



**BAKER TILLY
HUNGÁRIA
AUDIT**

AUDITOR'S REPORT

To: Pagonis Evangelo
From: Baker Tilly Hungária Könyvvizsgáló Kft.
Date: 13 February 2015

Baker Tilly Hungária Könyvvizsgáló Kft.
H-1124 Budapest
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Hungary
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Subject: Independent Auditor's Report of the Sarantis Hungary Kft. on Special Purpose Financial Information Prepared for Consolidation Purposes

To the OMEGA – AUDIT SA

As requested in your Group Audit Engagement Instructions, dated 09 January 2015, we have audited, for purposes of your audit of the consolidated financial statements of SARANTIS S.A group, the accompanying special purpose financial information of Sarantis Hungary Kft. as of 31 December 2014.

Management's Responsibility for the Special Purpose Financial Information

Management is responsible for the preparation and presentation of this special purpose financial information in accordance with policies and instructions contained in SARANTIS S.A group's reporting manual, dated 05 May 2008. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the special purpose financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. This special purpose financial information has been prepared solely to enable SARANTIS S.A group to prepare its consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. As requested, our audit procedures also included the additional procedures identified in your instructions. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement. As requested by you, we planned and performed our audit using the materiality level specified in your instructions, which is different than the materiality level that we would have used had we been designing the audit to express an opinion on the financial information of the component alone.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk



assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial information 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, if any, made by management, as well as evaluating the overall presentation of the special purpose financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the component materiality level specified by you in the context of the audit of the consolidated financial statements of the group.

Opinion


In our opinion the accompanying special purpose financial information for Sarantis Hungary Kft. as of 31 December 2014 and for the year then ended has been prepared, in all material respects, in accordance with the policies and instructions contained in the SARANTIS S.A group's reporting manual, dated 05 May 2008.


Restriction on Use and Distribution

This special purpose financial information has been prepared for purposes of providing information to Gr. SARANTIS S.A to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of Sarantis Hungary Kft. in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary and is not intended to present fairly, in all material respects the financial position of Sarantis Hungary Kft. as of 31 December 2014, and of its financial performance, and its supplementary notes and cash flows for the year then ended in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. The financial information may, therefore, not be suitable for another purpose.

This report is intended solely for OMEGA – AUDIT SA and should not be used and distributed by to other parties.

13 February 2015, Budapest


Anna Kőszegi
Managing director
Baker Tilly Hungária Könyvvizsgáló Kft.
1124 Budapest, Jagelló út 14.
Registration number: 002455


Anna Kőszegi
Registered auditor
Chamber registration number: 003946

Statistical Identification No.: 10862412-4649-113-13
 Registration Identification No.: 13-09-156730

Sarantis Hungary Kereskedelmi és Szolgáltató Kft.

december 31. 2014

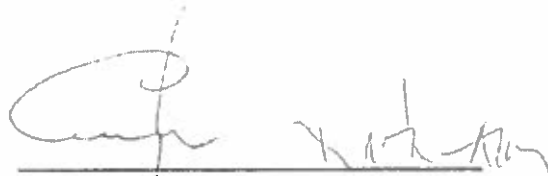
PROFIT AND LOSS ACCOUNTS

Version "A"
 2 / 1

figures in thousand HUF

Serial number	Description of the items	Prior year	Modifications related to prior year	Current year
a	b	c	d	e
1.	Net domestic sales	2 576 824	0	3 009 694
2.	Net external sales	10 293	0	42 477
I.	TOTAL SALES (REVENUES) (1.+2.)	2 587 117	0	3 052 171
3.	Variations in self-manufactured stoks	-23 283	0	11 639
4.	Own work capitalised	0	0	0
II.	OWN PERFORMANCE CAPITALISED (3.+4.)	-23 283	0	11 639
III.	OTHER INCOME	16 422	0	13 195
III/a.	including: loss in value marked back	1 271	0	6
5.	Raw materials and consumables	409 626	0	476 376
6.	Contracted services	537 414	0	672 380
7.	Other service activities	13 237	0	8 440
8.	Original cost of goods sold	1 033 225	0	1 307 063
9.	Value of services sold (intermediated)	0	0	0
IV.	MATERIAL COSTS (5.+6.+7.+8.+9.)	1 993 502	0	2 464 259
10.	Wages and salaries	189 786	0	195 557
11.	Other employee benefits	27 160	0	25 554
12.	Contributions on wages and salaries	53 830	0	56 046
V.	STAFF COSTS (10.+11.+12.)	270 776	0	277 157
VI.	DEPRECIATION	25 522	0	25 779
VII.	OTHER OPERATING CHARGES	273 117	0	266 930
VII/a.	including: loss in value	2 323	0	3 976
A.	INCOME FROM OPERATIONS (±II+III-IV-V-VI-VII)	17 339	0	42 880

Budaörs, 13th February 2014


 Head of the company
 (authorised signature)

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Sarantis Hungary Kereskedelmi és Szolgáltató Kft.

december 31. 2014

PROFIT AND LOSS ACCOUNTS

(total cost method)

Version "A"

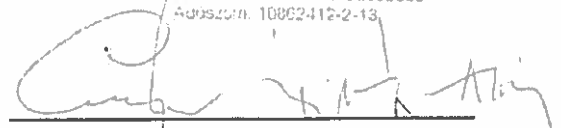
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figures in thousand HUF

Serial number	Description of the items	Prior year	Modifications related to prior year	Current year
a	b	c	d	e
13.	Dividends and profit-sharing (receive or due)	0	0	0
13/a.	including: from affiliated undertakings	0	0	0
14.	Capital gains on investments	0	0	0
14/a.	including: from affiliated undertakings	0	0	0
15.	Interest and capital gains on financial investments	0	0	0
15/a.	including: from affiliated undertakings	0	0	0
16.	Other interest and similar income (received or due)	788	0	812
16/a.	including: from affiliated undertakings	0	0	0
17.	Other income from financial transactions	7 434	0	12 651
17/a.	including: evaluation difference	0	0	0
VIII.	INCOME FROM FINANCIAL TRANSACTIONS (13.+14.+15.+16.+17.)	8 222	0	13 463
18.	Losses on financial investments	0	0	0
18/a.	including: to affiliated undertakings	0	0	0
19.	Interest payable and similar charges	0	0	0
19/a.	including: to affiliated undertakings	0	0	0
20.	Losses on shares, securities and bank deposits	0	0	0
21.	Other expenses on financial transactions	21 532	0	45 425
21/a.	including: evaluation difference	0	0	0
IX.	EXPENSES ON FINANCIAL TRANSACTIONS (18.+19.+20.+21.)	21 532	0	45 425
B.	PROFIT OR LOSS FROM FINANCIAL TRANSACTIONS (V.-IX.)	-13 310	0	-31 962
C.	PROFIT OR LOSS OF ORDINARY ACTIVITIES (±A.±B.)	4 029	0	10 918
X.	EXTRAORDINARY INCOME	0	0	0
XI.	EXTRAORDINARY EXPENSES	0	0	0
D.	EXTRAORDINARY PROFIT OR LOSS (X.-XI.)	0	0	0
E.	INCOME BEFORE TAXES (±C±D)	4 029	0	10 918
XII.	Tax payable	3 154	0	3 528
F.	PROFIT AFTER TAXES (±E-XII)	875	0	7 390
22.	Profit reserves used for dividends and profit-sharing	0	0	0
23.	Dividends and profit-sharing paid (payable)	0	0	0
G.	PROFIT OR LOSS FOR THE YEAR (±F.+22.-23.)	875	0	7 390

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Budaörs, 13th February 2014


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Registration identification No.: 13-09-156730

Sarantis Hungary Kereskedelmi és Szolgáltató Kft.

december 31. 2014

BALANCE-SHEET

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Assets

figures in thousand HUF

Serial num-ber	Description of the individual items	Prior year	Modifications related to prior year	Current year
a	b	c	d	e
1.	A. Fixed assets (2.+10.+18.)	85 306	0	64 947
2.	I. INTANGIBLE ASSETS (3.-9.)	20 235	0	12 204
3.	Capitalised value of formation/reorganisation expenses	0	0	0
4.	Capitalised value of research and development	0	0	0
5.	Concessions, licenses and similar rights	20 235	0	12 204
6.	Trade-marks, patents and similar assets	0	0	0
7.	Goodwill	0	0	0
8.	Advances and prepayments on intangible assets	0	0	0
9.	Adjusted value of intangible assets	0	0	0
10.	II. TANGIBLE ASSETS (11.-17.)	53 371	0	40 335
11.	Land and buildings and rights to immovables	3 882	0	3 371
12.	Plant and machinery, vehicles	14 824	0	9 267
13.	Other equipment, fixture and fittings, vehicles	34 665	0	27 697
14.	Breeding stock	0	0	0
15.	Assets in course of construction	0	0	0
16.	Prepayment on assets in course of construction	0	0	0
17.	Adjusted value of tangible assets	0	0	0
18.	III. FINANCIAL INVESTMENTS (19.-26.)	11 700	0	12 408
19.	Long-term participations in affiliated undertakings	0	0	0
20.	Long-term credit to affiliated undertakings	0	0	0
21.	Other long-term participations	0	0	0
22.	Long-term loan to independent undertakings	0	0	0
23.	Other long-term loans	11 700	0	12 408
24.	Securities signifying a long-term creditor relationship	0	0	0
25.	Adjusted value of financial investments	0	0	0
26.	Evaluation difference of financial assets	0	0	0

Budaörs, 13th February 2014



Head of the company
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Sarantis Hungary Kereskedelmi és Szolgáltató Kft.

december 31. 2014

BALANCE-SHEET
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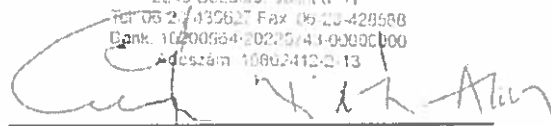
Assets

figures in thousand HUF

Serial num-ber	Description of the individual items	Prior year	Modifications related to prior year	Current year
a	b	c	d	e
27.	B. Current Assets (28.+35.+43.+49.)	1 482 399	0	1 643 869
28.	I. INVENTORIES (29.-34.)	547 504	0	485 825
29.	Raw materials and consumables	68 525	0	45 209
30.	Work in progress, intermediate and semi-finished products	0	0	0
31.	Animals for breeding and fattening and other livestock	0	0	0
32.	Finished products	42 804	0	54 443
33.	Goods	400 267	0	379 690
34.	Prepayments on inventories	35 910	0	6 483
35.	II. RECEIVABLES (36.-42.)	837 112	0	921 082
36.	Accounts receivables	830 731	0	900 482
37.	Receivables from affiliated undertakings	808	0	9 082
38.	Receivables from independent undertakings	0	0	0
39.	Bills receivable	0	0	0
40.	Other receivables	5 573	0	11 518
41.	Evaluation difference of debtors	0	0	0
42.	Positive evaluation difference of derivatives	0	0	0
43.	III. SECURITIES (44.-48.)	0	0	0
44.	Participations in affiliated undertakings	0	0	0
45.	Other participations	0	0	0
46.	Own shares and own partnership shares	0	0	0
47.	Securities signifying a creditor relationship for trading purposes	0	0	0
48.	Evaluation difference of investments	0	0	0
49.	IV. LIQUID ASSETS (50.-51.)	97 783	0	236 962
50.	Cash, checks	5 820	0	6 958
51.	Bank deposits	91 963	0	230 004
52.	C. Accrued and deferred assets (53-55.)	6 704	0	21 219
53.	Accrued income	0	0	4 643
54.	Accrued expenses	6 704	0	16 576
55.	Deferred expenses	0	0	0
56.	TOTAL ASSETS (1.+27.+52.)	1 574 409	0	1 730 035

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Budaörs, 13th February 2014


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Registration identification No.: 13-09-156730

Sarantis Hungary Kereskedelmi és Szolgáltató Kft.

december 31. 2014

BALANCE-SHEET

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Equity and Liabilities

figures in thousand HUF

Serial num-ber	Description of the individual items	Prior year	Modifications related to prior year	Current year
a	b	c	d	e
57.	D. Owners' Equity (58.+60.+61.+62.+63.+64.+67.)	789 827	0	857 218
58.	I. SUBSCRIBED CAPITAL	1 259 410	0	1 319 410
59.	I/a of which: ownership shares repurchased at face value	0	0	0
60.	II. SUBSCRIBED CAPITAL UNPAID (-)	0	0	0
61.	III. CAPITAL RESERVE	0	0	0
62.	IV. ACCUMULATED PROFIT RESERVE	-618 460	0	-617 582
63.	V. TIED-UP RESERVE	148 000	0	148 000
64.	VI. REVALUATION RESERVE (65.-66.)	0	0	0
65.	Revaluation reserve	0	0	0
66.	Fair value reserve	0	0	0
67.	VII. PROFIT OR LOSS FOR THE YEAR	877	0	7 390
68.	E. Provisions (69.-71.)	0	0	0
69.	Provisions for forward liabilities	0	0	0
70.	Provisions for forward expenses	0	0	0
71.	Other provisions	0	0	0
72.	F. Liabilities (73.+77.+86.)	704 124	0	793 430
73.	I. SUBORDINATED LIABILITIES (74.-76.)	0	0	0
74.	Subordinated liabilities to affiliated undertakings	0	0	0
75.	Subordinated liabilities to independent undertakings	0	0	0
76.	Subordinated liabilities to other economic entities	0	0	0

Budaörs, 13th February 2014



Head of the company
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2013 Budaörs, Veszprém 11
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Sarantis Hungary Kereskedelmi és Szolgáltató Kft.

december 31. 2014

BALANCE-SHEET

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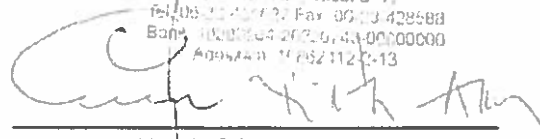
Equity and Liabilities

figures in thousand HUF

Serial num-ber	Description of the individual items	Prior year	Modifications related to prior year	Current year
a	b	c	d	e
77.	II. LONG-TERM LIABILITIES (78 -85.)	147	0	0
78.	Long-term loans	0	0	0
79.	Convertible bonds	0	0	0
80.	Debts on issue of bonds	0	0	0
81.	Investment and development credits	0	0	0
82.	Other long-term credits	0	0	0
83.	Long-term liabilities to affiliated undertakings	0	0	0
84.	Long-term liabilities to independent undertakings	0	0	0
85.	Other long-term liabilities	147	0	0
86.	III. CURRENT LIABILITIES (87. and 89 -97.)	703 977	0	793 430
87.	Short-term bank loans	0	0	0
88.	- of which: convertible bonds	0	0	0
89.	Other short-term loans	40	0	80
90.	Advances received from customers	0	0	0
91.	Accounts payable	226 070	0	251 933
92.	Bills payable	0	0	0
93.	Short-term liabilities to affiliated undertakings	432 399	0	473 907
94.	Short-term liabilities to independent undertakings	0	0	0
95.	Other short-term liabilities	45 468	0	67 510
96.	Evaluation difference of liabilities	0	0	0
97.	Negative evaluation difference of derivatives	0	0	0
98.	G. Accrued and deferred liabilities (99.-101.)	80 458	0	79 387
99.	Deferred income	0	0	0
100.	Deferred expenses	80 458	0	79 387
101.	Accrued income	0	0	0
102.	TOTAL OWNERS' EQUITY AND LIABILITIES (57.+68.+72.+98	1 574 409	0	1 730 035

Budaörs, 13th February 2014

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 2014. február 13. vasárnap 11:
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Head of the company
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**BAKER TILLY
HUNGÁRIA
AUDIT**

HIGHLIGHTS MEMORANDUM

To: Pagonis Evangelo
OMEGA – AUDIT SA
From: Baker Tilly Hungária Könyvvizsgáló Kft.
Date: 13 February 2015

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Subject: Audit of the financial statements of Sarantis Hungary Kft. as of December, 31st 2014.

We confirm that we have complied with our quality control policies and procedures.

We confirm that we have complied with the ethical requirement of Hungary including the independence requirements and that nothing has come to our attention during the audit that would constitute a threat to our independence.

We confirm that we have complied with auditing or other standards issued by the International Standards of Auditing (ISA) in carrying out our audit.

We are not aware of any other issues other than as set out in this memorandum that should be brought to your attention and which is relevant to your opinion on the group financial statements.

13 February 2015

Baker Tilly Hungária Könyvvizsgáló Kft.


Anna Kószegi
Partner


**BAKER TILLY
HUNGÁRIA
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A. AUDIT SCOPE AND MATERIALITY

1. Background

International Standard on Auditing (ISA) 260 requires us to provide a summary of the work we have carried out to discharge our statutory audit responsibilities to those charged with governance at the time they are considering the financial statements. This report summarizes the key issue identified during our audit of the financial statements.

2. Audit scope

We conducted our audit in accordance with Hungarian and International Standards on Auditing. We have performed our work on the following financial information:

- Local Financial Statements including balance sheet and the related profit and loss statement
- Summary of significant accounting policies and other explanatory notes
- Reporting package

3. Audit conclusion

In the absence of a qualification of our audit opinion we are satisfied that the financial statements (*local gaap*) give a true and fair view to the members of the company, complying with all statutory and other requirements and that our audit was conducted in accordance with ISA.

4. Materiality

Materiality has been set on the following basis (based on the group audit instructions and the year end data of the Hungarian P&L and the Balance Sheet Statutory):

- Overall materiality: THUF 18,669 (<component materiality in the GAEL)
- Performance materiality: THUF 14,002 (<component materiality in the GAEL)

B. BUSINESS, EXTERNAL AND INTERNAL FACTORS

1. Summary of the operations

SARANTIS S.A., trading as "SARANTIS" and its Subsidiaries (*together "the Group"*) operate in the mass market of cosmetics, household, health and care products of vitamins and para-pharmaceutical products. The Group's objective, as defined in its Articles of Association, also includes the distribution of the aforementioned products in the retail and wholesale domestic and international market.

Gregory Sarantis opened his first beauty-shop in Constantinople in 1930, which has developed into an international business in the last century. The products of the Sarantis group have been traded in Hungary since 1998 through local distributors. The products currently distributed in Hungary are the following: STR8, C-THRU, BU, tub.o.flo. drain cleaners, Fino, Hewa, Várnamo.

Trade '90 Kft. was founded on 27th July 1993 and became a part of the *Group* on 11th September 2009. On 9th February, 2006 Gr. Sarantis S.A. the ultimate parent company, established Sarantis Hungary Kft. Both companies were wholly-owned subsidiaries of Gr. Sarantis Cyprus Limited. On 7th April 2009 Sarantis Hungary Kft. merged into the Trade '90 Kft.

The founder decided to name of the *Company* changed so with the effect of the founder's resolution changed from Trade '90 Kft. to Sarantis Hungary Kft. (the "*Company*") on 16th April 2010.

The economic crisis had major effect on the markets of the *Company*. The markets of perfume, cosmetics and furnishing and gift sales decreased significantly so *Company* closed its show shop in 2009. After this period the *Company* tried to conform to the changed economic environment and with overhead cost reducing and improving market organization, the effectiveness of the *Company* could be improved in the past few years.

The main partners of *Company* are chains of department stores. The *Company's* expected income for the year 2014 is around THUF 3,052,171. The average number of employees was 44 in 2014.

2. Accounting and financial operation

There was no change in accounting regulations compared to the previous year. The financial and accounting operation did not change.

The *Company* has been using the EPR, *Exact* since 1st January 2009. The accounting of inventories, fixed assets; issuing invoices occur in this software. Payroll accounting is outsourced, (*to Bérkalkulátor Kft.*) booking of salaries and wages occur on basis of the payroll statements given by the contractor company.

3. Final overall analytical review

The *Company's* expected income for the year 2014 is around THUF 3,052,171. The average number of employees was 44 in 2014 (45 in 2013). The registered capital of the *Company* increased by THUF 60,000.. The biggest domestic competitors of the *Company* are not changed compared to previous period.

The political and regulatory environment of the *Company* was not changed relevantly in 2014.

There were no significant changes in the activity of the *Company* compared to the previous years, but the *Company* is planning to finish production activities until the end of February 2015, which caused the lower level of raw materials comparing with the year 2013.

The *Company* started sales of new products (Denim, Gaia, Strep, Leocrema and Vidal) in August 2014 which generated 193 million higher turnovers.

C. AUDIT MATTERS

1. Judgemental areas

There were not any judgmental areas where auditing procedures necessitated extensive independent or subjective analysis.

2. Complex or unusual transactions

On the basis of examinations made we were not informed about any significant complex or unusual transactions which need to be called your attention.

3. Major areas of potential financial exposure

There were no major areas of potential financial issues which will require close follow up.

4. Description of unusual and significant amounts

For the description of unusual and significant amounts see final analytical review.

5. Other matters concerning operations and personnel

There were no other matters concerning operations and personnel that would be of potential interest to corporate management, regardless of their nature.

6. Other issues

There were no any other issues related to the audit which needs to be called your attention.

D. FINAL ANALITICAL REVIEW

The following analytical reviews present comparable figures because the business model of the current year was not changed. The significant features of Sarantis Hungary Kft's results and significant changes in previous year's profit and loss account and balance sheet comparing with the current year:

P&L	data in THUF			
	31.12.2013 Net Value	31.12.2014 Net Value	Changes	Changes %
Gross Sales	3 128 922	3 762 501	633 579	20%
On Invoice Discounts	(543 031)	(711 859)	(168 827)	31%
Net Sales	2 585 891	3 050 642	464 752	18%
Trade Expenses	(461 811)	(543 511)	(81 700)	18%
Net Net Sales	2 124 080	2 507 131	383 052	18%
Cost Of Goods	(1 433 800)	(1 743 555)	(309 755)	22%
Gross Profit (a)	690 279	763 576	73 297	11%
A&P (b)	(98 826)	(122 207)	(23 381)	24%
Marketing Contribution (c)=a+b	591 454	641 369	49 916	8%

Salient points	Comment and explanations
Gross Sales	<p>The gross sales (contains goods and finished products sold) were increased 20% comparing with the previous year. The reasons of the increasing are the following:</p> <ol style="list-style-type: none"> 1) The <i>Company</i> started sales of new products in August 2014 which generated higher turnover. 2) Increase in sales volume of previous year finished products and goods. 3) Positive effect of the price changes.
Net Sales	<p>The amount (contains goods and finished products sold) is increased 18% because as a result of the strong competition the on invoice discounts increased by more than the gross sales.</p>
Net Net Sales	<p>The net net sales THUF 383,052., trade expenses and the net sales were increased parallel by 18% comparing with the previous year.</p>
Gross Profit	<p>The amount increased by 11%, but if the effect of the invoice discounts change is not considered, it can be seen that the net net sales, the cost of goods and the gross profit increased parallel by 20-22%.</p>
A&P	<p>The increase is mainly resulted by media cost (TV, press, cinema and internet advertising) increased by THUF 17,493 and I.B.S. cost increased by 3,322 (sampling, promotional expenses, stands ect.)</p>

data in THUF

P&L	31.12.2013	31.12.2014	Changes	
	Net Value	Net Value	Changes	%
Country/B.U. Commercial Expenses	(177 319)	(183 469)	(6 151)	3%
Country/B.U. Overheads	(364 094)	(381 000)	(16 907)	5%
Country/B.U. Total Expenses (d)	(541 412)	(564 470)	(23 057)	4%
Country/B.U. E.B.I.T. (e)=c+d	50 041	76 900	26 858	54%
Group Supply Chain	(10 258)	(9 947)	311	-3%
Group Business Development	(5 969)	(6 316)	(347)	6%
Group Administrative Expenses	(12 853)	(14 218)	(1 365)	11%
Total Group Expenses (f)	(29 081)	(30 482)	(1 401)	5%
Group E.B.I.T. (g)=f+e	20 961	46 417	25 457	121%
Financial Expenses	(16 929)	(35 499)	(18 570)	110%
Group E.B.T.	4 032	10 918	6 887	171%
Corporate income tax	(3 154)	(3 528)	(374)	12%
Profit after the deduction of tax	878	7 390	6 513	742%

Salient points	Comment and explanations
Country/B.U. Total Expenses	The amount is not changed significantly. This P&L line contains typically sales development cost (THUF 164,143), supply chain development (THUF 174,193, from this warehousing cost is THUF 86,469), financial and administrative development (THUF 111,400) and other operating expenses (THUF 72,200). The essential reasons of change in overheads are that the Environmental Tax liabilities increased by THUF 15,795 and the Local Income Tax increased by THUF 1,050 generated by higher turnover.
Group Expenses	The amount is not changed significantly. This P&L line contains typically the payroll of the supply chain (THUF 9,133), the marketing development cost of the household (THUF 5,302) and the royalty fee from the Gr. Sarantis Cyprus (THUF 12,659).
Financial Expenses	The EUR exchange rate significantly increased against the Hungarian forint which generated THUF 32,769 loss the end of the year. The amount of the year –end valuation is THUF 16,558 loss.

data in THUF

	31.12.2013	31.12.2014	Changes	
ASSETS	Net Value	Net Value	Changes	%
Tangible Fixed Assets	53 371	40 334	(13 037)	-24%
Intangible Fixed Assets	20 235	12 204	(8 032)	-40%
Tangible & Intangible Assets	73 606	52 538	(21 069)	-29%
Other Long-Term assets	11 700	12 408	709	6%
Non Current Assets	11 700	12 408	709	6%
Inventories	547 504	485 826	(61 679)	-11%
Trade receivables	831 539	843 705	12 167	1%
Other receivables	5 573	11 518	5 945	107%
Cash & cash equivalents	97 783	236 962	139 179	142%
Current Assets	1 482 399	1 578 011	95 612	6%
Prepayments and accrued income	6 704	21 219	14 515	217%
Assets Transitional Accounts	6 704	21 219	14 515	217%
TOTAL ASSETS	1 574 409	1 664 176	89 767	6%

Salient points	Comment and explanations
Tangible Assets	The amount increased by 24%, because the <i>Company</i> booked THUF -10,982 depreciations and office equipments were purchased by THUF 4,013. Furthermore zero net value assets were eliminated.
Intangible Assets	The reason for the decrease was depreciation (THUF - 8,728) and asset purchasing (THUF +697). Furthermore zero net value assets were eliminated.
Non Current Assets	The amount of the warranty, transferred to the K&F Bank in the previous year, changed with the amount of the year end exchange rate revaluation (not significant).
Inventories	The decrease is resulted by the lower level of raw materials (THUF -23,316), because the <i>Company</i> is planning to finish production activities until the end of February 2015. Furthermore more products have been produced than it could be sold by the <i>Company</i> . The balance of the finished goods decreased by THUF -8,935, the balance of the advanced for the third party suppliers decreased by THUF -29,427.

Salient points	Comment and explanations
Trade receivables	The main partners of the <i>Company</i> are chains of department stores (Tesco, Aushan, Spar, Metro ect.), which are not changed compared to previous period. The <i>Company</i> presented THUF 843,705 trade receivables in its balance sheet and THUF 25,659 was overdue for more than 120 days from which THUF 16,373 covered by provision.
Other receivables	The amount increased by 107%, because the balance of local income tax receivables increased by THUF +9,335 and the other tax and contribution liabilities decreased by THUF -4,091.
Cash & cash equivalents	The balance increased by 142%, because the solvency of the customers was changed positively and the significant part of the due supplier liabilities were paid after the current year. Furthermore the balance of the security deposit account, which was opened in this period, is THUF 60,000.
Assets Transitional Accounts	The amount contains the accrued income in connection with the current year and accrued expenses connection with the following year (long-term lease, insurance, maintenance ect.) The main change is the subsequently received discount accrued in connection with the sales of the new products compared to the previous year (THUF +13,284).

data in THUF

	31.12.2013	31.12.2014	Changes	
LIABILITIES	Net Value	Net Value	Changes	%
Share capital	1 259 410	1 319 410	60 000	5%
Reserves	148 000	148 000	0	0%
Carried forward Results	(617 583)	(610 193)	7 390	-1%
Total Equity	789 827	857 217	67 390	9%
Provisions	0	0	0	0%
Long Term Liabilities	147	0	(147)	-100%
Non Current Liabilities	147	0	(147)	-100%
Suppliers	658 469	730 818	72 349	11%
Other liabilities	28 462	19 968	(8 494)	-30%
Tax Liabilities	17 045	42 644	25 599	150%
Current Liabilities	703 976	793 431	89 454	13%
Liabilities Transitional Accounts	80 458	13 528	(66 930)	-83%
TOTAL EQUITY & LIABILITIES	1 574 409	1 664 176	89 767	6%

Salient points	Comment and explanations
Equity	As a result of the increase, the registered capital of the <i>Company</i> increased to THUF 1,319,410 through providing cash in total of THUF 60,000. The current year profit is THUF 7,390.
Suppliers	The amount increased by 11%, because as a result of the sales growth, the liabilities from the goods purchasing increased in the last two months.
Other liabilities	The reason for the decrease (-30%) was the approved personnel bonuses of the previous year (THUF 7,456) paid in this period. Personnel bonuses were not accounted for the current year. The salary-related contributions were not changed significantly compared to previous year.
Tax liabilities	The amount typically contains the balance of the VAT (THUF 37,551) and the Environmental tax liabilities (THUF 4,951). As a result of the sales growth in December the VAT's balance increased by THUF +26,894 compared to previous year.
Liabilities Transitional Accounts	The amount contains the accrued liabilities in connection with the current year (marketing, audit, payroll, lawyer, overhead, fuel ect.) in accordance with the previous year. From the trade accruals was reclassified THUF -65,859 to trade receivables which generated significant change.

E. TAX MATTERS

1. Statutory tax rates

The corporate income tax rate is 10%, the local income tax rate is 1,8% (in Budaörs) and 1,6% (in Kecskemét).

2. Corporate income tax calculations

The *Company's* profit before taxation and the tax base, modified by tax base deductions and tax base increasing, less than the income (profit) minimum; in this case the *Company* have to use the total income for calculating its tax base.

Profit before taxation:	THUF 10,918
Total income:	THUF 3,078,829
Mediated services (<i>tax base reducing item</i>)	THUF 1,307,063
Tax base (<i>2% of the total income – reducing items</i>)	THUF 35,435

Corporate income tax (10%):	THUF 3,543
Booked:	THUF 3,528
Difference:	THUF 15 (n/m)

3. Tax loss carried forward

The *Company* has THUF 739,000 loss carry forward from prior years, which could not be used in the current year, because the tax amount has been calculated in accordance with the income (profit) minimum.

4. Deferred tax

There are no any deferred tax assets and liabilities.

5. Tax issues

There were no pending tax legislations in the examined period.

Any details see Management letter.

F. MATTERS COMUNICATED WITH MANAGEMENT

For the details of matters communicated with management and those charged with governance see Management letter.

G. OUTSTANDING MATTERS

There were no any other outstanding matters.

H. SUMMARY OF UNADJUSTED MISSTATEMENTS

There were no any unadjusted misstatements.