



**Financial Statement of Sarantis Polska S.A.
for the period
from 1 January 2012 to 31 December 2012**

INTRODUCTION TO THE FINANCIAL STATEMENT THE GENERAL INFORMATION

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

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

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

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

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

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

Company address

ul. Puławska 42 c
05-500 Piaseczno

Main Warehouse address

Moszna Parcela
05-840 Brwinów

2. Management Board of the Company

On 31 December 2012 the Management Board is composed of :

Kyriakos Sarantis – President of the Board

Konstantinos Rozakeas – Vice President of the Board

Nikos Evangelou - Vice President of the Board

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

3. Supervisory Board

The composition of the Supervisory Board as at 31 December 2012 was as following:

Grigorios Sarantis

Konstantinos Stamatou

Pantazis Sarantis

Vasileios Meintanis

4. Statutory auditor

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

5. Name of the parent company

GR Sarantis Cyprus Ltd. , Cyprus

6. Name of the ultimate parent company

GR Sarantis SA, Greece

7. Principles of presentation

Information on principles adopted for preparation of financial statement for 2012

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 16 November 2007 (adopted in compliance with Art. 45 1c of the Accounting Act), has prepared its statutory unconsolidated financial statements in accordance with IFRS 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 2012 and the comparative period from 1 January to 31 December 2011.

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 2012 and 31 December 2011, results of its activity and cash flows for the year ended 31 December 2012 and 31 December 2011.

8. Statement of the Management Board

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

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

Piaseczno, 15th February 2013.

The Management Board:

President of the Board

Kyrillos Sarantis



Vice President of the Board

Nikos Evangelou



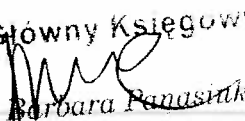
Vice President of the Board

Konstantinos Rozakeas



Główny Księgowy

Barbara Panasiak



9. Significant accounting principles

Basic of the financial statement

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

Functional currency and presentation currency of financial statements

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

Judgments and evaluations

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

Fixed assets

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

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

- Buildings and constructions 10 - 40 years
- Machinery and equipment 2 - 10 years
- Vehicles and other 2 - 5 years

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

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

Profit and loss resulting from the removal of a tangible fixed asset from the balance sheet, are calculated on the basis of the 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, which are directly attributable to the assets, will cause increasing of entity. Initially intangible assets are stated at acquisition or construction cost. After initial recognition, intangible assets are measured at acquisition or construction cost less amortization and impairment allowances. Intangible assets with a definite useful life are amortized when it is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management over their estimated economic useful life. The correctness of the applied amortization periods and rates is periodically reviewed, at least at the end of the reporting year, and potential adjustments to amortization allowances are made in the subsequent periods. Intangibles with indefinite useful life are not subjected to depreciation. Their value is reduced by potential impairment allowances.

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

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

Acquired computer software 2 - 25 years

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

Financial instruments

Financial instruments different than derivatives

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

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

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

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

Financial instruments estimated by financial results at fair value

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

Investments retained until the maturity term

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

Receivables and loans

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

Financial assets not available to sale

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

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

Inventories

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

Cost of 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 they are 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 low rights and resolutions of Company Statute.

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

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

Non-divided profits for the previous years and the current results (profits) are presented in the financial statement as the detained 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>31.12.2012</i>	<i>31.12.2011</i>
USD	3,0996	3,4174
EURO	4,0882	4,4168
CHF	3,3868	3,6333

Income tax

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

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

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

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

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

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

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

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

Fixed assets available to sale

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

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

Provisions

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

Liabilities

Trade and other liabilities are measured at the due amount.

Contingent liabilities

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

Application of the accounting principles

The above principles are applicable for comparative data.

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

Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*

The amendments:

- require that an entity presents separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. If items of other comprehensive income are presented before related tax effects then the aggregated tax amount should be allocated between these sections.
- change the title of the *Statement of Comprehensive Income* to *Statement of Profit or Loss and Other Comprehensive Income*, however, other titles are also allowed to be used.

The entity does not expect the amendments to IAS 1 to have material impact on the consolidated financial statements due to the nature of the entity operations.

- effective from 1st July 2012;

IAS 19 *Employee Benefits* (2011)

- The amendments require actuarial gains and losses to be recognised immediately in other comprehensive income.
- The amendments remove the corridor method previously applicable to recognising actuarial gains and losses, and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under the requirements of IAS 19. The amendments also require the expected return on plan assets recognised in profit or loss to be calculated based on the rate used to discount the defined benefit obligation.

The amendments are not relevant to the entity consolidated financial statements, since the entity does not have any defined benefit plans

- effective from 1st January 2013;

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities

The Amendments contain new disclosure requirements for financial assets and liabilities that are:

- offset in the statement of financial position; or
- subject to master netting arrangements or similar agreements.

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

- effective from 1st January 2013;

IFRS 13 Fair Value Measurement

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The standard contains an extensive disclosure framework that provides additional disclosures to existing requirements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income.

The entity does not expect IFRS 13 to have material impact on the financial statements since management considers the methods and assumptions currently used to measure the fair value of assets to be consistent with IFRS 13. It is expected that the new Standard, when initially applied, will have a significant impact on the level of disclosure in the financial statements. However, the entity is not able to prepare an analysis of the impact this will have on the consolidated financial statements until the date of initial application

- effective from 1st January 2013;

IFRIC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine

The Interpretation sets out requirements relating to the recognition of production stripping costs, initial and subsequent measurement of stripping activity assets.

To the extent that benefits from production stripping are realised in the form of inventory produced, the related production stripping costs are accounted for in accordance with IAS 2 *Inventories*.

Production stripping costs that improve access to ore to be mined in the future are recognised as a non-current asset if, and only if, all of the following criteria are met:

- it is probable that future economic benefits will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and

- the costs relating to the stripping activity associated with that component can be measured reliably.

The stripping activity asset shall be accounted for as an addition to, or as an enhancement of, an existing asset.

The stripping activity asset shall initially be recognised at cost while after initial recognition, while subsequently it shall be carried either at its cost or at its revalued amount, less depreciation or amortisation and impairment losses, in the same way as the existing asset of which it is a part.

The Interpretation also requires that when the costs of the stripping activity asset and of the inventory produced are not separately identifiable, the entity allocates production stripping costs between the two based on a 'relevant' production measure.

The entity does not expect the Interpretation to have any impact on the financial statements since it does not have any stripping activities

- effective from 1st January 2013;

Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First – time Adopters

The Amendments add an exemption to IFRS 1 that an entity can apply at the date of transition to IFRSs after being subject to severe hyperinflation. The exemption allows an entity to measure assets and liabilities held before the functional currency normalization date at fair value and use that fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position.

The amendments are not relevant to the entity consolidated financial statements

- effective from 1st January 2013;

Amendments to IAS 12 Income taxes - Deferred Tax: Recovery of Underlying Assets

The amendments introduce a rebuttable presumption that the carrying value of investment property measured using the fair value model would be recovered entirely by sale. Management's intention would not be relevant unless the investment property is *depreciable* and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. This is the only instance in which the presumption can be rebutted.

The amendments are not relevant to the entity financial statements, since the entity does not have any investment properties measured using the fair value model in IAS 40

- effective from 1st January 2013;

IFRS 11 Joint Arrangements

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

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

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

- a joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

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

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

- effective from 1st January 2014;

IFRS 12 Disclosure of Interests in Other Entities

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

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

- effective from 1st January 2014;

IAS 27 Separate Financial Statements (2011)

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

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

- effective from 1st January 2014;

IAS 28 Investments in Associates and Joint Ventures (2011)

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

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

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

- effective from 1st January 2014;

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

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

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

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

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

- effective from 1st January 2014.

Impact of new standards and interpretations on the Company's unconsolidated financial Statements

The following new standards, changes and interpretations to International Financial Reporting Standards are waiting for acceptance of UE:

- Amendments to IFRS 1 *First-time adopters* Government Loans - The amendments add a new exception to retrospective application of IFRS. A first-time adopter of IFRS now applies the measurement requirements of financial instruments standards (IAS 39 or IFRS 9) to a government loan with a below-market rate of interest prospectively from the date of transition to IFRS.

Alternatively, a first-time adopter may elect to apply the measurement requirements retrospectively to a government loan, if the information needed was obtained when it first accounted for that loan. This election is available on a loan-by-loan basis.

The amendments are not relevant to the entity financial statements

-effective from 1st January 2013;

- Improvements to IFRS (2009-2011)

The *Improvements to IFRSs (2009-2011)* contains 7 amendments to 5 standards, with consequential amendments to other standards and interpretations. The main changes relate to:

- repeated application of IFRS 1 – a repeated adopter that elects not to apply IFRS 1 has to apply IFRS retrospectively in accordance with IAS 8, as if it had never stopped applying IFRS;

- clarification that first-time adopter of IFRS choosing to apply borrowing costs exemptions should not restate the borrowing cost component that was capitalized under previous GAAP and should account for borrowing cost incurred on or after the date of transition (or an earlier date, as permitted by IAS 23) in accordance with IAS 23;
- clarification that only one comparative period, which is the preceding period, is required to a complete set of financial statements; however if additional comparative information is prepared it should be accompanied by related notes and be in accordance with IFRS;
- clarification that the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or reclassification has a material effect upon the information in that statement of financial position and except for the disclosures required under IAS 8, other notes related to the opening statement of financial position are no longer required.
- clarification on the classification and accounting of spare parts, stand-by equipment and servicing equipment;
- removal of inconsistencies between IAS 32 and IAS 12 in respect of distributions to holders of an equity instrument and transaction costs of an equity transaction, by clarification that IAS 12 applies to the accounting for income taxes relating to those transactions;
- additional disclosure required of a measure of total assets and liabilities for a particular reportable segment for interim financial reporting.

Most of these changes are not expected to have a significant impact on the financial statements of the entity therefore we include below a discussion of only those improvements that may be expected to have a material effect on the consolidated financial statements

-effective from 1st January 2013;

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

The amendments:

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

The entity does not expect the Amendments to have material impact on the consolidated financial statements
-effective from 1st January 2013;

- *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*

The Amendments provide an exception to the consolidation requirements in IFRS 10 and require qualifying investment entities to measure their investments in controlled entities – as well as investments in associates and joint ventures – at fair value through profit or loss, rather than consolidating them.

The consolidation exemption is mandatory (i.e. not optional), with the only exception being that subsidiaries that are considered as an extension of the investment entity's investing activities, must still be consolidated.

An entity qualifies as an investment entity if it meets all of the essential elements of the definition of an investment entity. According to these essential elements an investment entity:

- 1 obtains funds from investors to provide those investors with investment management services;
- 2 commits to its investors that its business purpose is to invest for returns solely from appreciation and/or investment income; and
- 3 measures and evaluates the performance of substantially all of its investments on a fair value basis.

The amendments also set out disclosure requirements for investment entities.

The does not expect the new standard to have any impact on the financial statements, since the Parent entity does not qualify as an investment entity

- effective from 1st January 2014;

IFRS 9 Financial Instruments (2009)

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

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

- financial assets measured at amortized cost; or
- financial assets measured at fair value.
- A financial asset is measured at amortized cost if the following two conditions are met:
 - the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

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

- effective from 1st January 2015;

Additions to IFRS 9 Financial Instruments (2010)

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

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

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

Amounts presented in OCI are not subsequently reclassified to profit or loss but may be transferred within equity. Derivative financial liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are required to be measured at fair value under IFRS 9.

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

- effective from 1st January 2015;

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

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

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

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

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

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

It is expected that the Amendments, when initially applied, will not have a material impact on the entity consolidated financial statements. The classification and measurement of the entity financial assets are not expected to change under IFRS 9 because of the nature of the entity operations and the types of financial assets that it holds. It is expected that the new Standard, when initially applied, will have a significant impact on the level

of disclosure in the consolidated financial statements. However, the entity is not able to prepare an analysis of the impact this will have on the consolidated financial statements until the date of initial application - effective from 1st January 2015.

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

Piaseczno, 15th February 2013.

The Management Board:

President of the Board

Kyriakos Sarantis



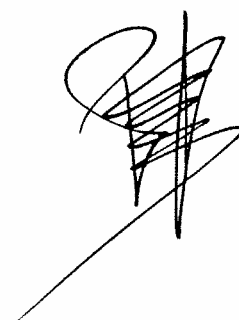
Vice President of the Board

Nikos Evangelou



Vice President of the Board

Konstantinos Rozakeas



Główny Księgowy

Barbara Panasiuk

BALANCE SHEET FOR THE PERIOD FINISHED ON 31 DECEMBER 2012

ASSETS	Note	31 December 2012	31 December 2011
Fixed assets			
Property, plant and equipment	1	7 387 835	7 921 792
Intangible assets	2	14 213 630	14 762 819
Perpetual usufruct of land	3	1 462 980	1 462 980
Deferred tax assets	4	2 268 462	1 418 883
Total fixed assets		25 332 907	25 566 474
Current assets			
Inventory	5	33 358 399	33 250 565
Trade and other receivables	6	82 267 949	85 253 913
Income tax receivable	7	1 034 557	1 991 124
Short-term prepayments	9	1 538 103	2 506 923
Cash and cash equivalents	10	3 710 613	4 206 520
Other financial assets	15	-	122 160
Total current assets		121 909 621	127 331 205
TOTAL ASSETS		147 242 528	152 897 679

The Management Board:

President of the Board
Kyriakos Sarantis



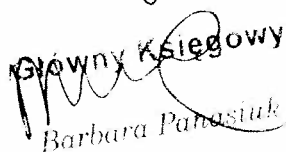
Vice President of the Board
Nikos Evangelou



Vice President of the Board
Konstantinos Rozakeas



Główny Księgowy
Barbara Panasik



Sarantis Polska S.A. Financial Statement for the period from 1 January 2012 to 31 December 2012

LIABILITIES			
	Note	31 December 2012	31 December 2011
Equity			
Nominal share capital	11	34 400 000	34 400 000
Nominal share premium	11	1 055 603	1 055 603
Retained profits	12	52 035 644	52 156 941
Total equity		87 491 247	87 612 544
Long-term liabilities			
Deferred tax provision	4	709 865	440 412
Other long-term liabilities	14	1 738 731	2 028 890
Total long-term liabilities		2 448 596	2 469 302
Short-term liabilities			
Trade and other liabilities	16	47 715 217	56 381 769
Interest-bearing loans and borrowings	14	180	382 257
Accruals and deferrals	9	9 587 288	6 051 807
Total short-term liabilities		57 302 685	62 815 833
Total liabilities		147 242 528	152 897 679

The Management Board:

President of the Board
Kyriakos Sarantis



Vice President of the Board
Nikos Evangelou



Vice President of the Board
Konstantinos Rozakeas



Barbara Pawlusiak
Główny księgowy

STATEMENT OF COMPLETELY INCOMES FOR THE PERIOD FINISHED ON 31 DECEMBER 2012

	Note	31 December 2012	31 December 2011
Continuing of acitivity			
Sales incomes	17	314 369 515	300 916 184
Other income	18	1 413 495	2 460 540
Change of the inventory balance		(583 409)	(561 215)
Cost of work performed by the entity for its own needs		1 496 935	1 279 274
Depreciation		(2 872 562)	(3 011 676)
Consumption of materials and power		(61 018 906)	(60 361 049)
External services		(84 840 978)	(75 541 629)
Taxes and fees		(390 270)	(370 781)
Salaries		(17 553 813)	(17 497 026)
Social insurance and other benefits		(3 020 256)	(2 915 068)
Other cost by nature		(812 327)	(570 359)
Value of sales of trade goods and materials		(128 023 930)	(121 618 361)
Other costs	19	(1 353 117)	(1 918 023)
Total cost on operating activity		(298 972 633)	(283 085 913)
Profit from operating activities		16 810 377	20 290 811
Financial revenues	20	145 232	205 254
Financial expenses	20	(1 451 264)	(1 679 526)
Net financial revenues and expenses		(1 306 032)	(1 474 272)
Profit before tax		15 504 345	18 816 539
Income tax expense	21	(3 021 035)	(3 060 779)
Net profit		12 483 310	15 755 760
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		-	-
Net other incomes		-	-
Total Incomes		12 483 310	15 755 760
Net profit assigned			
Shareholders of parent company		12 483 310	15 755 760
Minority shareholders		-	-
Total completely income assigned:			
Shareholders of parent company		12 483 310	15 755 760

The Management Board:

President of the Board

Kyriakos Sarantis

Vice President of the Board

Nikos Evangelou

Vice President of the Board

Konstantinos Rozakeas

Główny Księgowy

Barbara Panastuk

**CASH FLOW STATEMENT FOR THE PERIOD FINISHED
ON 31 DECEMBER 2012**

	Note	01.01.2012- -31.12.2012	01.01.2011- -31.12.2011
Operational activity			
Gross profit from the business activity		15 504 345	18 816 539
Adjustments for:		(465 505)	(7 684 187)
<i>Non- cash:</i>			
Depreciation and impairment of property, plant and equipment		2 872 561	3 011 676
(Profit)/loss on account of foreign exchange differences		148 851	(138 999)
Profit from the sale of property, plant and equipment		(348 231)	(95)
Incomes from interest and shares in profits			-
Interest expenses		576 560	579 957
Other net items		-	-
<i>Changes of working capital</i>			
Increase/decrease in inventories		(107 834)	(2 741 025)
Increase in trade and other receivables	28	2 985 964	(1 697 867)
Increase in trade and other payables	28	(8 435 548)	3 100 737
Change in the value of accrued assets and transitional accounts		4 486 766	(5 139 105)
Income tax paid		(2 644 594)	(4 659 466)
Net cash flows from operating activities		15 038 840	11 132 352
Cash flows - Investment activities			
Revenues generated from sale of fixed assets	28	560 188	68 183
Acquisition of tangible fixed assets and intangible assets	28	(907 791)	(1 079 112)
Inflows from repayment of granted loans by affiliated companies		-	3 168 240
Loans granted to affiliated companies		-	-
Received interest		-	-
Net cash used in investing activities		(347 603)	2 157 311
Cash flow - financial activities			
Revenues due to credit and loans			
Repayment of credit and loans		(382 077)	(11 515 712)
Settlement of liabilities due to finance lease		(1 630 222)	(1 615 791)
Interest paid		(559 025)	(579 957)
Dividends paid		(12 604 608)	-
Other net items		-	-
Net cash provided by / (used in) financial activities		(15 175 932)	(13 711 460)
Net change in cash and cash equivalents		(484 695)	(421 797)
Effect of exchange rate changes		(11 211)	(178)
Balance sheet change in the cash value		(495 906)	(421 975)
Cash and cash equivalents on 1 January 2012		4 206 520	4 628 495
Cash and cash equivalents on 31 December 2012		3 710 613	4 206 520

The Management Board:

President of the Board

Kyrillos Sarantis

Vice President of the Board

Nikolaos Evangelou

Vice President of the Board

Konstantinos Rozakeas

Barbara Panasnik

Barbara Panasnik

STATEMENT OF CHANGES IN EQUITY

	Nominal share capital	Nominal share premium	Retained earnings	Total equity
Equity as at 1 January 2011	34 400 000	1 055 603	36 401 181	71 856 784
Net profit	-	-	15 755 760	15 755 760
Dividends paid	-	-	-	-
Equity as at 31 December 2011	34 400 000	1 055 603	52 156 941	87 612 544
Net profit	-	-	12 483 310	12 483 310
Dividends paid	-	-	(12 604 608)	(12 604 608)
Equity as at 31 December 2012	34 400 000	1 055 603	52 035 644	87 491 247

The Management Board:

President of the Board
Kyriakos Sarantis



Vice President of the Board
Nikos Evangelou

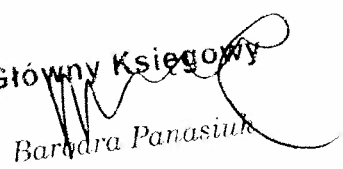


Vice President of the Board
Konstantinos Rozakeas



Główny Księgowy

Barbara Panasiuk



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ADDITIONAL INFORMATION AND EXPLANATIONS

1. Tangible fixed assets

	31.12.2012	31.12.2011
Land	-	-
Buildings, premises and structures of land and water engineering	1 325 187	1 385 037
Machinery and technical equipment	1 861 754	1 797 695
Transportation means	3 492 777	3 848 780
Other fixed assets	708 117	890 280
Total tangible fixed assets	7 387 835	7 921 792

There are no tangible assets which are security for liabilities of the company at 31st December 2012 and at 31st December 2011.

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

- 31 grudnia 2012 - 3 516 796 zł

-31 grudnia 2011 - 3 853 760 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
Gross value as at 1st January 2011	1 757 217	6 295 352	8 016 406	1 828 665	-	17 897 640
Increases:						
acquisition	4 299	419 999	363 079	31 415	-	818 792
transfer	4 299	419 999	363 079	31 415	-	818 792
Decreases::						
sales	-	440 446	288 783	6 057	-	735 286
liquidation	-	121 063	211 470	-	-	332 533
transfer	-	295 161	77 313	6 057	-	378 531
Gross value as at 31st December 2011	1 761 516	6 274 905	8 090 702	1 854 023	-	17 981 146
Increases:						
acquisition	-	691 270	1 228 793	8 942	-	1 929 005
transfer	-	691 270	1 228 793	8 942	-	1 929 005
Decreases::						
sales	-	96 816	2 135 011	614	-	2 232 441
liquidation	-	41 875	2 135 011	-	-	2 176 886
transfer	-	54 941	-	614	-	55 555
Gross value as at 31st December 2012	1 761 516	6 869 359	7 184 484	1 862 351	-	17 677 710

Changes in tangible fixed assets according to the category criterion:

	Buildings, premises and structures of land and water engineering	Machinery and technical equipment	Transportation means	Other fixed assets	Fixed assets under construction	Total
Accumulated depreciation and impairment loss as at 31st January 2011	317 825	4 121 762	3 086 270	761 582	-	8 287 440
Increase::						
Depreciation for the year	58 655	783 867	1 395 547	208 218	-	2 446 286
reclassifications	58 655	783 867	1 395 547	208 218	-	2 446 286
Decreases::						
sales	-	428 420	239 894	6 057	-	674 371
liquidation	-	119 719	189 245	-	-	308 964
reclassifications	-	291 041	50 649	6 057	-	347 747
	-	17 660	-	-	-	17 660
Accumulated depreciation and impairment loss as at 31st December 2011	376 480	4 477 209	4 241 922	963 743	-	10 059 354
Increase::						
Depreciation for the year	59 849	622 491	1 377 561	191 105	-	2 251 006
reclassifications	59 849	622 491	1 377 561	191 105	-	2 251 006
Decreases::						
sales	-	92 095	1 927 776	614	-	2 020 485
liquidation	-	39 507	1 927 776	-	-	1 967 283
reclassifications	-	52 588	-	614	-	53 202
Accumulated depreciation and impairment loss as at 31st December 2012	436 329	5 007 605	3 691 707	1 154 234	-	10 289 875
Net accounting value:						
as at 1st January 2011	1 439 392	2 173 591	4 930 136	1 067 083	-	9 610 200
as at 31st December 2011	1 385 036	1 797 696	3 848 780	890 280	-	7 921 792
as at 31st December 2012	1 325 187	1 861 754	3 492 777	708 117	-	7 387 835

2. Intangible fixed assets

	31. 12.2012	31. 12.2011
Computer software	5 384 022	5 734 257
Trademarks, licenses	8 809 608	9 028 562
Advances for intangible fixed assets	20 000	-
Total intangible fixed assets	14 213 630	14 762 819

Changes of intangible fixe assets were following:

	Trademarks, licenses	Computer software	Expenditure for Intangible fixed assets	Total
Gross value of intangible fixed assets				
Gross value as at 1st January 2011	9 559 333	7 600 511	76 926	17 236 770
Increases:				
acquisition	29 978	448 571	-	478 549
reclassifications	29 978	424 349	-	454 327
reclassifications	-	24 222	-	24 222
Transfer:				
sales	-	-	76 926	76 926
liquidation	-	-	-	-
reclassifications	-	-	-	-
Gross value as at 31st December 2011	9 589 311	8 049 082	-	17 638 393
Increases:				
acquisition	-	52 367	20 000	72 367
reclassifications	-	52 367	20 000	72 367
reclassifications	-	-	-	-
Gross value as at 31st December 2012	9 589 311	8 101 449	20 000	17 710 760
	Trademarks, licenses	Computer software	Advances for Intangible fixed assets	Total
Accumulated depreciation and impairment loss as at 31st January 2011	351 565	1 940 959	-	2 292 524
Increases:				
acquisition	209 184	373 866	-	583 050
acquisition	209 184	356 206	-	565 390
reclassifications	-	17 660	-	17 660
Accumulated depreciation and impairment loss as at 31st December 2011	560 749	2 314 825	-	2 875 574
Increases:				
acquisition	218 954	402 602	-	621 556
acquisition	218 954	402 602	-	621 556
reclassifications	-	-	-	-
Accumulated depreciation and impairment loss as at 31st December 2012	779 703	2 717 427	-	3 497 130
Net accounting value:				
as at 1st January 2011	9 207 768	5 659 552	76 926	14 944 246
as at 31st December 2011	9 028 562	5 734 257	-	14 762 819
as at 31st December 2012	8 809 608	5 384 022	20 000	14 213 630

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

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

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

3. Perpetual usufruct

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

4. Deferred tax

Deferred tax as at 31 December 2012 is resulting from:

Assets due to deferred tax	31.12.2012	31.12.2011
Accruals	1 818 970	1 147 683
Assets for the temporary differences – inventories	142 064	-
Lease liabilities	191 308	200 915
Balance sheet evaluation in foreign currency	39 131	50 701
Assets for the temporary differences – fixed assets	31 541	19 584
Interest payables	30 261	-
Other	15 187	-
	2 268 462	1 418 883

Provision for deferred tax	31.12.2012	31.12.2011
Assets and liabilities valuation in foreign currency	30 763	76 690
Provision for the temporary differences - assets	679 102	363 722
	709 865	440 412

5. Inventories

	31.12.2012	31.12.2011
Trade goods	25 742 124	24 532 749
Finished products	3 650 896	4 234 308
Materials	3 965 379	4 483 508
	33 358 399	33 250 565

As at 31 December 2012 and 31 December 2011 has been not established any pledge on the inventories to secure the Company's liabilities.

At the end of 2012, the Company created write-down in amount of 129 thousand PLN. There was no write-down on inventories in the Company at the end of 2011.

6. Trade receivables and other receivables

	31.12.2012	31.12.2011
Trade receivables from affiliated entities	5 513 184	7 072 947
Other receivables from the affiliated entities	73 253 637	76 814 420
Trade receivables from other entities	3 271 663	2 010 150
Other receivables	852 356	-
Provision for bad debts	(622 891)	(643 604)
Short-term receivables.	82 267 949	85 253 913

Trade receivables are interest-free and their term of payment is 30-90 days. As at 31 December 2012 trade receivables in amount of 620 855 PLN have been considered as difficult to recover and Company created provision for bad debts.

Movements regarding provision for bad debts were following:

	31.12.2012	31.12.2011
Beginning of a period	643 604	725 323
Increases	128 694	219 912
Usage	(81 533)	(161 584)
Decreases - reversal	(67 874)	(140 047)
At the end of a period	622 891	643 604

Analysis of trade receivables overdue, but recoverable as at 31 December 2012 and as at 31 December 2011 is in the below table:

Year	Total	Not overdue	<i>Overdue, but recoverable</i>				
			< 30 days	30 - 60 days	60 - 90 days	90 -120 days	> 120 days
2011	83 246 372	72 600 740	9 658 036	931 516	321	-	55 759
2012	78 145 966	68 644 042	8 230 288	888 357	278 878	10 085	94 316

Currency structure of short-term trade receivables and other receivables

	31.12.2012	31.12.2011
Receivables in the local currency	69 576 768	72 435 199
Receivables in the foreign currency	12 691 181	12 818 714
	82 267 949	85 253 913

	31.12.2012	31.12.2011
Receivables in EUR	10 438 168	10 931 360
Receivables in USD	1 994 951	1 627 579
Receivables in CHF	258 062	259 775
	<u>12 691 181</u>	<u>12 818 714</u>

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

7. Tax receivables

	31.12.2012	31.12.2011
Tax receivables	1 034 557	1 991 124
	<u>1 034 557</u>	<u>1 991 124</u>

8. Transactions with affiliated entities

Receivables from affiliated entities:

	31.12.2012	31.12.2011
Sarantis Czech Republic s.r.o.	609 138	492 826
Gr. Sarantis SA Greece	57 570	149 122
Sarantis Romania SA Romania	2 235 531	4 054 336
Sarantis D.O.O. Serbia	1 607 016	1 532 818
Sarantis Bulgaria Ltd. Bulgaria	898 596	587 202
Sarantis Hungary Kft. Hungary	105 333	256 643
	<u>5 513 184</u>	<u>7 072 947</u>

Liabilities towards affiliated entities:

	31.12.2012	31.12.2011
Sarantis Czech Republic s.r.o.	457 785	519 102
Gr. Sarantis SA Greece	2 687 489	3 397 290
Sarantis Romania SA Romania	300 844	597 420
Sarantis Hungary Kft. Hungary	13 053	12 507
Sarantis D.O.O. Serbia	352 143	-
	<u>3 811 314</u>	<u>4 526 319</u>

Income from the sales – affiliated entities

	31.12.2012	31.12.2011
Sarantis Czech Republic s.r.o.	2 914 112	2 368 816
Gr. Sarantis SA Greece	1 356 203	765 567
Sarantis Romania SA	4 780 881	8 287 009
Sarantis D.O.O. Serbia	6 880 817	6 544 813
Sarantis Bulgaria Ltd.	2 006 504	1 937 680
Sarantis Hungary Kft.	580 143	345 474
	<u>18 518 660</u>	<u>20 249 359</u>

Other revenues – affiliated companies

	31.12.2012	31.12.2011
Sarantis Czech Republic s.r.o.	157 019	453 335
Sarantis Hungary Kft.	71 600	536 056
Gr. Sarantis S.A.,Greece	2 847	181 446
GR Sarantis Romania SA	4 062	-
	<u>235 528</u>	<u>1 170 837</u>

Goods purchased from affiliated entities

	31.12.2012	31.12.2011
Sarantis Czech Republic s.r.o.	7 079 902	3 436 596
Gr. Sarantis SA Greece	17 979 488	17 680 405
Sarantis Romania SA	3 925 645	604 392
Sarantis Hungary Kft.	107 741	36 847
Sarantis D.O.O. Serbia	1 163 505	-
	<u>30 256 281</u>	<u>21 758 240</u>

9. Accruals and deferred income

Deferred charges - assets

	31.12.2012	31.12.2011
Insurances	116 242	154 857
Subscriptions	304	90
Input Vat to deduction	1 134 050	2 146 025
Other	287 507	205 951
	<u>1 538 103</u>	<u>2 506 923</u>

Accrued revenues – liabilities

	31.12.2012	31.12.2011
Provisions for costs	9 582 001	6 040 440
Future periods incomes	5 287	11 367
	<u>9 587 288</u>	<u>6 051 807</u>

10. Cash and pecuniary equivalent

	31.12.2012	31.12.2011
In a hand	16 211	24 959
At the bank	2 677 144	3 032 019
In the Company Social Benefits Found account	88 925	72 025
Cash in transmit	928 333	1 077 517
	3 710 613	4 206 520
	31.12.2012	31.12.2011
In local currency	3 220 938	3 614 758
In foreign currency	489 675	591 762
	3 710 613	4 206 520
	31.12.2012	31.12.2011
Cash in EUR	2 349	422 557
Cash in USD	452 870	10 151
Cash in CHF	34 456	159 054
	489 675	591 762

Except the funds collected on the Company Social Benefits Found 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 to the polish law, the Company manages funds from CSBF for its employees name . Premiums paid on the CSBF are deposited on the separate account.

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

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

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

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

Supplementary capital from the issuance of shares above their nominal value as at 31st December of 2012 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)

12. Retained profits and limitations connected with capital

	31.12.2012	31.12.2011
Profits retained from the previous years-supplementary capital	10 039 553	6 888 400
Profits retained from the previous years	29 512 781	29 512 781
<u>Net profit in current period</u>	<u>12 483 310</u>	<u>15 755 760</u>
Total retained profits	<u>52 035 644</u>	<u>52 156 941</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 covering potential losses. The Company has to intend for this aim minimum 8% of current profit until it collects required equivalent 1/3 of share capital. Since 2010, Company creates a reserve capital from the profit division which will be used for dividend payment. Reserve capital value as of 31 December 2012 was 29 512 781 PLN.

13. Suggested division of profit for 2012

Board Management proposes to allocate profit for 2012 in amount 12 483 310 PLN for :

- supplementary capital (obligatory write-off 8%)	371 512 PLN
- one-off dividend	12 111 798 PLN

14. Credits, loans and other liabilities

Credit liabilities

	31.12.2012	31.12.2011
Credit on current account	180	382 257
	<u>180</u>	<u>382 257</u>

At the end of the reporting period the Company has available credit lines in amount 18,1 mln PLN and additional credit limits for the opening of letters of credit in amount of 8 mln PLN.

Corporate guarantees issued by Gr. Sarantis S.A. are a security for credits in current accounts in amount of 26,1 mln PLN. There is variable rate of interest for credit and it is based on reference rate of WIBOR1M or WIBOR/ON 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:

	31.12.2012	31.12.2011
Future minimal leasing charges, which constituted commitment on the Company		
<i>Liabilities:</i>		
Liabilities falling due within one year	1 313 476	1 558 880
Liabilities falling due after more than one year and less than five	1 832 077	2 165 281
	<u>3 145 553</u>	<u>3 724 161</u>
<i>Net present value:</i>		
Liabilities falling due within one year	1 150 685	1 374 349
Liabilities falling due after more than one year and less than five	1 738 731	2 028 890
Liabilities falling due after more than five years	-	-
	<u>2 889 416</u>	<u>3 403 239</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	2 700 000
More than one year and less than five years	3 300 000
	<u>6 000 000</u>

15. Financial instruments

	31.12.2012	31.12.2011
Financial instruments in accordance with category:		
Financial assets valued to the fair value by financial result		
Financial assets available to sale		
Granted loans and own receivables:		
- granted loans	78 145 966	83 246 372
- trade receivables	-	-
Cash	78 145 966	83 246 372
Derivative's valuation	3 710 613	4 206 520
	-	122 160
	<u>81 856 579</u>	<u>87 575 052</u>

Financial liabilities valued to the fair value by financial result

Trade liabilities	44 332 247	52 686 318
Credit and loans	180	382 257
Lease liabilities	2 889 416	3 403 239
Derrivatives liabilities	15 480	-
	47 237 323	56 471 814

16. Short-term trade payables and other liabilities

	31.12.2012	31.12.2011
Trade payables to affiliated entities	3 811 314	4 526 319
Trade payables to other entities	40 520 933	48 159 999
Liabilities towards to the State Budget	2 080 714	2 176 807
Salary payables	28 076	19 929
Lease liabilities falling due within one year	1 150 685	1 374 349
Other liabilities	35 004	49 090
Special founds	88 491	75 276
Total short-term liabilities	47 715 217	56 381 769

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

01.01.2011 - 31.12.2011		Not overdue liabilities	Overdue liabilities			
Ageing structure	Total		up to 30 days	31 - 60 days	61 - 90 days	91 - 360 day
Trade liabilities	52 686 318	33 029 452	16 391 605	3 027 426	237 835	-
Total	52 686 318	33 029 452	16 391 605	3 027 426	237 835	-

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

Currency structure of short-term liabilities

	31.12.2012	31.12.2011
Liabilities in local currency	35 310 355	45 230 138
Liabilities in foreign currency	12 404 862	11 151 631
	47 715 217	56 381 769

	31.12.2012	31.12.2011
Liabilities in EUR	10 522 108	9 762 089
Liabilities in USD	1 210 754	902 672
Liabilities in CHF	672 000	486 870
	<u>12 404 862</u>	<u>11 151 631</u>

17. Sales Revenues

	31.12.2012	31.12.2011
Revenues from goods sales	219 444 669	208 004 810
Revenues from products sales	94 171 511	90 543 831
Revenues from materials sales	753 335	2 367 543
	<u>314 369 515</u>	<u>300 916 184</u>

	31.12.2012	31.12.2011
Revenues from domestic sales	275 120 489	265 979 722
Revenues from export	39 249 026	34 936 462
	<u>314 369 515</u>	<u>300 916 184</u>

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

18. Other revenues

	31.12.2012	31.12.2011
Profits from sales of services	584 401	1 668 143
Profits from sales of fixed assets	348 231	95
Received compensations	286 257	549 105
Reversal of provision for bad debts	67 874	140 047
Return of court fees	33 409	33 640
Stock count differences	18 957	8 535
Time-barred liabilities	4 088	1 629
Other	70 278	59 346
	<u>1 413 495</u>	<u>2 460 540</u>

19. Other operating costs

	31.12.2012	31.12.2011
Liquidation and decomposition of inventories	424 760	950 798
Provision for bad debts	128 449	219 912
Costs of legal proceedings	85 281	48 793
Donations	1 248	7 516
Write-off bad debts	245	5 384
Insurance of receivables	178 489	98 765
Liquidation of property damages costs	221 877	227 695
Provisions for other operational costs	226 649	294 936
Others	86 119	64 224
	<u>1 353 117</u>	<u>1 918 023</u>

20. Financial costs and revenues

Financial revenues

	31.12.2012	31.12.2011
Interest on receivables	118 059	46 399
Bank interest	27 173	19 678
Deviates valuation	-	139 177
	<u>145 232</u>	<u>205 254</u>

Financial costs

	31.12.2012	31.12.2011
Interest on liabilities	275 021	6 015
Bank interest	323 928	371 046
Interest under the leasing agreements	252 632	272 766
Commissions, charges	200 632	242 497
Derivates valuation	137 640	-
Net exchange rate differences	261 411	787 202
	<u>1 451 264</u>	<u>1 679 526</u>

21. Income tax

The main components of tax burdens for 2012 and 2011 are presented as follows :

	31.12.2012	31.12.2011
Current income tax	3 584 295	2 391 829
Occurrence/ inversion of interim differences	(580 126)	1 264 737
Corrections of currently tax from the previous years	16 866	(595 787)
Income tax shown in the profit and loss account	<u>3 021 035</u>	<u>3 060 779</u>

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

	31.12.2012	31.12.2011
Gross financial results	15 504 345	18 816 539
The amount of the tax according to the tax rate 19%	2 945 826	3 575 142
- tax effects of costs which are not revenue-earning costs	58 343	81 424
- corrections of current income tax from the previous years	16 866	(595 787)
Current income tax	3 021 035	3 060 779
Effective tax rate	19,49%	16,27%

22. Net profit per share

	31.12.2012	31.12.2011
Net profit in period	12 483 310	15 755 760
Quantity of shares	3 440 000	3 440 000
Net profit per share	3,63	4,58

23. Dividend per share

In 2012 Company paid dividend in amount of 12 604 608 PLN. In 2011 the dividends weren't paid.

24. 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.

The company is exposed to risk, that the creditors do not pay for their liabilities and cause the Copmany's losses. The maximum exposition to risk is 85,30 mln PLN at the balance sheet day and it was estimated as balance sheet value of receivables.

Year	Total	Not overdue	Overdue receivables, which do not lose their values				
			< 30 days	30 - 60 days	60- 90 days	90-120 days	> 120 days
2011	85 253 913	74 608 281	9 658 036	931 516	321	-	55 759
2012	81 415 593	71 913 669	8 230 288	888 357	278 878	10 085	94 316

As of 31 December of 2012 year 63% of all receivables was receivables from the hypermarkets, 23% from the clients of open market and 14% from the foreign customers. The Management of the Board considers that there is not significant concentration of credit risk, because the Company has not many customers. Allowances for bad debts was made for receivables difficult to collect.

Credit risk connected with bank deposits, derivatives and other investments is not significant because the Company concludes transactions with strengthen financial condition institutions.

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 2012	Influence on financial results (Increase by100 pb)	Influence on equity capital (Increase by 100 pb)	Influence on financial results (Decrease by100 pb)	Influence on equity capital (Decrease by100 pb)
<u>Variable rate of interest assets</u>						
Cash at bank	3 710 613	0,50%	37 106	37 106	-37 106	-37 106
<u>Variable rate of interest liabilities</u>						
Bank credits	180	5,45%	-2	-2	2	2
			37 104	37 104	-37 104	-37 104

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 conducted in polish currency generally.

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 2012	Influence on financial results (Increase by 20%)	Influence on equity capital (Increase by 20%)	Influence on financial results (Decrease by 20%)	Influence on equity capital (Decrease by 20%)
Assets in currency of denomination						
Receivable debts in EUR	10 438 168	4,1852	2 087 634	2 087 634	-2 087 634	-2 087 634
Receivable debts in USD	1 994 951	3,2581	398 990	398 990	-398 990	-398 990
Receivable debts in CHF	258 062	3,4724	51 612	51 612	-51 612	-51 612
Cash in hand and at bank in EUR	2 349	4,1852	470	470	-470	-470
Cash in hand and at bank in USD	452 870	3,2581	90 574	90 574	-90 574	-90 574
Cash in hand and at bank in CHF	34 456	3,4724	6 891	6 891	-6 891	-6 891
Liabilities in currency of denomination						
Liabilities in EUR	10 522 108	4,1852	-2 104 422	-2 104 422	2 104 422	2 104 422
Liabilities in USD	1 210 754	3,2581	-242 151	-242 151	242 151	242 151
Liabilities in CHF	672 000	3,4724	-134 400	-134 400	134 400	134 400
Total			155 199	155 199	-155 199	-155 199

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.

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

01.01.2011 - 31.12.2011		Liabilities to pay up to 31.12.2011	Maturity periods				
Ageing of liabilities	Total		Up to 30 days	31 - 60 days	61 - 90 days	91 - 360 days	> 360 days
Trade liabilities	52 686 318	19 427 411	18 007 385	10 535 809	4 539 647	164 138	11 928
Credits and loans	382 257	-	-	-	-	382 257	-
Lease liabilities	3 403 239	-	-	-	-	1 374 349	2 028 890
Other liabilities	-	-	-	-	-	-	-
Total	56 471 814	19 427 411	18 007 385	10 535 809	4 539 647	1 920 744	2 040 818

Price risk

Prices of materials is a component which have a major impact on the total profitability of company. Changes in prices of purchasing raw materials can be resulted from the international demand trends for the selected materials and from the exchange rates. In connection with big fluctuations of raw materials prices on the world markets and exchange rates, purchase department makes comparative analysis of purchases from different sources, it means measures profitability of domestic and foreign purchases. It is a one of main instruments of price risk minimize. A different way to minimize of price risk is using of derivates e.g. forwards to minimize fluctuations of exchange rates. The company on the current basis controls profitability of particular products and based on this data makes actions connected with the optimization of purchase price or products sales.

25. Capital management

The main purpose of company capital management is retaining a good credit rating and safe capital indexes, which will support operational activity of company and increase its goodwill for shareholders. The company manages of capital structure and resulting from the changes of economic conditions, enters a changes to it. For the purpose of retaining or correcting of capital structure, the company can change the dividend payment for shareholders, return the capital to shareholders or issue new shares.

As at the 31 December 2012 and 31 December 2011 no changes has been entered to purposes, rules and processes which are in force.

26. Conditional liabilities

	Guarantee amount as of 31. 12.2012	Term of expiry
Guarantee issued for MLP Moszna I for security of liabilities execution	192 000 EUR	31.12.2013
Guarantee of liabilities payments for GR. Sarantis S.A.	250 000 EUR	05.08.2013
Total amount of letters of credit in banks	1 981 796 USD	

27. Tax settlements

Regulations regarding goods and services tax, corporate and personal income tax, social insurance contributions are liable to frequent changes, as a result of it very often there is no references to recorded regulations or legal precedents. Regulations which are in the force includes also ambiguities, causing differences in opinions about legal interpretations of tax regulations between bodies of state administration and between bodies of state administration and companies. Tax settlements and other settlements (for example regarding customs and currency) can be a subject of control conducted by bodies of state administration, which are able to impose significant fines, and additional liabilities should to be paid with interest. These phenomena causing that the tax risk in Poland is higher than in other countries with more developed tax system. Tax settlements can be the

subject of control for the five years starting from the end of the year in which tax has been paid. As a result of controls the current tax settlements of company can be increased by additional tax liabilities.

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

	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Balance sheet change of trade receivables and other receivables	3 942 531	1 484 109
Receivables regarding income tax	(956 567)	(3 168 240)
Change of investment receivables	-	(13 736)
Change of receivables in cash flow	2 985 964	(1 697 867)
	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Balance sheet of long term liabilities	(290 159)	(1 088 771)
Balance sheet change of trade liabilities and other liabilities	(9 048 627)	(9 714 231)
Change of credit and loans	382 077	11 515 712
Lease liabilities change	513 822	1 295 586
Income tax liabilities change	-	872 300
Change of financial liabilities from valuation of derivative financial instruments	(15 480)	17 017
Change of investment liabilities	22 819	203 124
Change of liabilities in cash flow	(8 435 548)	3 100 737
	01.01.2012- 31.12.2012	01.01.2011 - 31.12.2011
Net accounting value of fixed assets sold	211 957	54 352
Profit from fixed assets sold	348 231	95
Change of investment receivables	-	13 736
Incomes from fixed assets and intangibles sale	560 188	68 183
	01.01.2012- 31.12.2012	01.01.2011 - 31.12.2011
Accounting value of fixed assets and intangibles purchased	(2 001 371)	(1 196 194)
Purchase of fixed assets from leasing	1 116 399	320 205
Change of investment liabilities	(22 819)	(203 123)
Expenses for purchase of fixed assets and intangibles	(907 791)	(1 079 112)

29. Structure of employment

Average employment in Company amount (in persons):

	31.12.2012	31.12.2011
White-collar workers	173	186
Blue collar workers	91	91
	264	277

30. Salaries of key management personnel

Total value of salaries paid in 2012 for key management personnel was 2 939 086 PLN. In 2011 total amount of salaries paid for key management personnel was 2 954 785 PLN. There was no payments in own shares form and long-term benefits for employees.

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

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

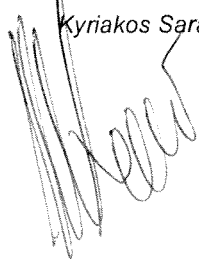
32. Events after date of balance sheet day

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

Piaseczno, 15th February 2013.

Management of the Board:

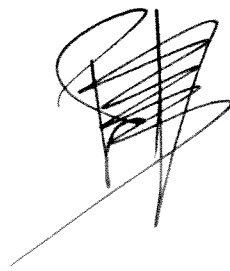
President of the
Management Board
Kyriakos Sarantis



Vice-President of the
Mangement Board
Nikos Evangelou



Vice-President of the
Management Board
Konstantinos Rozakeas



Główny Księgowy
Barbara Panasnik





Sarantis Polska S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2012**

The opinion contains 2 pages
The supplementary report contains 9 pages
Opinion of the independent auditor
and supplementary report on the audit
of the financial statements
for the financial year ended
31 December 2012

OPINION OF THE INDEPENDENT AUDITOR



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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.

Opinion on the Financial Statements

We have audited the accompanying financial statements of Sarantis Polska S.A., with its registered office in Piaseczno, ul. Puławska 42 C (“the Company”), which comprise the statement of financial position as at 31 December 2012, 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 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 the 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 the 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 2012 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.

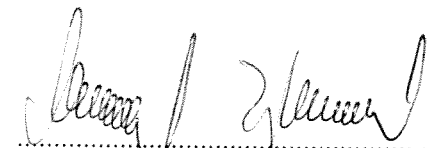
Specific Comments on Other legal and Regulatory Requirements

Report on the Company's Activities

As required under the Accounting Act, we 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.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw


.....
Anna Budzisz
Key Certified Auditor
Registration No. 11120


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

15 February 2013

REPORT OF THE INDEPENDENT AUDITOR



TRANSLATION

Sarantis Polska S.A.

**Supplementary report
on the audit of the financial
statements
Financial Year ended
31 December 2012**

**The supplementary report contains 9 pages
The supplementary report on the audit
of the financial statements
for the financial year ended
31 December 2012**



Sarantis Polska S.A.

*The supplementary report on the audit of the financial statements
for the financial year ended 31 December 2012*

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Anglo-Saxon countries has been used where practicable for the purposes of this
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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 0000158603
Share capital as at balance sheet date:	PLN 34,400,000.00

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 December 2012, the Management Board of the Company was comprised of the following members:

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

1.2. Auditor information

1.2.1 Key Certified Auditor information

Name and surname:	Anna Budzisz
Registration number:	11120

1.2.2 Audit Firm information

Name:	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000339379
Registration court:	District Court for the Capital City of 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 into the register of audit firms under number 3546, maintained by the National Council of Certified Auditors.

1.3. Prior period financial statements

The financial statements for the financial year ended 31 December 2011 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unqualified opinion.

The financial statements were approved at the General Meeting on 8 May 2012 where it was resolved to distribute the net profit for the prior financial year of PLN 15,755.8 thousand as follows:

- PLN 3,151.2 thousand to reserve capital,
- PLN 12,604.6 thousand to be paid as a dividend for Shareholder.

The financial statements were submitted to the Registry Court on 19 June 2012 and were published in Monitor Polski B No. 2006 on 10 September 2012.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Sarantis Polska S.A. with its registered office in Piaseczno, ul. Puławska 42 C and relates to the financial statements comprising: the statement of financial position as at 31 December 2012, 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 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 6 September 2012, concluded on the basis of the resolution of the Supervisory Board dated 31 July 2012 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing.

We audited the financial statements at the Company during the period from 20 to 23 November 2012 and from 4 to 11 February 2013.

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 supplementary report on the audit of the financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.



Sarantis Polska S.A.
The supplementary report on the audit of the financial statements
for the financial year ended 31 December 2012
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Management of the Company submitted a statement dated as at the same date as this report as to the true and fair presentation of the accompanying financial statements, 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 were provided to us by Management of the Company and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

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 the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Self-Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649 with amendments).

2. Financial analysis of the Company

2.1. Summary analysis of the financial statements

2.1.1. Statement of financial position

ASSETS	31.12.2012 PLN '000	% of total	31.12.2011 PLN '000	% of total
Non-current assets				
Property, plant and equipment	7,387.8	5.0	7,921.8	5.2
Intangible assets	14,213.6	9.7	14,762.8	9.6
Perpetual usufruct right	1,463.0	1.0	1,463.0	1.0
Deferred tax assets	2,268.5	1.5	1,418.9	0.9
Total non-current assets	25,332.9	17.2	25,566.5	16.7
Current assets				
Inventories	33,358.4	22.7	33,250.6	22.7
Trade and other receivables	82,267.9	55.9	85,253.9	55.8
Income tax receivable	1,034.6	0.7	1,991.1	1.3
Other assets	1,538.1	1.0	2,506.9	1.6
Cash and cash equivalents	3,710.6	2.5	4,206.5	2.8
Other finance assets	-	-	122.2	0.1
Total current assets	121,909.6	82.8	127,331.2	83.3
TOTAL ASSETS	147,242.5	100.0	152,897.7	100.0
EQUITY AND LIABILITIES				
	31.12.2012 PLN '000	% of total	31.12.2011 PLN '000	% of total
Equity				
Share capital	34,400.0	23.4	34,400.0	22.5
Share premium	1,055.6	0.7	1,055.6	0.7
Retained earnings	52,035.6	35.3	52,156.9	34.1
Total equity	87,491.2	59.4	87,612.5	57.3
Non-current liabilities				
Deferred tax liabilities	709.9	0.5	440.4	0.3
Other non-current liabilities	1,738.7	1.2	2,028.9	1.3
Total non-current liabilities	2,448.6	1.7	2,469.3	1.6
Current liabilities				
Trade and other payables	47,715.2	32.4	56,381.8	36.9
Current bank borrowings and loans	0.2	-	382.3	0.2
Accruals and deferred income	9,587.3	6.5	6,051.8	4.0
Total current liabilities	57,302.7	38.9	62,815.9	41.1
TOTAL EQUITY AND LIABILITIES	147,242.5	100.0	152,897.7	100.0



Sarantis Polska S.A.
*The supplementary report on the audit of the financial statements
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2.1.2. Statement of comprehensive income

	1.01.2012 - 31.12.2012 zł '000	% of total sales	1.01.2011 - 31.12.2011 zł '000	% of total sales
CONTINUING OPERATION				
Revenue	314,369.5	100.0	300,916.2	100.0
Other revenues	1,413.5	0.4	2,460.5	0.8
Operating expenses				
Change in inventory position	(583.4)	0.2	(561.2)	0.2
Cost of products produced for internal use	1,496.9	0.5	1,279.3	0.4
Depreciation	(2,872.6)	0.9	(3,011.7)	1.0
Materials and energy	(61,018.9)	19.4	(60,361.0)	20.1
External services	(84,841.0)	27.0	(75,541.6)	25.1
Taxes and charges	(390.3)	0.1	(370.8)	0.1
Payroll	(17,553.8)	5.6	(17,497.0)	5.8
Social security and other benefits	(3,020.2)	1.0	(2,915.1)	1.0
Other expenses by kind	(812.3)	0.3	(570.4)	0.2
Cost of merchandise and raw materials sold	(128,023.9)	40.7	(121,618.4)	40.4
Other expenses	(1,353.1)	0.4	(1,918.0)	0.6
Operating expenses	(298,972.6)	95.1	(283,085.9)	94.1
Results from operating activities	16,810.4	5.3	20,290.8	6.7
Finance income	145.2	-	205.2	-
Finance expenses	(1,451.3)	0.4	(1,679.5)	0.5
Net finance income and expense	(1,306.1)	0.4	(1,474.3)	0.5
Profit before income tax	15,504.3	4.9	18,816.5	6.2
Income tax expense	(3,021.0)	0.9	(3,060.7)	1.0
Profit from continuing operations	12,483.3	4.0	15,755.8	5.2
Profit for the period	12,483.3	4.0	15,755.8	5.2
Total comprehensive income for the period	12,483.3	4.0	15,755.8	5.2
Profit attributable to:				
Owners of the Company	12,483.3	4.0	15,755.8	5.2
Total comprehensive income attributable to:				
Owners of the Company	12,483.3	4.0	15,755.8	5.2



2.2. Selected financial ratios

	2012	2011	2010
1. Return on sales			
<u>profit for the period</u> x 100% revenue	4.0%	5.2%	5.8%
2. Return on equity			
<u>profit for the period</u> x 100% equity - profit for the period	16.6%	21.9%	28.5%
3. Debtors' days			
<u>average trade receivables (gross)</u> x 365 days revenue	94 days	100 days	96 days
4. Debt ratio			
<u>liabilities</u> x 100% equity and liabilities	40.6%	42.7%	52.8%
5. Current ratio			
<u>current assets</u> current liabilities	2.1	2.0	1.6

- Revenue includes revenue from sales 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, with no deduction made for allowances.



3. Detailed report

3.1. 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 any material irregularities in the accounting system, which have not been corrected and that could have a material effect 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 its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act, and reconciled and recorded the result thereof in the accounting records.

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. This information 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.

On behalf of KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Anna Budzisz
Key Certified Auditor
Registration No. 11120

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

15 February 2013