fair value of received inflows decreased by the costs of transactions.

Loans and credits are valued 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 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 using of the exchange rate from the point 1 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. Assets and liabilities non-cash, included in accordance with historical cost expressed in foreign currency are presented with historical exchange rate from the transaction day. Assets and liabilities non-cash included in accordance with fair value, expressed in foreign currency are calculated by exchange rate from the valuation day.

Exchange rate differences came as a result of clearance of transactions in foreign currencies and valuation of assets and liabilities in cash at the balance sheet day are presented as financial costs or incomes in profit and loss account in net amount.

For the balance valuation the following exchange rates were adopted:

<i>Exchange rate at the day</i>	<i>31.12.2009</i>	<i>31.12.2008</i>
USD	2,8503	2,9618
EURO	4,1082	4,1724
CHF	2,7661	2,8014
RUB	0,0950	0,1008

#### **Income tax**

Gross profit with deferred tax is basic for calculating income tax. Deferred tax shown net tax effect of differences between balance sheet value and tax value of particular element of assets or liabilities. Assets and provisions for deferred tax are calculated in accordance with tax rates expected in the future years, in which temporary differences will be realized in accordance with published or established tax rates at the balance sheet day. Assets for deferred tax from the negative temporary differences and not used tax losses are recognized only when the enough tax base for deducting these differences is possible in the future. Provisions for deferred tax are created for all positive interim tax differences. Assets and provisions are created regardless of the realization. Assets and provisions for deferred tax are classified and presented in the balance sheet as fixed assets or long-term liabilities.

#### **Fixed assets available to sale**

Fixed assets available to sale satisfied a following criteria:

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

If the criteria are not 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 net carrying amount and the fair value less 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 estimate may be made of the amount of the obligation. The provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### **Liabilities**

Trade and other liabilities are measured at the amount due.

### **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 unconsolidated financial Statements**

At of the 31 December 2009 the following new Standards, changes and interpretations to International Financial Reporting Standards were published:

- IAS 1 (change)– "Presentation of Financial Statements" – effective from 1 January 2009 and later;
- IAS 23 (changes) – "Borrowing Costs" – effective from 1 January 2009 and later;
- IFRS 8 – "Operating Segments" – effective from 1 January 2009 and later;
- IFRS 1 (changes) – "Application of IFRS first time" – effective from 1 January and later;
- IFRS 2008 "Corrections to International Financial Reporting Standards" published 22 May 2008 and adopted by UE on 23 January 2009;
- IAS 32 (changes)– "Financial Instruments: Presentation" – effective from 1 January 2009 and later;
- IFRS 2 (change)– "Share – based Payment" – effective from 1 January 2009;
- IFRS 7(changes) – "Financial instruments: exposing of information" – effective from 1 January 2009 and later;
- Interpretation of IFRIC 11 "IFRS 2 – Issuing of shares within the framework of the group and the transactions in purchased own shares";
- IFRIC 13 – "Customer Loyalty Programmers" – effective from 1 January 2009 and later;
- Interpretation of IFRIC 14 – "IAS 19 – "The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction" - effective from 1 January 2009 and later;

- Interpretation of IFRIC 17 – "Distribution of non-cash assets in favour of owners", published on 27 November 2008.
- Interpretation of IFRIC 18 – "Transfer assets from clients", published on 29 January 2009.

**New standards and interpretations published but not came into force.**

- IFRS 3 (change)– "Business Combinations" – effective from 1 July 2009;
- IAS 27(change) – "Consolidated and Separate Financial Statements" – effective from 1 July 2009;
- IAS 39 (change) – "Financial Instruments: Recognition and Measurement" – effective from 1 July 2009 and later;
- Interpretation IFRIC 12 - "Licensed Services Agreement " – effective from 1 January 2008 and later;
- Interpretation IFRIC 15 – "Building of real estate agreement" – effective from 1 January 2009 and later;
- Interpretation IFRIC 16 – "Hedges of a Net Investment in a Foreign Operation" – effective from 1 October 2008 and later.

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

Piaseczno, 16 February 2010

The Management Board:

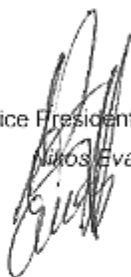
President of the Board

*Kyriakos Sarantis*



Vice President of the Board

*Nikos Evangelou*



Vice President of the Board

*Konstantinos Rozakeas*



## BALANCE SHEET FOR THE PERIOD FINISHED ON 31.12.2009

	Note	31 December 2009	31 December 2008
<b>ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	2	9 499 343	7 205 484
Intangible assets	3	3 736 359	251 503
Investments in affiliated entities	5	3 101 378	3 101 378
Perpetual usufruct of land	4	1 462 980	1 462 980
Deferred tax assets	6	1 501 930	1 312 245
<b>Total fixed assets</b>		<b>19 301 990</b>	<b>13 333 590</b>
<b>Current assets</b>			
Inventory	7	20 803 636	29 490 960
Trade and other receivables	8	63 412 944	68 043 180
Income tax receivable		1 683 194	-
Short-term financial assets	9	-	4 193 621
Short-term prepayments	12	1 736 359	1 846 172
Cash and cash equivalents	13	6 263 505	4 260 090
Other financial assets		-	-
Assets classified as held for sale		-	-
<b>Total current assets</b>		<b>93 899 638</b>	<b>107 834 023</b>
<b>TOTAL ASSETS</b>		<b>113 201 628</b>	<b>121 167 613</b>

The Management Board:

President of the Board  
Kyrillos Sarantis



Vice President of the Board  
Nikos Evangelou



Vice President of the Board  
Konstantinos Bozakeas




## LIABILITIES

## Equity

Nominal share capital	14	34 400 000	34 400 000
Nominal share premium	14	1 055 603	1 055 603
Spare capital		4 322 071	3 165 090
Net profit		16 144 515	14 462 266
<b>Total equity</b>		<b>55 922 189</b>	<b>53 082 959</b>

## Long-term liabilities

Interest-bearing loans and borrowings		-	-
Provisions		-	-
Deferred tax liabilities	6	43 857	199 737
Other long-term liabilities	17	3 266 656	2 276 187
<b>Total long-term liabilities</b>		<b>3 310 513</b>	<b>2 475 924</b>

## Short-term liabilities

Trade and other liabilities	19	45 559 785	45 328 441
Interest-bearing loans and borrowings	17	2 556 989	16 908 562
Income tax payable		10 887	
Provisions	12	5 841 266	3 373 727
<b>Total short-term liabilities</b>		<b>53 968 927</b>	<b>65 608 730</b>
<b>Total liabilities</b>		<b>113 201 628</b>	<b>121 167 613</b>

The Management Board:

President of the Board  
Kyriakos Sarantis

Vice President of the Board  
Nikos Evangelou

Vice President of the Board  
Konstantinos Fotakeas

## Statement of completely incomes for the period finished on 31.12.2009

	Note	31 December 2009	31 December 2008
<b>Continue activity</b>			
<b>Revenues from sale</b>	21	237 770 260	241 204 349
<b>Other income</b>	22	3 945 952	2 993 097
Change in the value of product		(2 458 274)	(613 309)
Depreciation		(2 109 257)	(1 944 905)
Consumption of materials and power		(5 864 448)	(6 173 335)
Outsider services		(58 980 602)	(61 199 016)
Taxes and fees		(468 728)	(405 314)
Remunerations		(14 402 226)	(17 180 887)
Social insurance and other benefits		(2 303 944)	(2 759 765)
Other operating cost		(592 089)	(700 148)
Value of sold goods and materials		(130 434 052)	(129 369 989)
Other costs	23	(3 470 585)	(3 786 788)
<b>Total cost on operating activity</b>		<b>(221 084 205)</b>	<b>(224 116 457)</b>
<b>Profit from operating activities</b>		<b>20 632 007</b>	<b>20 080 988</b>
Financial revenues		341 312	367 285
Financial expenses		(938 513)	(2 346 216)
<b>Net financial revenues and expenses</b>	24	<b>(597 201)</b>	<b>(1 978 931)</b>
<b>Profit before tax</b>		<b>20 034 806</b>	<b>18 102 058</b>
Income tax expense	25	(3 890 291)	(3 639 791)
<b>Net profit</b>		<b>16 144 515</b>	<b>14 462 266</b>
Exchange rate differences from converting of foreign companies		-	-
Results of assets classified as held for sale evaluation		-	-
Accounting of securities		-	-
Results of update of fixed assets		-	-
Actuarial profits and losses		-	-
Share in other completely incomes of affiliated companies		-	-
Income tax regarding other completely incomes		-	-
<b>Net other incomes</b>		<b>-</b>	<b>-</b>
<b>Total completely incomes</b>		<b>16 144 515</b>	<b>14 462 266</b>
<b>Net profit assigned:</b>			
Shareholders of parent company		16 144 515	14 462 266
Minority shareholders		-	-
<b>Total completely income assigned:</b>			
Shareholders of parent company		16 144 515	14 462 266
Minority shareholders		-	-

The Management Board:

President of the Board

Kyriakos Sarantis

Vice President of the Board

Nikos Evangelou

Vice President of the Board

Konstantinos Rozaikeas

## Cash flow statement for the period finished on 31.12.2009

	Note	01.01.2009- -31.12.2009	01.01.2008- -31.12.2008
<b>Cash flow from operating activities</b>			
Profit from continued activity		20 034 806	18 102 058
Adjustments for:		11 487 854	(7 455 791)
Non- cash:			
Depreciation and impairment of property, plant and equipment		2 118 986	1 946 520
(Profit)/loss on account of foreign exchange differences		(241 568)	(434 597)
Profit from the sale of property, plant and equipment		(131 118)	(250 134)
Incomes from interest and shares in profits		(54 478)	(27 971)
Interest expense		526 158	521 508
Other net items			
<i>Changes of working capital</i>			
Increase/decrease in inventories		8 687 324	(6 964 811)
Increase in trade and other receivables	30	4 634 009	(10 151 771)
Increase in trade and other payables	30	(704 922)	10 296 089
Change in the value of accrued assets and transitional accounts		2 577 354	445 816
Income tax paid		(5 923 891)	(2 836 449)
<b>Net cash flows from operating activities</b>		<b>31 522 660</b>	<b>10 646 267</b>
<b>Cash flows - investment activities</b>			
Revenues generated from sale of fixed assets and intangible assets	30	219 371	376 048
Revenues generated from sale of shares			34 500
Acquisition of tangible fixed assets and intangible assets	30	(5 006 795)	(952 906)
inflows from repayment of granted loans by affiliated companies		4 474 020	
Loans granted to affiliated companies			(3 768 000)
Received interest		76 507	
<b>Net cash used in investing activities</b>		<b>(235 897)</b>	<b>(4 310 358)</b>
<b>Cash flow - financial activities</b>			
Revenues due to credit and loans			13 416 495
Repayment of credit and loans		(14 309 607)	-
Settlement of liabilities due to finance lease		(1 052 358)	(700 385)
Interest paid		(566 124)	(481 541)
Dividends paid		(13 305 285)	(17 456 074)
Other net items			
<b>Net cash provided by / (used in) financial activities</b>		<b>(29 233 374)</b>	<b>(5 221 505)</b>
Net change in cash and cash equivalents		2 053 389	1 114 404
Effect of exchange rate changes		(49 974)	30 197
Balance sheet change in the cash value		2 003 415	1 144 601
<b>Cash and cash equivalents on 1 January 2009</b>		<b>4 260 090</b>	<b>3 115 489</b>
<b>Cash and cash equivalents on 31 December 2009</b>		<b>6 263 505</b>	<b>4 260 090</b>

The Management Board:

President of the Board  
Kyriakos SarantisVice President of the Board  
Nirga EvangelouVice President of the Board  
Konstantinos Kouzakeas

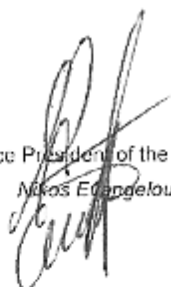


## STATEMENT OF CHANGES IN EQUITY

	Nominal share capital	Nominal share premium	Spare capital	Retained earnings	Total equity
Equity as at 1 January 2008	<u>34 400 000</u>	<u>1 055 603</u>	<u>1 647 171</u>	<u>18 973 993</u>	<u>56 076 767</u>
Net profit	-	-	-	14 462 266	14 462 266
Dividends paid	-	-	-	(17 456 074)	(17 456 074)
Distribution of profit ( for spare capital)	-	-	1 517 919	(1 517 919)	-
Equity as at 31 December 2008	<u>34 400 000</u>	<u>1 055 603</u>	<u>3 165 090</u>	<u>14 462 266</u>	<u>53 082 959</u>
Net profit	-	-	-	16 144 515	16 144 515
Dividends paid	-	-	-	(13 305 285)	(13 305 285)
Distribution of profit ( for spare capital)	-	-	1 156 981	(1 156 981)	-
Equity as at 31 December 2009	<u>34 400 000</u>	<u>1 055 603</u>	<u>4 322 071</u>	<u>16 144 515</u>	<u>55 922 189</u>

The Management Board:

President of the Board  
Kyriakos Sarantis

Vice President of the Board  
Nikos Evangelou

Vice President of the Board  
Konstantinos Pazajkos



## ADDITIONAL INFORMATION AND EXPLANATIONS

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**ADDITIONAL INFORMATION AND EXPLANATIONS****1. Information about segment of activity**

A company estimates that the all important areas of its activity are including of household equipment segment and shows one segment of activity currently. Additionally all activity of Company and its assets are based on territory of Poland (at the same time a Company has shares in foreign company). With a view to these, other information in geographical interpretation are not presenting therein.

**2. Tangible fixed assets**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Land		
Buildings, premises and structures of land and water engineering	1 555 198	1 529 796
Machinery and technical equipment	2 449 980	1 886 845
Transportation means	4 837 390	3 623 443
Other fixed assets	856 775	163 042
Fixed assets under constructions	-	2 358
<b>Total tangible fixed assets</b>	<b>9 499 343</b>	<b>7 205 484</b>

There are no tangible assets which are security for liabilities of the company at 31st December 2009 and at 31st December 2008.

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

- 31 December 2008 – 3 227 564 zł
- 31 December 2009 – 6 846 082 zł

Financial leasing agreements are connecting with cars, which are use to Company's activity. Except tangible fixed assets included financial leasing agreements a rights to dispose of Company's tangible fixed assets are unlimited.

## Changes in tangible fixed assets according to the category criterion:

Gross value of tangible fixed assets	Buildings, premises and structures of land and water engineering	Machinery and technical equipment	Transportation means	Other fixed assets	Fixed assets under construction	Total
<b>Gross value as at 1st January 2008</b>	<b>1 682 148</b>	<b>4 325 154</b>	<b>5 901 106</b>	<b>726 075</b>	<b>59 000</b>	<b>12 693 483</b>
Increases:	74 100	856 707	1 638 813	84 185	2 358	2 594 062
acquisition	12 000	856 707	1 638 813	84 185	2 358	2 594 062
transfer	62 100	-	-	-	-	-
Decreases::	3 100	296 052	1 328 435	111 604	59 000	1 798 191
sales	-	60 596	1 328 435	2 621	-	1 391 553
liquidation	-	235 455	-	50 083	-	285 538
transfer	3 100	-	-	59 000	59 000	121 100
<b>Gross value as at 31st December 2008</b>	<b>1 753 148</b>	<b>4 885 809</b>	<b>6 211 484</b>	<b>698 656</b>	<b>2 358</b>	<b>13 551 455</b>
Increases:	76 391	1 285 593	2 256 223	779 748	-	4 397 955
acquisition	76 391	1 285 593	2 256 223	779 748	-	4 397 955
transfer	-	-	-	-	-	-
Decreases::	-	272 654	890 164	10 224	2 358	1 175 400
sales	-	33 758	888 264	-	-	922 022
liquidation	-	238 896	1 900	10 224	-	251 020
transfer	-	-	-	-	2 358	2 358
<b>Gross value as at 31st December 2009</b>	<b>1 829 539</b>	<b>5 898 748</b>	<b>7 577 543</b>	<b>1 468 180</b>	<b>-</b>	<b>16 774 010</b>

Changes in tangible fixed assets according to the category criterion:

	Buildings, premises and structures of land and water engineering	Machinery and technical equipment	Transportation means	Other fixed assets	Fixed assets under construction	Total
<b>Accumulated depreciation and impairment loss as at 31st January 2008</b>	<b>177 619</b>	<b>2 758 652</b>	<b>2 597 320</b>	<b>501 215</b>	-	<b>6 034 806</b>
Increase:	45 733	535 048	1 192 174	86 706	-	1 859 660
Depreciation for the year	45 733	535 048	1 192 174	86 706	-	1 859 660
Decreases:	-	-	-	-	-	-
sales	-	294 735	1 201 454	52 307	-	1 548 496
liquidation	-	60 596	1 201 454	2 521	-	1 264 571
reclassifications	-	234 139	-	49 786	-	283 925
<b>Accumulated depreciation and impairment loss as at 31st December 2008</b>	<b>223 352</b>	<b>2 998 964</b>	<b>2 588 040</b>	<b>535 614</b>	-	<b>6 345 970</b>
Increase:	50 989	721 240	1 155 091	86 015	-	2 013 335
Depreciation for the year	50 989	721 240	1 155 091	86 015	-	2 013 335
Decreases:	-	-	-	-	-	-
sales	-	271 436	802 979	10 224	-	1 084 639
liquidation	-	33 758	801 079	-	-	834 837
reclassifications	-	237 678	1 900	10 224	-	249 802
<b>Accumulated depreciation and impairment loss as at 31st December 2009</b>	<b>274 341</b>	<b>3 448 768</b>	<b>2 940 152</b>	<b>611 405</b>	-	<b>7 274 666</b>
<b>Net accounting value:</b>						
as at 1st January 2008	1 504 529	1 566 502	3 303 786	224 860	59 000	6 658 677
as at 31st December 2008	1 529 796	1 886 845	3 623 443	163 042	2 358	7 205 484
as at 31st December 2009	1 555 198	2 449 980	4 637 390	856 775	-	9 499 343

## 3. Intangible fixed assets

	31. 12.2009	31. 12.2008
Computer software	325 205	183 718
Trademarks, licenses	-	-
Advances for intangible fixed assets	3 411 154	67 785
<b>Total intangible fixed assets</b>	<b>3 736 359</b>	<b>251 503</b>

Zmiany stanu wartości niematerialnych przedstawiały się następująco:

	Trademarks, licenses	Computer software	Expenditure for Intangible fixed assets	Total
Gross value of intangible fixed assets				
Gross value as at 1st January 2008	473 500	1 965 404	-	2 438 904
Increases:	-	77 045	67 785	144 830
acquisition	-	77 045	67 785	144 830
reclassifications	-	-	-	-
Transfer:	-	237 144	-	237 144
sales	-	-	-	-
liquidation	-	237 144	-	237 144
reclassifications	-	-	-	-
Gross value as at 31st December 2008	473 500	1 805 305	67 785	2 346 590
Increases:	-	245 921	-	245 921
acquisition	-	245 921	-	245 921
reclassifications	-	-	-	-
Transfer:	151 200	84 284	67 785	215 464
sales	-	-	-	-
liquidation	151 200	84 284	-	215 464
reclassifications	-	-	67 785	-
Gross value as at 31st December 2009	322 300	1 986 962	-	2 309 262

	Trademarks, licenses	Computer software	Advances for Intangible fixed assets	Total
Accumulated depreciation and impairment loss as at 31st January 2008	470 167	1 776 819	-	2 246 986
Increases:	3 333	81 913	-	85 245
acquisition	3 333	81 913	-	85 245
reclassifications	-	-	-	-
Transfer:	-	237 145	-	237 144
sales	-	-	-	-
liquidation	-	237 145	-	237 144
reclassifications	-	-	-	-
Accumulated depreciation and impairment loss as at 31st December 2008	473 500	1 621 587	-	2 095 087

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Increases:	-	104 433	3 411 154	3 657 075
acquisition	-	104 433	3 411 154	3 657 075
reclassifications	-	-	-	-
Transfer:	151 200	64 263	67 785	283 249
sales	-	-	-	-
liquidation	151 200	64 263	-	215 464
reclassifications	-	-	67 785	67 785
<b>Accumulated depreciation and impairment loss</b>	-	-	-	-
<b>as at 31st December 2009</b>	<b>322 300</b>	<b>1 661 757</b>	<b>3 411 154</b>	<b>5 720 416</b>

**Net accounting value:**

as at 1st January 2008	3 333	188 585	-	191 918
as at 31st December 2008	-	183 718	67 785	251 503
as at 31st December 2009	-	<b>325 205</b>	<b>3 411 154</b>	<b>3 736 359</b>

**4. 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

**5. Investments in subordinated entities**

<b>Shares and stocks in subordinates entities</b>	<b>31. 12.2009</b>	<b>31.12.2008</b>
Beginning of a period	3 101 378	3 101 378
Increases	-	-
Reclassification to assets intended to sale	-	-
Decreases	-	-
<b>In the end of a period</b>	<b>3 101 378</b>	<b>3 101 378</b>

The Company has 100% share capital of Sarantis Czech Republic s.r.o. with registered seat in Prague, which distribute household equipment made of plastic and cosmetics to body care. Shortened financial information about Sarantis Czech Republic s.r.o. is presented in following table, converted into Polish zlotys:

	<b>31. 12.2009</b>	<b>31.12.2008</b>
Fixed assets	190 110	261 365
Current assets	11 924 078	12 690 551
Equity capital	1 414 783	3 086 116
Short-term liabilities	9 942 690	5 658 584
Incomes	25 088 102	25 663 832
Profit	(1 581 628)	(470 004)

**6. Deferred tax**

Deferred tax as at 31 December 2009 is resulting from:

<b>Assets due to deferred tax</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Accelerated depreciation	1 105 404	628 807
Accruals	171 873	61 165
Inventories valuation	31 059	32 898
Interest payables and other	5 279	91 693
Remuneration and Social Insurance Institution liabilities	167 602	49 600
Leasing liabilities	20 713	448 082
	<b>1 501 930</b>	<b>1 312 245</b>
<b>Provision for deferred tax</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Assets and liabilities valuation in foreign currency	42 822	195 245
Interest receivables	1 035	4 492
	<b>43 857</b>	<b>199 737</b>

**7. Inventories**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Trade goods	17 699 885	20 471 596
Materials	3 103 751	9 019 364
	<b>20 803 636</b>	<b>29 490 960</b>

As at 31 December 2009 and 31 December 2008 have not established a pledge on the inventories to secure the Company's liabilities.



## 8. Trade receivables and other receivables

	31.12.2009	31.12.2008
Trade receivables from affiliated entities	1 609 789	3 335 416
Trade receivables from other entities	61 843 046	65 563 565
Other receivables	873 801	139 051
Allowances for bad debts	(913 692)	(994 852)
<b>Short-term receivables.</b>	<b>63 412 944</b>	<b>68 043 180</b>

Trade receivables are interest-free and their term of payment is 30-90 days. As at 31 December 2009 trade receivables in amount of 913 692 PLN have been considered for difficult to recover and constituted an allowance. Changes in allowances for bad debts were following:

Change of state allowances for short-term bad debts	31.12.2009	31.12.2008
Beginning of a period	994 852	1 162 241
Increases	204 754	536 032
Usage	(184 894)	(646 392)
Decreases - termination	(101 020)	(57 029)
<b>At the end of a period</b>	<b>913 692</b>	<b>994 852</b>

Analysis of trade receivables overdue, but recoverable as at 31 December 2009 and 31 December 2008 is in below table:

Year	Total	Not overdue	Overdue, but recoverable				
			< 30 days	30 - 60 days	60 - 90 days	90 -120 days	> 120 days
2008	67 968 583	59 277 501	7 513 560	993 159	104 479	65 974	13 910
2009	62 578 620	57 719 326	4 396 140	368 386	59 089	21 375	14 304

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

	31.12.2009	31.12.2008
Receivables in local currency	58 556 395	62 803 023
Receivables in foreign currency	4 856 549	5 240 157
	<b>63 412 944</b>	<b>68 043 180</b>
	31.12.2009	31.12.2008
Receivables in EUR	4 072 715	5 237 090
Receivables in USD	783 834	3 067
	<b>4 856 549</b>	<b>5 240 157</b>

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

#### 9. Short term financial assets

	31. 12.2009	31.12.2008
Granted loans	-	4 193 621
	<u>-</u>	<u>4 193 621</u>

In 2009 Sarantis Czech Republic s. r.o. repaid short term loan granted in 2008, in amount 1 mln EUR with due interest.

#### 10. Income tax receivables

	31.12.2009	31.12.2008
Income tax receivables	1 683	-
	194	-
	<u>1 683 194</u>	<u>-</u>

#### 11. Transactions with affiliated entities.

##### Receivables from affiliated entities:

	31 12.2009	31.12.2008
Sarantis Czech Republic s.r.o. Czech Republic	114 306	65 742
Gr. Sarantis SA Greece	52 637	90 495
Sarantis Romania SA Romania	707 774	2 044 588
Sarantis D.O.O. Serbia	497 186	732 498
Sarantis Bulgaria Ltd. Bulgaria	137 359	204 919
Sarantis Hungary Kft. Hungary	100 527	181 213
Sarantis Russia	-	15 961
	<u>1 609 789</u>	<u>3 335 416</u>

##### Liabilities towards affiliated entities:

	31.12.2009	31.12.2008
Sarantis Czech Republic s.r.o. Czech Republic	24 526	17 495
Gr. Sarantis SA Greece	5 862 633	9 666 597
Sarantis Romania SA Romania	-	12 027
TRADE '90 Kft Hungary	92 257	154 933
	<u>5 979 416</u>	<u>9 851 052</u>

##### Income from the sales – affiliated entities

	31.12.2009	31.12.2008
Sarantis Czech Republic s.r.o. Czech Republic	860 700	1 776 624
Gr. Sarantis SA Greece	98 897	160 405
Sarantis Romania SA Romania	3 881 360	4 468 964

Sarantis D.O.O. Serbia	2 104 484	2 617 740
Sarantis Bulgaria Ltd. Bulgaria	765 991	1 118 065
TRADE '90 Kft Hungary	165 747	-
Sarantis Hungary Kft. Hungary	93 498	188 429
Sarantis Russia	-	32 250
Sarantis D.O.O Serbia and Montenegro	489 782	-
Sarantis Distribution SRL Romania	67 872	-
	<b>8 528 331</b>	<b>10 362 478</b>

**Goods purchased from affiliated entities**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Sarantis Czech Republic s.r.o. Czech Republic	324 456	14 884
Gr. Sarantis SA Greece	14 371 079	19 724 888
Sarantis Romania SA Romania	208 718	85 979
Sarantis Bulgaria Ltd. Bulgaria	57 053	51 564
TRADE '90 Kft - Hungary	507 083	-
Sarantis Hungary Kft. Hungary	39 580	370 550
Sarantis Skopje d. o.o. Serbia	13 803	-
	<b>15 521 772</b>	<b>20 247 865</b>

**12. Accruals and deferred income****Deferred charges - assets**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Insurances	136 687	153 938
Subscriptions	674	674
Input Vat to deduction	1 434 514	1 656 754
Other	164 483	34 806
	<b>1 736 358</b>	<b>1 846 172</b>

**Accrued revenues – liabilities**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Provisions for costs	5 817 917	3 340 667
Future periods incomes	23 349	33 060
	<b>5 841 266</b>	<b>3 373 727</b>

**13. Cash and pecuniary equivalent**

	<b>31.12.2009</b>	<b>31.12.2008</b>
In a hand	8 428	14 348
At the bank	4 134 812	1 896 859
In the Company Social Benefits Fund account	41 516	45 476
Bills of exchange and foreign checks	-	57 532
Cash in transmit	2 078 749	2 245 875
	<b>6 263 505</b>	<b>4 260 090</b>

	31.12.2009	31.12.2008
In local currency	2 844 312	2 597 267
In foreign currency	3 419 193	1 662 823
	<u>6 263 505</u>	<u>4 260 090</u>

	31.12.2009	31.12.2008
Cash in EUR	1 424 120	1 657 896
Cash in USD	1 967 523	4 927
Cash in RUB	27 550	-
	<u>3 419 193</u>	<u>1 662 823</u>

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

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

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

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

Nominal value of share is 10 PLN. GR Sarantis Cyprus Ltd. is the sole owner.

Supplementary capital from the issuance of shares above their nominal value as at 31<sup>st</sup> December of 2009 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)

#### 15. Retained profits and limitations connected with capital

	31.12.2009	31.12.2008
Profits retained from the previous years	4 322 071	3 165 090
Net profit in current period	<u>16 144 515</u>	<u>14 462 266</u>
<b>Total retained profits</b>	<u>20 466 586</u>	<u>17 627 356</u>

Based on § 396 of Code of Commercial Companies the Company is obligated to keep retained profits in 1/3 value of share capital. It can be use only for cover potential losses. The Company has to intend for this aim minimum 8% of current profit until it collects required equivalent 1/3 of share capital..

**16. Suggested division of profit for 2009**

Board Management proposes to allocate profit for 2009 in amount 16 144 515 zł for :

- supplementary capital ( obligatory write-off 8% )	1 291 561 zł
- one-off dividend	14 852 954 zł

**17. Credits, loans and other liabilities****Credit liabilities**

	31.12.2009	31.12.2008
Credit on current account	2 556 989	16 906 562
	<u>2 556 989</u>	<u>16 906 562</u>

Guarantee granted by ABN AMRO Bank N.V. in Greece is a security for credit on current account. There is variable rate of interest for credit and it is based on reference rate of WIBOR T/N plus bank margin.

**Financial leasing**

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

	31.12.2009
Future minimal leasing charges, which constituted commitment on the Company	
<i>Liabilities:</i>	
Liabilities falling due within one year	1 592 463
Liabilities falling due after more than one year and less than five	3 605 467
Liabilities falling due after more than five years	
	<u>5 197 930</u>
<i>Net present value:</i>	
Liabilities falling due within one year	1 305 953
Liabilities falling due after more than one year and less than five	3 266 656
Liabilities falling due after more than five years	
	<u>4 572 609</u>

**Operational leasing**

Based on the lease agreement, a Company use a real estate in Moszna Parcela, commune Brwinów which consists warehouses and offices with a joint area of 12 127 square meters. The agreement includes indexation prices clause in accordance with current market terms.

Future minimum fees under the agreement are following:

During the year	2 500 000
More than one year and less than five years	11 000 000
	<u>13 500 000</u>

#### 18. Financial instruments

Financial instruments in accordance with category:	31.12.2009	31.12.2008
Financial assets valued to the fair value by financial result		
Financial assets available to sale		
Granted loans and own receivables:	63 382 488	72 162 204
- granted loans	-	4 193 621
- trade receivables	63 382 488	67 968 583
Cash	6 263 505	4 260 090
Financial liabilities valued to the fair value by financial result		
Commercial liabilities	41 611 684	41 027 129
Credits and loans	2 556 989	16 906 562
Lease liabilities	4 572 609	2 971 909
Derivative financial instruments liabilities	10 887	-

#### 19. Short-term trade payables and other liabilities

	31.12.2009	31.12.2008
Trade payables to affiliated entities	5 979 416	9 851 052
Trade payables to other entities	35 632 268	31 176 077
Liabilities towards to the State Budget	2 075 277	1 801 945
Salary payables	34 492	304 717
Lease liabilities falling due within one year	1 305 953	695 722
Other liabilities	497 195	148 036
Special funds	35 184	27 201
<b>Total short-term liabilities</b>	<u>45 559 785</u>	<u>44 004 750</u>

Trade payables are interest-free and usually settled within 60-90 days. Interests are usually paid on a quarterly during the year.

#### Currency structure of short-term liabilities

	31.12.2009	31.12.2008
Liabilities in local currency	28 770 086	26 059 256
Liabilities in foreign currency	16 789 699	17 945 494
	<u>45 559 785</u>	<u>44 004 750</u>

	31.12.2009	31.12.2008
Liabilities in EUR	13 049 843	15 801 127
Liabilities in USD	2 789 065	2 144 367
Liabilities in CHF	950 791	-
	<u>16 789 699</u>	<u>17 945 494</u>

**20. Income tax liabilities**

	31.12.2009	31.12.2008
Income tax liabilities	-	1 323 691
	<u>-</u>	<u>1 323 691</u>

**21. Sales Revenues**

	31.12.2009	31.12.2008
Revenues from sales of goods	237 770 260	241 204 349
	<u>237 770 260</u>	<u>241 204 349</u>

	31.12.2009	31.12.2008
Revenues from domestic sales	221 077 654	224 760 603
Revenues from foreign sales	16 692 606	18 443 746
	<u>237 770 260</u>	<u>241 204 349</u>

The Director's report includes detailed information about sales structure and basic factors affected on the sales value.

**22. Other revenues**

	31.12.2009	31.12.2008
Profits from disposal of materials	18 427	24 331
Profits from disposal of services	1 781 446	2 207 068
Profits from disposal of assets	131 118	242 496
Received compensations	111 137	163 444
Termination of allowances for bad debts	101 020	57 029
Grants, subsidies	29 757	31 184
Return of adjudged costs	1 156 293	173 919
Due to stock-taking differences	28 629	36
Time-barred liabilities	475 918	-
Other	112 207	93 590
	<u>3 945 952</u>	<u>2 993 097</u>

**23. Other operating costs**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Breakage costs of aluminum foil delivery	-	2 321 797
Liquidation of fixed assets	1 218	1 614
Write-down of inventories	204 755	536 032
Allowance for ad debts	42 164	32 290
Costs of litigious proceedings	13 587	28 603
Donations	12 213	3 869
Write-off bad debts	1 799 623	572 055
Due to stock-taking differences	953 320	-
Overestimate of inventories	90 999	127 533
Liquidation of property damages costs	156 040	-
Other	196 666	162 995
	<u>3 470 585</u>	<u>3 786 788</u>

**24. Financial costs and revenues****Financial revenues**

	<b>31. 12.2009</b>	<b>31. 12.2008</b>
Profit from liquidation of affiliated entities	-	6 750
Profit from sale of non-affiliated entities	41 930	199 382
Interest on receivables	147 877	-
Bank interest	39 807	-
Net exchange rate differences	57 220	140 176
Profit from liquidation of affiliated entities	54 478	20 977
	<u>341 312</u>	<u>367 285</u>

**Financial costs**

	<b>31. 12.2009</b>	<b>31. 12.2008</b>
Interest on liabilities	184 314	136 007
Bank interest	284 114	308 811
Interest under the leasing agreements	242 043	212 697
Net exchange rate differences	-	1 450 980
Commissions, charges	217 155	237 721
Interest on liabilities	10 887	-
	<u>938 513</u>	<u>2 346 216</u>



**25. Income tax**

The main components of tax burdens for 2009 and 2008 are presented in below table:

	<b>31. 12.2009</b>	<b>31.12.2008</b>
Current income tax	4 230 696	4 129 813
Occurrence/ inversion of interim differences	(345 566)	(520 619)
Corrections of currently tax from the previous years	5 161	30 597
<b>Income tax shown in the profit and loss account</b>	<b><u>3 890 291</u></b>	<b><u>3 639 791</u></b>

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

	<b>31. 12.2009</b>
Gross financial results	20 034 806
The amount of the tax according to the tax rate 19%	3 806 613
- tax effects of incomes which are not subject to the tax	(473 642)
- tax effects of costs which are not revenue-earning costs	898 907
Tax results of deductions from income	(1 182)
<b>Current income tax</b>	<b><u>4 230 696</u></b>

**Effective tax rate** **21.12%**

**26. Net profit per share**

	<b>31. 12.2009</b>	<b>31.12.2008</b>
Net profit in period	16 144 515	14 462 266
Quantity of shares	3 440 000	3 440 000
<b>Net profit per share</b>	<b><u>4,7</u></b>	<b><u>4,2</u></b>

**27. Dividend per share**

Dividend for 2008, adopted and paid until balance sheet date	13 305 285
Quantity of shares	3 440 000
<b>Dividend per share</b>	<b><u>3,87</u></b>

## 28. Credit risk management

Limitation of cash flows and potential economic losses is the main aim of the Company. The credit risk management includes process of identification, measurement and risk minimum system, based on exchange rate volatility and interest rate volatility.

### *Credit risk*

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

Sales is stopped and receivables collection is started in connection with overdue receivables according with procedures. At the balance sheet date there is no significant concentration of credit risk. There are allowances for bad debts.

### *Interest rate risk*

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

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

### *Interest rate risk*

Financial statements item	Accounting value of financial instruments	Average interest rate in 2007.	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)
<b><u>Variable rate of interest assets</u></b>						
Cash at bank	3 578 337	0.50%	35 783	0	-35 783	0
Bank deposit	2 685 168	2.46%	26 852	0	-26 852	0
<b><u>Variable rate of interest liabilities</u></b>						
A bank loans	2 556 989	5.50%	-25 570	0	25 570	0
Leasing liabilities - long-term	3 266 656	7.50%	-32 667		32 667	
Leasing liabilities – short-term	1 305 953	7.50%	-13 060		13 060	
			-8 661	0	8 661	0

### *Exchange rate risk*

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

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

*Exchange rate risk*

Financial statement item	Accounting value of financial instruments	Average exchange rate in 2008	Influence on financial results (Increase by 15%)	Influence on equity capital (Increase by 15%)	Influence on financial results (Decrease by 15%)	Influence on equity capital (Decrease by 15%)
<b>Assets in currency of denomination</b>						
Receivable debts in EUR	4 072 715	4.3276	227 399	0	-227 399	0
Receivable debts in USD	783 834	3.1175	64 381	0	-64 381	0
Cash in hand and at bank in EUR	1 424 120	4.3276	79 515	0	-79 515	0
Cash in hand and at bank in USD	1 967 523	3.1175	161 804	0	-161 804	0
Cash in hand and at bank in RUB	27 550	0.0981	2 263	0	-2 263	0
<b>Liabilities in currency of denomination</b>						
Liabilities in EUR	13 049 843	4.3276	-728 634	0	728 634	0
Liabilities in USD	2 789 065	3.1175	-229 081	0	229 081	0
Liabilities in RUB	950 791	2.8665	-78 094	0	78 094	0
Total			-500 648	0	500 648	0

*Liquidity risk*

Operational activity is conducted with assuming that fixed surplus of liquid cash and open credit lines will be retain. In opinion of Management Board the balance sheet value of assets and financial liabilities reflects their fair value.

In opinion of Management Board high level of cash at hand at the balance sheet day, available credit lines and good financial condition of Company caused that liquidity risk is slightly.

01.01.2009 - 31.12.2009		Maturity periods				
Ageing of liabilities	Total	<30 days	31 - 60 days	61 - 90 days	91 - 360 days	> 361 days
Trade liabilities	41 611 684	7 120 504	33 389	33 628	28 980	-
Credits and loans	2 556 989					
Lease liabilities	4 572 609					
Other liabilities	10 887					
<b>Total</b>	<b>48 752 168</b>	<b>7 120 504</b>	<b>33 389</b>	<b>33 628</b>	<b>28 980</b>	<b>-</b>

*M. P. Sarantis*

## 29. Conditional liabilities

Title of liability	Guarantee amount as at 31. 12.2009	Term of expiry
Guarantee issued for MPL Pruszków for security of liabilities execution	192 000 EUR	29.05.2010
Guarantee of liabilities payments for GR. Sarantis S.A.	200 000 EUR	31.03.2011

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

	01.01.2009 - 31.12.2009	01.01.2008 - 31.12.2008
Balance sheet change of trade receivables and other receivables	2 947 042	10 152 638
Change of investment receivables	(1 067)	(1 067)
Tax receivables change	1 688 034	
<b>Change of receivables in cash flow</b>	<b>4 634 009</b>	<b>10 151 771</b>
	01.01.2009 - 31.12.2009	01.01.2008 - 31.12.2008
Balance sheet of long term liabilities	990 469	659 459
Balance sheet change of trade liabilities and other liabilities	(14 107 343)	25 443 665
Change of credit and loans	14 348 574	(13 456 462)
Lease liabilities change	(1 600 700)	(937 528)
Income tax liabilities change	-	(1 323 961)
Change of financial liabilities from evaluation of derivative financial instruments	(10 687)	-
Change of investment liabilities	(326 036)	(89 074)
<b>Change of liabilities in cash flow</b>	<b>(704 923)</b>	<b>10 296 099</b>
	01.01.2009 - 31.12.2009	01.01.2008 - 31.12.2008
Not accounting value of fixed assets, intangibles sale	87 186	126 982
Profit/Loss from fixed assets and intangibles sale	131 118	250 134
Change of investment receivables	1 067	(1 067)
<b>Incomes from fixed assets and intangibles sale</b>	<b>219 371</b>	<b>376 048</b>

	01.01.2009 - 31.12.2009	01.01.2008 - 31.12.2008
Accounting value of fixed assets and intangibles increasing	7 984 888	2 679 892
Purchase of fixed assets from leasing	(2 653 057)	(1 637 913)
Change of investment liabilities	(326 036)	(89 074)
<b>Expenses for purchase of fixed assets and intangibles</b>	<b>5 005 795</b>	<b>952 906</b>

### 31. Structure of employment

Average employment in Company amount ( in persons):

	31. 12.2009	31. 12.2008
White-collar workers	185	181
Blue collar workers	84	90
	<b>269</b>	<b>271</b>

### 32. Salary of statutory auditor or entity authorized to analysis of financial statements.

Salary of statutory auditor was following:

- for the analysis of annual financial statement of Company : 44 000 PLN
- for the analysis of reporting package of Company issued in accordance with Owner instruction and for the issuing documents in accordance with instructions of Group Sarantis Auditor: 10 000 PLN.

### 33. Events after date of balance sheet day

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

Piaseczno, 16 February 2010

Management of Board:

President of the  
Management Board  
Kyrnakos Sarantis



Vice-President of the  
Management Board  
Nikolaos Evangelou



Vice-President of the  
Management Board  
Konstantinos Rozakeas





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Biuro Wrocław  
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wroclaw@bdo.pl

**Sarantis Polska S.A.**  
**05-500 Piaseczno**  
**ul. Puławska 42C**

**Audit Opinion and Report**  
**on the financial statements**  
**for the period from 1 January to 31 December 2009**

BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, NIP 108-000-42-12, Kapitał zakładowy: 1.000.000 PLN. BDO Sp. z o. o. jest członkiem BDO International Limited, brytyjskiej spółki i częścią międzynarodowej sieci BDO, złożonej z niezależnych spółek członkowskich. [www.bdo.pl](http://www.bdo.pl)

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1.100 biur w 110 krajach

**AUDIT OPINION****for the Shareholders and Supervisory Board of Sarantis Polska S.A.**

We have audited the accompanying financial statements of Sarantis Polska S.A. with its registered office in Piaseczno, ul. Puławska 42C, consisting of:

- the statement of financial position prepared as at 31 December 2009, showing total assets and liabilities of 113.201.628 zł;
- the statement of comprehensive income for the period from 1 January 2009 to 31 December 2009, showing a profit of 16.144.515 zł;
- the statement of changes in shareholders' equity, showing an increase in shareholders' equity of 2.839.230 zł;
- the cash flow statement for the period from 1 January 2009 to 31 December 2009, showing a net cash increase of 2.003.415 zł;
- introduction to the financial statements and other information and explanations.

The Company's Management Board is responsible for the preparation in accordance with binding regulations of the financial statements and the Directors' Report on the Company's activities.

Our responsibility was to audit the financial statements and to express an opinion on the truth and fairness of the financial statements and on the accuracy of the books of account constituting the basis for their preparation.

We conducted our audit in accordance with:

- 1) Chapter 7 of the Accounting Act dated 29 September 1994 (2009 Journal of Laws No. 152, item 1223 with subsequent amendments),
- 2) the auditing practices generally applied in Poland.

We planned and performed the audit to obtain reasonable assurance that the financial statements are free of material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provided a reasonable basis for our opinion.

This document is a translation.  
The Polish original should be referred to in matters of interpretation.

BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, NIP 108-000-42-12, Kapitał zakładowy: 1.000.000 PLN. BDO Sp. z o.o. jest członkiem BDO International Limited, brytyjskiej spółki i częścią międzynarodowej sieci BDO, złożonej z niezależnych spółek członkowskich. [www.bdo.pl](http://www.bdo.pl)

Shown under the shares of subsidiaries item is the acquisition price of the Company's 100% stake in a Sarantis Group entity - Sarantis Czech Republic s.r.o., amounting to 3.101.378 zł; the Company does not have sufficient information that would enable us to determine if there are any indications that these shares are impaired.

In our opinion, subject to the above qualification, the audited financial statements consisting of financial data and explanations:


- give a true and fair view of the financial position of Sarantis Polska S.A. as at 31 December 2009, as well as of its financial result for the period from 1 January 2009 to 31 December 2009,
- have been prepared correctly in all material respects, i.e. in accordance with the Company's accounting policies arising out of the European Union approved version of International Financial Reporting Standards, as well as the related interpretations announced by the European Commission in the form of implementing regulations, and in issues not regulated by these Standards - in accordance with the Accounting Act and the related regulatory provisions issued on the basis of this Act, as well as on the basis of properly kept books of account,
- are consistent with the applicable laws and regulations, and with the Company's Statute.

The Directors Report on the Company's activities includes all information required by article 49 of the Accounting Act.

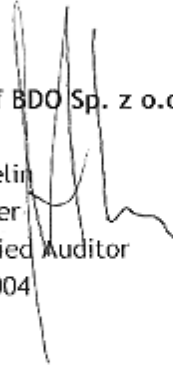
Warsaw, 22 March 2010

BDO Sp. z o.o.  
ul. Postępu 12  
02-676 Warszawa  
Registration No. 3355

Auditor in charge:

  
Hanna Sztuczynska  
Polish Certified Auditor  
Reg. No. 9269

On behalf of BDO Sp. z o.o.

  
Dr. André Helin  
Senior Partner  
Polish Certified Auditor  
Reg. No. 90004





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**Sarantis Polska S.A.**  
**05-500 Piaseczno**  
**ul. Puławska 42C**

**Audit Report**  
**on the financial statements**  
**for the period from 1 January to 31 December 2009**

BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, NIP 108-000-42-12, Kapitał zakładowy: 1.000.000 PLN. BDO Sp. z o. o. jest członkiem BDO International Limited, brytyjskiej spółki i częścią międzynarodowej sieci BDO, złożonej z niezależnych spółek członkowskich. [www.bdo.pl](http://www.bdo.pl)

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1.100 biur w 110 krajach

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## I. GENERAL INFORMATION

### 1. Information about the Company

#### 1.1 Name and legal status

Based on a notarial deed dated 14 September 2004, Repertory A 4219/2004, the Company does business as Sarantis Polska S.A. Previously the Company did business as S.D. Pack Plast International S.A. The entity is a company with share capital operating on the territory of Poland in accordance with Polish law.

#### 1.2 Registered office

Piaseczno, ul. Puławska 42C.

#### 1.3 Areas of activity

In accordance with the National Court Register, the Company's activities consist of:

- production of paper and cardboard goods,
- publishing,
- printing,
- reproduction of recorded media,
- production of plastics,
- production of detergents and cleaners, cosmetics and toiletries,
- production of plastic goods,
- production of household appliances, otherwise unclassified,
- wholesale on a fee or contract basis,
- wholesale of household and personal goods,
- other wholesale,
- retail in non-specialized stores,
- retail of cosmetics and toiletries,
- other retail of new goods in specialized stores,
- retail of used goods in company stores,
- retail outside of a network of stores,
- other land transport,
- reloading, warehousing and storage of goods for resale,
- activities of other transportation agencies,
- management of own real estate,
- management of real estate on a fee or contract basis,

- passenger car rentals,
- rental of other land transport vehicles,
- machinery and equipment rentals,
- computer hardware consulting,
- computer software related activities,
- data processing,
- database related activities,
- maintenance and repair of office equipment, accounting and counting machines,
- other IT related activities,
- market studies and public opinion polling,
- business and management consulting,
- management of holdings,
- advertising,
- other commercial activities,
- continuing education of adults and other forms of training.

In the audited period the Company's activities consisted primarily of the wholesale of household and personal goods and cosmetics.

#### **1.4 Legal basis for the Company's operations**

Sarantis Polska S.A. operates on the basis of:

- the Company's Statute prepared in the form of a notarial deed on 3 March 2003 (Rep. A No. 2752/2003) with subsequent amendments, and
- the Code of Commercial Partnerships and Companies.

#### **1.5 Registration at Business Court**

On 16 November 2001 the Company was entered in the National Court Register at the Regional Court in Warsaw - XXI Business Division Registration Section, in number KRS 0000050586. The Company's transformation into a joint-stock company was registered on 24 April 2003 in number KRS 0000158603. Previously the Company had been registered at the Regional Court for the Capital City of Warsaw, XVI Business Division in number RHB 25872.

#### **1.6 Registration at Tax Office and Voivodship Statistical Office**

NIP	521-04-18-872
REGON	010504922

### 1.7 Equity - value and changes in the reporting period

The Company's share capital amounts to 34.400.000 zł and consists of 1.915.000 non-preferred inscribed A-series shares, 1.135.000 non-preferred B-series shares and 390.000 non-preferred inscribed C-series shares with a nominal value of 10,00 zł per share.

No changes were made in the amount of the Company's share capital in the audited period.

Based on Resolution No. 11 passed by the Ordinary General Shareholders Meeting of 26 June 2009, the Company's reserve capital was increased by 1.156.981 zł as a result of distributing the financial result for the previous year.

As at the balance sheet date the Company's sole shareholder is GR Sarantis Cyprus Ltd.

### 1.8 The Company's Management

As at 31 December 2009 the Company's Management Board comprised:

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

No changes were made in the composition of the Company's Management Board in the audited period.

As at 31 December 2009 the Company's Supervisory Board comprised:

- Grigorios Sarantis
- Vasileios Meintanis
- Konstantinos Stamatou
- Pantazis Sarantis

No changes were made in the composition of the Company's Supervisory Board in the audited period.

The Company may be bound by: the President of the Management Board acting jointly with one Vice-President of the Management Board, or one Vice-President of the Management Board acting jointly with another Member of the Management Board or attorney-in-fact. No powers of attorney have been granted.

### 1.9 Information about related parties

Sarantis Polska S.A. is part of the Sarantis Group; where the ultimate holding company is GR. Sarantis S.A.

As at 31 December 2009 Sarantis Polska S.A. held 100% of the shares of Sarantis Czech Republic s.r.o. The Company does not prepare consolidated financial statements. The ultimate holding company prepares and publishes financial statements in accordance with International Financial Reporting Standards.

## 2. Information about the audited financial statements

We have audited the financial statements prepared for the period from 1 January 2009 to 31 December 2009, consisting of:

- the statement of financial position prepared as at 31 December 2009, showing total assets and liabilities of 113.201.628 zł;
- the statement of comprehensive income for the period from 1 January 2009 to 31 December 2009, showing a profit of 16.144.515 zł;
- the statement of changes in shareholders' equity, showing an increase in shareholders' equity of 2.839.230 zł;
- the cash flow statement for the period from 1 January 2009 to 31 December 2009, showing a net cash increase of 2.003.415 zł;
- introduction to the financial statements and other information and explanations.

In accordance with Resolution No. 1 passed by the Extraordinary General Shareholders Meeting of 16 November 2007, starting with the year 2007 the Company prepares its financial statements in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced by the European Commission in the form of implementing regulations.

## 3. Information about the entity authorized to conduct audits and the certified auditor performing the audit

The financial statements of Sarantis Polska S.A. for the year 2009 have been audited by BDO Sp. z o.o. with its registered office in Warsaw, ul. Postępu 12, an entity authorized to audit financial statements, registered with the National Chamber of Certified Auditors in number 3355.

The auditor was selected in a resolution passed by the Company's Supervisory Board on 21 September 2009.

The audit was conducted based on an audit agreement concluded on 7 October 2009, and performed in the period from 25 January 2010 to the issue of the audit opinion by Hanna Sztuczyńska, Polish Certified Auditor No. 9269. It was preceded by an interim audit.

We hereby declare that BDO Sp. z o.o. and the certified auditor performing the audit of the above-described financial statements meet the conditions required to issue an objective and independent opinion on the audited financial statements - as provided for in articles 56, 57 and 60 of the Act of 7 May 2009 on certified auditors and their self-government, entities authorized to audit financial statements.

The audit was performed on a going concern basis - on the assumption that the Company would continue its operations unchanged in the foreseeable future. No events or circumstances were uncovered in the course of the audit indicating a breach of this assumption.

The Company provided the auditor with access to all of the requested data and provided all the information and explanations necessary to perform the audit, as well as informed of the absence of significant post-balance sheet events.

The auditor was not limited in selecting the appropriate auditing methods.

#### **4. Information about the financial statements for the previous financial year**

The books of account were opened based on the financial statements prepared for the period from 1 January 2008 to 31 December 2008, which had been audited by BDO Numerica International Auditors & Consultants Sp. z o.o. and given the following qualified opinion:

“The Company did not perform an inventory count as at the balance sheet date. As the most recent inventory count was performed in January 2008, the Company has complied with the inventory count frequency and date requirements of the Accounting Act. A write down was created for anticipated inventory differences calculated based on the inventory differences from the previous year at the amount of 174 thousand zł. The auditor is unable to confirm the accuracy of the write down.”

The Company's financial statements for the period from 1 January 2008 to 31 December 2008 were approved in Resolution No. 1 passed by the Ordinary General Shareholders Meeting of 26 June 2009.

In its Resolution No. 11, the Ordinary General Shareholders Meeting of 26 June 2009 designated 13.305.285 zł of the profit for the period from 1 January 2008 to 31 December 2008 to the Company's other reserves, with a stipulation that in the future it may be used to pay out a dividend, and the remaining 1.156.981 zł to increase the reserve capital. The Extraordinary General Shareholders Meeting of 30 September 2009 passed a resolution to pay out a dividend in the amount of 13.305.285 zł. The dividend was paid out in October 2009.

The financial statements for the period from 1 January 2008 to 31 December 2008 have been filed with the Tax Office and the Registration Court. The mandatory publication of the Company's financial statements for the previous financial year occurred on January 5, 2010.

## II. FINANCIAL ANALYSIS

Presented below are selected statement of financial position and statement of comprehensive income items, as well as key financial ratios, compared to analogical amounts for the previous years.

### 1. Main statement of financial position items

	31.12.2009	% of balance sheet total	31.12.2008	% of balance sheet total	31.12.2007	% of balance sheet total
<b>ASSETS</b>						
<b>Fixed assets</b>						
Intangible fixed assets	3 736 359	3,3	251 503	0,2	191 918	0,2
Tangible fixed assets	9 499 343	8,4	7 205 484	5,9	6 658 677	6,9
Perpetual usufruct of land	1 462 980	1,3	1 462 980	1,2	1 462 980	1,5
Shares of subsidiaries	3 101 378	2,7	3 101 378	2,6	3 101 378	3,2
Deferred income tax assets	1 501 930	1,3	1 312 245	1,1	628 395	0,6
	<u>19 301 990</u>	<u>17,1</u>	<u>13 333 590</u>	<u>11,0</u>	<u>12 043 348</u>	<u>12,4</u>
<b>Current assets</b>						
Inventory	20 803 636	18,4	29 490 960	24,3	22 526 149	23,2
Trade and other receivables	63 412 944	56,0	68 043 180	56,2	57 890 342	59,6
Income tax receivables	1 683 194	1,5	0	0,0	0	0,0
Cash and cash equivalent	6 263 505	5,5	4 260 090	3,5	3 115 489	3,2
Short-term financial assets	0	0,0	4 193 621	3,5	0	0,0
Prepayments	1 736 359	1,5	1 846 172	1,5	1 453 943	1,5
Assets classified as held for resale	0	0,0	0	0,0	27 750	0,0
	<u>93 899 638</u>	<u>82,9</u>	<u>107 834 023</u>	<u>89,0</u>	<u>85 013 673</u>	<u>87,6</u>
<b>TOTAL ASSETS</b>	<u><u>113 201 628</u></u>	<u>100,0</u>	<u><u>121 167 613</u></u>	<u>100,0</u>	<u><u>97 057 021</u></u>	<u>100,0</u>
<b>LIABILITIES AND EQUITY</b>						
<b>Equity</b>						
Share capital	34 400 000	30,4	34 400 000	28,4	34 400 000	35,4
Reserve capital	4 322 071	3,8	3 165 090	2,6	1 647 171	1,7
Share premium reserve	1 055 603	0,9	1 055 603	0,9	1 055 603	1,1
Other reserves	0	0,0	0	0,0	0	0,0
Accumulated profit/loss from previous years	0	0,0	0	0,0	0	0,0
Net profit/loss for the year	16 144 515	14,3	14 462 266	11,9	18 973 993	19,5
	<u>55 922 189</u>	<u>49,4</u>	<u>53 082 959</u>	<u>43,8</u>	<u>56 076 767</u>	<u>57,8</u>
<b>Liabilities and cost provisions</b>						
Cost provisions	43 857	0,0	199 737	0,2	36 505	0,0
Long-term liabilities	3 266 656	2,9	2 276 187	1,9	1 616 728	1,7
Trade and other short-term payables	45 559 785	40,2	44 004 750	36,3	30 808 176	31,7
Credit and loan payables	2 556 989	2,3	16 906 562	14,0	3 450 101	3,6
Other financial liabilities	10 886	0,0	0	0,0	0	0,0
Income tax liabilities	0	0,0	1 323 691	1,1	2 533 063	2,6
Accruals	5 841 266	5,2	3 373 727	2,8	2 535 681	2,6
	<u>57 279 439</u>	<u>50,6</u>	<u>68 084 654</u>	<u>56,2</u>	<u>40 980 254</u>	<u>42,2</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>113 201 628</u></u>	<u>100,0</u>	<u><u>121 167 613</u></u>	<u>100,0</u>	<u><u>97 057 021</u></u>	<u>100,0</u>



## 2. Main statement of comprehensive income items

	Year ended 31.12.2009	Growth 2009/2008	Year ended 31.12.2008	Growth 2008/2007	Year ended 31.12.2007
<b>Sales revenue</b>					
Revenue from the sale of goods for resale and raw materials	237 770 260	-1,4%	241 204 349	6,1%	227 335 102
	237 770 260	-1,4%	241 204 349	6,1%	227 335 102
Other operating revenue	4 612 858	21,9%	3 783 191	-11,7%	4 283 797
<b>Operating costs</b>					
Change in finished products	2 458 274	300,8%	613 309	125,1%	272 425
Depreciation	2 109 257	8,5%	1 944 905	-2,9%	2 002 817
Use of materials and energy	5 864 448	-5,0%	6 173 335	25,3%	4 927 164
Third party services	58 980 602	-3,6%	61 199 016	22,8%	49 853 045
Taxes and charges	468 728	14,8%	408 314	11,2%	367 165
Wages	14 402 226	-16,1%	17 160 887	2,8%	16 700 227
Social insurance and other employee benefits	2 303 944	-16,5%	2 759 765	0,0%	2 758 405
Other costs by nature	592 089	-15,4%	700 148	-11,4%	789 967
Cost of goods for resale and raw materials sold	130 434 052	0,2%	130 160 082	0,4%	129 646 381
Other operating costs	4 137 491	9,3%	3 786 788	151,6%	1 505 173
	221 751 111	-1,4%	224 906 551	7,7%	208 822 769
<b>Operating profit/loss</b>	20 632 007	2,7%	20 080 988	-11,9%	22 796 130
Financial revenue	341 312	-7,1%	367 285	-67,3%	1 121 694
Financial costs	938 513	-60,0%	2 346 216	294,7%	594 389
Net financial revenue and costs	-597 201	-69,8%	-1 978 931	-475,3%	527 305
Extraordinary gains/losses	0	-	0	-	0
<b>Gross profit/loss</b>	20 034 806	10,7%	18 102 058	-22,4%	23 323 435
Corporate income tax	3 890 291	6,9%	3 639 791	-16,3%	4 349 442
Other taxes	0	-	0	-	0
<b>Net profit/loss</b>	16 144 515	11,6%	14 462 266	-23,8%	18 973 993

## 2. Key financial ratios

	Year ended 31.12.2009	Year ended 31.12.2008	Year ended 31.12.2007
<b>Return on assets</b>			
$\frac{\text{net profit/loss}}{\text{total assets}}$	14,3%	11,9%	19,5%
<b>Return on equity</b>			
$\frac{\text{net profit/loss}}{\text{equity}}$	28,9%	27,2%	33,8%
<b>Net sales profitability</b>			
$\frac{\text{net profit/loss}}{\text{revenue from the sale of finished products, goods for resale and raw materials}}$	6,8%	5,9%	8,2%
<b>Current ratio</b>			
$\frac{\text{total current assets}}{\text{short-term liabilities}}$	2,0	1,7	2,5
<b>Quick ratio</b>			
$\frac{\text{total current assets - inventory}}{\text{short-term liabilities}}$	1,5	1,3	1,8
<b>Receivable days</b>			
$\frac{\text{average gross trade receivables *360 days}}{\text{revenue from the sale of finished products, goods for resale and raw materials}}$	101,0	95,0	47,0
<b>Payable days</b>			
$\frac{\text{average gross trade payables *360 days}}{\text{cost of goods for resale and raw materials sold}}$	120,0	97,0	40,0
<b>Inventory days</b>			
$\frac{\text{average inventory *360 days}}{\text{cost of goods for resale and raw materials sold}}$	70,0	72,0	32,0
<b>Equity to fixed assets ratio</b>			
$\frac{\text{equity}}{\text{fixed assets}}$	2,9	4,0	4,7
<b>Book value per share</b>			
$\frac{\text{equity}}{\text{number of shares}}$	16,3	15,4	16,3
<b>Net profit/loss per share</b>			
$\frac{\text{net profit/loss from the last 12 months}}{\text{number of shares}}$	4,7	4,2	5,5

## 1.4 Remarks

In the period from 1 January to 31 December 2009 the Company generated a net profit of 16,144,515 zł. In the year 2009 the Company's financial result grew by more than 11% compared to the previous year. The change in the financial result was caused primarily by an improvement in the area of other operating revenues, accompanied by a drop in financial costs associated with the fact that foreign exchange rates were more favorable for the Company.

As at 31 December 2009 the Company's total assets and liabilities amount to 113,201,628 zł, which constitutes a decrease by approximately 7% compared to last year. Short-term receivables and inventory are the greatest components of the Company's assets, together accounting for 74,4% of the balance sheet total. Aside from the Company's share capital, short-term liabilities are the greatest liabilities and equity item (40,2% of the balance sheet total).

The profit earned by the Company in the audited period raised its profitability ratios above the values reached in the previous year.

The receivable days ratio has worsened by 6 days compared to the year 2008 and amounts to 101 days in the audited period. The payable days ratio has worsened by 23 days.

The inventory days ratio has improved by 2 days compared to last year and amounts to 70 days.

The liquidity ratios have improved compared to the previous year.

In the course of the audit we found no indications of threats to the Company's going concern in at least the next reporting period, resulting from discontinuation or significant limitation of its operations.

### III. DETAILED INFORMATION

#### 1. Assessment of the Company's accounting and internal control systems

In accordance with Resolution No. 1 passed by the Extraordinary General Shareholders Meeting of 16 November 2007, starting with the year 2007 the Company prepares its financial statements in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced by the European Commission in the form of implementing regulations.

The Company's accounting methods are described in detail in its accounting policies, which include the Company's Chart of Accounts listing the general ledger accounts and the methods adopted by the Company to keep its books of account.

In the year 2009 the Company's books of account were computerized using the CONCORDE XAL software. The Company has the program's full documentation, including user instructions. Effective in 2010 the Company started using the SAP system, implemented in 2009 on the holding's orders. However, before the issue of the present opinion the Company had no formal agreement regulating its use of the system.

Economic transactions are evidenced and documented to enable the calculation of the tax base.

The books of account are kept on an ongoing and chronologically basis based on proper source documents.

Accounting policies are applied continuously and enable the correct opening of the books of account.

The books of account are error-free and verifiable, and the entries made therein are consistent with the corresponding source documents and financial statements.

The methods used to secure access to the Company's data and data processing system are proper.

The Company's accounting documents, books of account and financial statements are properly protected.

The Company's inventory count of its assets and liabilities, conducted in accordance with the scope, due date and frequency requirements of the Accounting Act, was performed correctly, and the resulting differences have been settled in the books of account of the audited period.

The Company's internal control system was audited to an extent, to which it relates to the financial statements, and not to obtain assurance on the accuracy of the Company's internal control system.

Our review of the Company's internal controls might not have uncovered all of the system's significant weaknesses.

## **2. Information about selected significant asset items**

Shown under the shares of subsidiaries item is the acquisition price of the Company's 100% stake in a Sarantis Group entity - Sarantis Czech Republic s.r.o., amounting to 3,101,378 zł; the financial data presented by the subsidiary indicate that in the current and previous years it had incurred losses. Sarantis Polska S.A. does not have current financial plans for the subsidiary, which would confirm that there has been no impairment of the shares.

## **3. Introduction to the financial statements and other information and explanations**

The Company has prepared additional information consisting of introduction and other information and explanations, which meet the disclosure requirements of International Financial Reporting Standards.

## **4. Statement of changes in shareholders equity**

The statement of changes in shareholders' equity shows an increase in the Company's shareholders' equity in the audited period by 2,839,230 zł; it has been prepared correctly and is consistent with the balance sheet and the profit and loss account.

## **5. Cash flow statement**

The cash flow statement has been prepared using the indirect method, and is consistent with the balance sheet, the profit and loss account and the books of account.

## **6. Directors Report**

The information presented in the Directors' Report on the Company's activities is consistent with the information presented in the audited financial statements for the period from 1 January 2009 to 31 December 2009.


## 7. Managements Declaration

The Company's Management submitted a written declaration about the completeness of the books of account and disclosure of all contingent liabilities and significant post-balance sheet events.

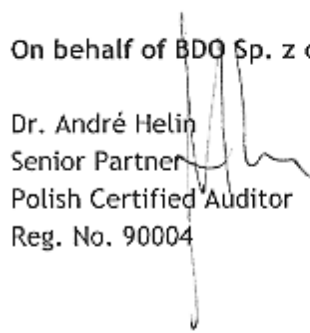
Warsaw, 22 March 2010

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On behalf of BDO Sp. z o.o.

  
Dr. André Helin  
Senior Partner  
Polish Certified Auditor  
Reg. No. 90004