



POLSKA MEAT

SPÓŁKA AKCYJNA

**UL. HUTNICZA 45
81-061 GDYNIA**

NIP 9581655634

**Annual financial statements for the year ended
31 December 2016**



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

Index

| | |
|---|-----------|
| 1. INTRODUCTION TO THE FINANCIAL STATEMENTS | 3 |
| 2. BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2016 | 8 |
| 3. LOSS AND PROFIT ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016 (SINGLE-STEP VERSION) | 11 |
| 4. STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016 | 12 |
| 5. CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2016 (INDIRECT METHOD) | 13 |
| 6. ADDITIONAL NOTES TO FINANCIAL STATEMENT AND EXPLANATORY NOTES | 14 |



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

1. INTRODUCTION TO THE FINANCIAL STATEMENTS

1.1. ENTITY'S DETAILS

POLSKA MEAT Spółka akcyjna ("the Company", "the Issuer") with its registered office at Hutnicza 45 in Gdynia.

The Issuer's core business according to the Polish Classification of Activity (PKD):

- WHOLESALE OF MEAT AND MEAT PRODUCTS (PKD 46,32,Z)
- PROCESSING AND PRESERVING OF MEAT, EXCLUDING POULTRY MEAT (PKD 10,11,Z)
- PROCESSING AND PRESERVING OF POULTRY MEAT (PKD 10,12,Z)
- AGENTS INVOLVED IN THE SALE OF AGRICULTURAL RAW MATERIALS, LIVE ANIMALS, TEXTILE RAW MATERIALS AND SEMI-FINISHED GOODS (PKD 46,11,Z)
- WHOLESALE OF GRAIN, UNMANUFACTURED TOBACCO, SEEDS AND ANIMAL FEEDS (PKD 46,21,Z)
- WHOLESALE OF OTHER FOOD, INCLUDING FISH, CRUSTACEANS AND MOLLUSCS (PKD 46,38,Z)
- WAREHOUSING AND STORAGE OF OTHER GOODS (PKD 52,10,B)
- PACKAGING ACTIVITIES (PKD 82,92,Z)

The Company was entered into the Register of Entrepreneurs kept by the District Court Gdańsk-Północ, VIII Industry and Commerce Department of the National Court Register on September 7 2011 under the name of POLSKA MEAT SPÓŁKA AKCYJNA, Entry No. KRS 0000395400.

The Company was granted tax identification number NIP 9581655634.

1.2. COMPANY'S LIFESPAN

The Company shall exist for an indefinite period of time.

1.3. STATEMENT PERIOD

The financial statements of the Company cover the year ended December 31, 2016, and include the comparatives for the year ended December 31, 2016.

1.4. REFERENCE TO AGGREGATED DATA INCLUDED IN FINANCIAL STATEMENTS

The Issuer's financial statements do not include aggregated data. The Company does not comprise internal organizational units which draw up individual financial statements.



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

1.5. CONTINUITY IN OPERATIONS

At the date of the financial statements there are no preconditions for the existence of threats to the Company's operation continuity in the nearest future. Therefore, the statement was made on the premise that the Company shall continue its operations for the period of no less than 12 months after the balance sheet date.

1.6. ADOPTED ACCOUNTING METHODS AND PRINCIPLES

The financial statement was prepared in accordance with the Accounting Act of 29 September 1994 applicable to entities continuing their operations.

The financial statements are denominated in the Polish zloty.

The financial statement presents economic events according to their economical content.

The Company's financial result comprises any and all revenues allocated to the Company and costs related to the revenues in accordance with the accrual principle, matching principle and prudence principle.

Assets and liabilities were valued in accordance with the Accounting Act principles, but:

- 1) Fixed assets and intangible assets are valued at acquisition price, and in case of internally generated fixed assets at a manufacturing cost of such assets less amortization and accumulated write-offs.

Acquisition price and manufacturing costs of fixed assets in progress, fixed assets and intangible assets also comprise liability servicing costs arising from their construction, assembly and adjustment.

In accordance with the Accounting Act initial value and ongoing amortization write-offs may, pursuant to separate regulations, be subject to revaluation. Net book value of fixed assets determined by revaluation shall not be higher than the actual value, the write off of which is economically justified within the anticipated period of their continued use.

Research and development expenses for internal purposes born before new solutions are applied are considered as intangible assets, but if they fail to meet the intangible assets criteria they debit the loss and profit account.

Research and development in progress expenses are included in intangible assets.



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

Costs arising from and during investments are added to costs of fixed assets in progress, when investments are completed they are related directly to the loss and profit account.

Right of perpetual usufruct of land is presented at the acquisition price and is not subject to amortization.

Fixed assets under construction are valued at the total amount of costs directly related to their acquisition or construction less impairment write-offs.

Write-offs on fixed and intangible assets are made in accordance with the amortization schedule presenting rates and annual amounts of write-offs. Rates planned are established with consideration to physical and economical wear and tear of fixed assets and the period of economic usefulness of rights.

For tax purposes amortization rates were applied pursuant to the Corporate Income Tax Act dated February 15 1992 which determines amortization rates as tax-deductible expenses.

Planned amortization is included in the running costs, and unplanned amortization is reported as other operational costs. All intangible assets are depreciated with a straight-line depreciation method based on the following principles:

- licences – 2 years,
- research and development – 1 year,
- other intangibles – 5 years.

Assets of economic lifetime longer than 1 year and value not exceeding PLN 3,500 are written off as a single entry at the delivery date.

Assets of a higher initial value than PLN 3,500 are included in fixed assets or intangibles and are entered into the balance sheet register as such.

Depreciation write-offs are reported beginning with the next month following the delivery month.

All fixed assets are depreciated with a straight-line depreciation method.

Amortization rates applied for new fixed assets are as follows:

| | |
|-------------------------------------|------------|
| • buildings and structures | 1,5% - 20% |
| • technical machinery and equipment | 7% - 30% |
| • means of transport | 7% - 20% |
| • other fixed assets | 10% - 25% |



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

Fixed assets used or of exceeding normal wear and tear have amortization rates and ratios as determined by the Corporate Income Tax Act.

The economic usefulness term of each asset is verified as of each balance sheet date.

In case of a change in production technology, scrapping, decommission or other reasons for impairment of fixed assets or intangibles revaluation write-off is reported under other operating expenses. Revaluation write-offs concerning fixed assets which were revaluated pursuant to separate regulations reduce revaluation capital differences taken to revaluation reserve. A possible surplus of write-offs over revaluation capital differences shall be reported under other operating costs.

In the event of the cessation of the reasons that caused the write-offs, the equivalent of all or part of the revaluation write-offs increases value of an asset and shall be appropriately charged to other operating costs.

- 2) Tangible working assets are valued in the following manner:
 - merchandise – merchandise depletion value is based on the batch specific identification method. Merchandise income value is based on acquisition price.
- 3) Receivables are valued based on amounts of due payment with a conservative valuation principle applying.

Trade receivables are presented in net value less revaluation write-offs charged to other operational costs,

Cancelled receivables, overdue receivables or non-recoverable receivables decrease the revaluation write-offs for them made before. In the event of the cessation of the reasons that caused the revaluation write-offs, the equivalent of all or part of the revaluation write-offs increases value of an asset and shall be appropriately charged to other operating revenues or financial revenues.

- 4) Cash is reported in face value.
- 5) Income tax reported in the loss and profit account includes current and deferred income tax. Current income tax is an income tax payable in respect of the taxable profit for the reporting period based on taxation rates applicable at the balance sheet date. Deferred tax is based on temporary differences between the value of assets and liabilities estimated for accounting purposes and their value for taxation purposes.
- 6) Provision for deferred income tax shall be in the amount of income tax payable in future in connection to positive temporary differences occurring. Deferred tax assets are reported up to the amount of predictable income which will enable realization of the asset. They are charged to the financial result.



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

Provision and deferred tax assets are valued at taxation rates applicable at a balance sheet date. The difference between their values at the beginning and end of the reporting period affects the financial result with the stipulation that when they relate to operations settled with equity they are charged to equity. This happens in case of results of investment valuation which are to be charged to reserve revaluation capital and results of financial instruments valuation which must be charged in correspondence with revaluation capital.

- 7) Cost prepayments occur if the costs born relate to future reporting periods.
- 8) Accruals are reported in the amount of predictable liabilities in the reporting period. They include value of services performed for the Company which has not been invoiced. This item is reported in equity and liabilities.
- 9) Equity is recorded in the accounting books at nominal value broken down by its type and in accordance with principles as defined by law or the Company's Articles of Association.

Share capital is recorded in the amount defined by the Company's Articles of Association and entered in the court register.

Reserve capital is formed from profit distribution.

- 10) Liabilities are valued at a balance sheet date in the amount due to be paid. If their due date exceeds 12 months from the balance sheet date, the balance of such liabilities except trade liabilities is reported as long-term. Other outstanding liabilities of the balance are short-term.
- 11) Cancelled or overdue liabilities increase other operating revenues or financial revenues.
- 12) Foreign-currency denominated transactions are recorded in the Polish zloty based on average ex rate as of the day prior to the date of transaction stated by National Bank of Poland. Foreign-currency denominated financial assets and equity and liabilities are converted based on average ex rate separately for each currency as of the balance sheet day stated by National Bank of Poland. Exchange rate difference arising from settlement of foreign-currency denominated transactions and balance sheet valuation of foreign-currency denominated financial assets and equity and liabilities is recorded in a loss and profit account.

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Sébastien Guyon
President of the Board

May 23, 2017

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Ewa Bach
Chief Accountant



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

2. BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2016

| | ASSETS | As of 31.12.2015 | As of 31.12.2016 |
|------------|---|---------------------|----------------------|
| A | NON-CURRENT ASSETS | 3,591,499.51 | 24,656,020.35 |
| I | Intangible fixed assets | 0.00 | 0.00 |
| 1 | Costs of finished development works | 0.00 | 0.00 |
| 2 | Goodwill | 0.00 | 0.00 |
| 3 | Other intangible fixed assets | 0.00 | 0.00 |
| 4 | Advances payments for intangible fixed assets | 0.00 | 0.00 |
| II | Tangible fixed assets | 3,136,225.39 | 3,122,128.75 |
| 1 | Fixed assets | 3,136,225.39 | 3,122,128.75 |
| a | lands (including perpetual usufruct) | 0.00 | 483,255.10 |
| b | real estate | 287,673.91 | 254,157.19 |
| c | machines and equipment | 2,750,865.40 | 2,305,956.44 |
| d | transportation means | 86,473.49 | 70,676.33 |
| e | other fixed assets | 11,212.59 | 8,083.69 |
| 2 | Fixed assets under construction | 0.00 | 0.00 |
| 3 | Advances payments for fixed assets | 0.00 | 0.00 |
| III | Long-term receivables | 0.00 | 0.00 |
| 1 | From related parties | 0.00 | 0.00 |
| 2 | From other parties with capital involvement | 0.00 | 0.00 |
| 3 | From other parties | 0.00 | 0.00 |
| IV | Long-term investments | 6,282.60 | 21,445,362.60 |
| 1 | Real estate | 0.00 | 0.00 |
| 2 | Intangible fixed assets | 0.00 | 0.00 |
| 3 | Long-term financial assets | 6,282.60 | 21,445,362.60 |
| a | in related parties | 6,282.60 | 21,445,362.60 |
| | - shares | 6,282.60 | 21,445,362.60 |
| | - other securities | 0.00 | 0.00 |
| | - loans | 0.00 | 0.00 |
| | - other long-term investments | 0.00 | 0.00 |
| b | in other parties with capital involvement | 0.00 | 0.00 |
| | - shares | 0.00 | 0.00 |
| | - other securities | 0.00 | 0.00 |
| | - loans | 0.00 | 0.00 |
| | - other long-term investments | 0.00 | 0.00 |
| c | in other parties | 0.00 | 0.00 |
| | - shares | 0.00 | 0.00 |
| | - other securities | 0.00 | 0.00 |
| | - loans | 0.00 | 0.00 |
| | - other long-term investments | 0.00 | 0.00 |
| 4 | Other long-term investments | 0.00 | 0.00 |
| V | Long-term interperiod settlements | 448,991.52 | 88,529.00 |
| 1 | Deferred taxation | 448,991.52 | 88,529.00 |
| 2 | Other long-term interperiod settlements | 0.00 | 0.00 |



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

| | ASSETS | As of 31.12.2015 | As of 31.12.2016 |
|------------|---|----------------------|----------------------|
| B | CURRENT ASSETS | 44,697,046.32 | 38,847,360.31 |
| I | Inventory | 1,473,718.75 | 4,493,049.85 |
| 1 | Materials | 73,804.91 | 196,122.43 |
| 2 | Work in progress | 0.00 | 0.00 |
| 3 | Finished goods | 0.00 | 0.00 |
| 4 | Merchandise | 1,399,913.84 | 4,296,927.42 |
| 5 | Prepayments for deliveries | 0.00 | 0.00 |
| II | Short-term receivables | 39,969,578.21 | 32,388,401.29 |
| 1 | Receivables from related parties | 7,969,068.15 | 10,999,250.61 |
| a | trade receivables, including: | 7,969,068.15 | 10,999,250.61 |
| | - due date up to 12 months | 7,969,068.15 | 10,999,250.61 |
| | - due date over 12 months | 0.00 | 0.00 |
| b | other | 0.00 | 0.00 |
| 2 | Receivables from other parties with capital involvement | 0.00 | 0.00 |
| a | trade receivables, including: | 0.00 | 0.00 |
| | - due date up to 12 months | 0.00 | 0.00 |
| | - due date over 12 months | 0.00 | 0.00 |
| b | other | 0.00 | 0.00 |
| 3 | Receivables from other parties | 32,000,510.06 | 21,389,150.68 |
| a | trade receivables, including: | 25,147,780.94 | 20,624,501.11 |
| | - due date up to 12 months | 25,147,780.94 | 20,624,501.11 |
| | - due date over 12 months | 0.00 | 0.00 |
| b | taxation, customs duty, social security and other administrative fees | 769,624.00 | 643,756.25 |
| c | other | 6,083,105.12 | 120,893.32 |
| d | receivables in court | 0.00 | 0.00 |
| III | Short-term investments | 2,676,634.09 | 1,612,022.18 |
| 1 | Short-term financial investments | 2,676,634.09 | 1,612,022.18 |
| a | in related parties | 0.00 | 0.00 |
| | - shares | 0.00 | 0.00 |
| | - other securities | 0.00 | 0.00 |
| | - loans | 0.00 | 0.00 |
| | - other short-term investments | 0.00 | 0.00 |
| b | in other parties | 0.00 | 0.00 |
| | - shares | 0.00 | 0.00 |
| | - other securities | 0.00 | 0.00 |
| | - loans | 0.00 | 0.00 |
| | - other short-term investments | 0.00 | 0.00 |
| c | cash, bank and other cash assets | 2,676,634.09 | 1,612,022.18 |
| | - cash and bank | 2,676,634.09 | 1,612,022.18 |
| | - other cash | 0.00 | 0.00 |
| | - other cash assets | 0.00 | 0.00 |
| 2 | Other short-term investments | 0.00 | 0.00 |
| IV | Short-term interperiod settlements | 577,115.27 | 353,886.99 |
| C | Contributions to share capital (non-paid) | 0.00 | 0.00 |
| D | Own shares | 0.00 | 0.00 |
| | TOTAL ASSETS | 48,288,545.83 | 63,503,380.66 |



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

| | EQUITY AND LIABILITIES | As of 31.12.2015 | As of 31.12.2016 |
|------------|---|----------------------|----------------------|
| A | EQUITY | 9,754,003.32 | 11,759,988.20 |
| I | Share capital | 500,000.00 | 500,000.00 |
| II | Reserve capital, including: | 7,938,916.50 | 9,254,003.32 |
| | - share premium | 2,900,000.00 | 2,900,000.00 |
| III | Revaluation reserve, including: | 0.00 | 0.00 |
| | - fair value revaluation | 0.00 | 0.00 |
| IV | Other reserve capital, including: | 0.00 | 0.00 |
| | - according to Act of Association | 0.00 | 0.00 |
| | - for own shares | 0.00 | 0.00 |
| V | Retained earnings | 0.00 | 0.00 |
| VI | Profit (loss) | 1,315,086.82 | 2,005,984.88 |
| VII | Profit write-offs (negative) | 0.00 | 0.00 |
| B | LIABILITIES AND RESERVES | 38,534,542.51 | 51,743,392.46 |
| I | Reserves | 0.00 | 0.00 |
| 1 | Deferred taxation | 0.00 | 0.00 |
| 2 | Retirement payment reserve, and similar | 0.00 | 0.00 |
| | - long-term | 0.00 | 0.00 |
| | - short-term | 0.00 | 0.00 |
| 3 | Other reserves | 0.00 | 0.00 |
| | - long-term | 0.00 | 0.00 |
| | - short-term | 0.00 | 0.00 |
| II | Long-time liabilities | 0.00 | 12,436,243.26 |
| 1 | To related parties | 0.00 | 0.00 |
| 2 | To other parties with capital involvement | 0.00 | 0.00 |
| 3 | To other parties | 0.00 | 12,436,243.26 |
| a | loans and credits | 0.00 | 12,436,243.26 |
| b | bonds and other interest-bearing securities | 0.00 | 0.00 |
| c | other financial liabilities | 0.00 | 0.00 |
| d | bill of exchange liabilities | 0.00 | 0.00 |
| e | other | 0.00 | 0.00 |
| III | Long-term liabilities | 38,523,702.38 | 39,307,149.20 |
| 1 | To related parties | 2,165,192.56 | 3,824,499.79 |
| a | trade payables, including: | 2,165,192.56 | 3,824,499.79 |
| | - due date up to 12 months | 2,165,192.56 | 3,824,499.79 |
| | - due date over 12 months | 0.00 | 0.00 |
| b | other | 0.00 | 0.00 |
| 2 | To other parties with capital involvement | 0.00 | 0.00 |
| a | trade payables, including: | 0.00 | 0.00 |
| | - due date up to 12 months | 0.00 | 0.00 |
| | - due date over 12 months | 0.00 | 0.00 |
| b | other | 0.00 | 0.00 |
| 3 | To other parties | 36,358,509.82 | 35,482,649.41 |
| a | loans and credits | 4,016,729.53 | 9,295,006.00 |
| b | bonds and other interest-bearing securities | 0.00 | 0.00 |
| c | other financial liabilities | 0.00 | 0.00 |
| d | trade payables, including: | 31,533,249.06 | 26,151,327.72 |
| | - due date up to 12 months | 31,533,249.06 | 26,151,327.72 |
| | - due date over 12 months | 0.00 | 0.00 |
| e | advances payments received | 0.00 | 0.00 |
| f | bill of exchange liabilities | 0.00 | 0.00 |
| g | taxation, customs duty, social security and other administrative fees | 808,531.23 | 36,315.69 |
| h | wages and salaries | 0.00 | 0.00 |
| i | other | 0.00 | 0.00 |
| 4 | Special funds | 0.00 | 0.00 |
| IV | Interperiod settlements | 10,840.13 | 0.00 |
| 1 | Negative goodwill | 0.00 | 0.00 |
| 2 | Other interperiod settlements | 10,840.13 | 0.00 |
| | - long-term | 10,840.13 | 0.00 |
| | - short-term | 0.00 | 0.00 |
| | TOTAL EQUITY AND LIABILITIES | 48,288,545.83 | 63,503,380.66 |

Sébastien Guyon

President of the Board

May 23, 2017

Ewa Bach

Chief Accountant



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

3. PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2016 (SINGLE-STEP VERSION)

| | 1.01.2015- 31.12.2015 | 1.01.2016- 31.12.2016 |
|--|--------------------------|--------------------------|
| A Net sales | 212,109,611.56 | 140,103,980.29 |
| - to related parties | 34,642,316.00 | 14,482,200.50 |
| I Products sales | | |
| II Change in stock | | |
| III Cost of products for entity needs | | |
| IV Merchandise sales | 212,109,611.56 | 140,103,980.29 |
| B Operational costs | 210,225,733.62 | 136,154,456.24 |
| I Depreciation and amortisation | 538,162.32 | 550,185.98 |
| II Materials and energy | 3,434,261.04 | 1,844,357.52 |
| III External services | 4,574,645.65 | 4,484,998.57 |
| IV Taxes and fees, including: | 4,033.40 | 68,682.70 |
| - excise tax | | |
| V Wages and salaries | 873,564.92 | 996,227.67 |
| VI Social security and other employees' benefits, including: | 178,288.90 | 184,853.92 |
| - retirement payments | 76,607.26 | 88,464.46 |
| VII Other costs | 84,354.83 | 231,158.46 |
| VIII Costs of goods sold | 200,538,422.56 | 127,793,991.42 |
| C Profit (loss) on sales | 1,883,877.94 | 3,949,524.05 |
| D Other operational income | 1,492.74 | 9.32 |
| I Profit on sale of non-financial fixed assets | | |
| II Grants | | |
| III Non-financial fixed assets revaluation | | |
| IV Other | 1,492.74 | 9.32 |
| E Other operational costs | 106,674.76 | 23,167.03 |
| I Loss on sale of non-financial fixed assets | | |
| II Non-financial fixed assets revaluation | | |
| III Other | 106,674.76 | 23,167.03 |
| F Profit (loss) on operational activity | 1,778,695.92 | 3,926,366.34 |
| G Financial income | 362,787.28 | 0.00 |
| I Dividends and share in income | 0.00 | 0.00 |
| a from related parties, including: | | |
| - with capital involvement | | |
| b from other parties, including: | | |
| - with capital involvement | | |
| II Interests, including: | | |
| - from related parties | | |
| III Profit on sale of financial fixed assets | | |
| - in related parties | | |
| IV Financial fixed assets revaluation | | |
| V Other | 362,787.28 | |
| H Financial costs | 116,715.16 | 1,314,733.80 |
| I Interests, including | 108,284.10 | 514,609.89 |
| - to related parties | | |
| II Loss on sale of financial fixed assets | | |
| - in related parties | | |
| III Financial fixed assets revaluation | | |
| IV Other | 8,431.06 | 800,123.91 |
| I Gross profit (loss) | 2,024,768.04 | 2,611,632.54 |
| J Corporate income taxation - current | 851,016.01 | 245,185.14 |
| K Corporate income taxation - deferred | -141,334.79 | 360,462.52 |
| L Net profit (loss) | 1,315,086.82 | 2,005,984.88 |

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Sébastien Guyon
President of the Board

May 23, 2017

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Ewa Bach
Chief Accountant



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

4. STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

| | 1.01.2015- 31.12.2015 | 1.01.2016- 31.12.2016 |
|---|--------------------------|--------------------------|
| I Opening balance of equity | 8,438,916.50 | 9,754,003.32 |
| - change in accounting principles | 0.00 | 0.00 |
| - adjustments for corrections | 0.00 | 0.00 |
| I.a. Opening balance of equity, after adjustments | 8,438,916.50 | 9,754,003.32 |
| 1. Opening balance of share capital | 500,000.00 | 500,000.00 |
| 1.1. Changes in share capital | 0.00 | 0.00 |
| a) increases: | 0.00 | 0.00 |
| - share issue | 0.00 | 0.00 |
| b) decreases: | 0.00 | 0.00 |
| - shares write-off | 0.00 | 0.00 |
| 1.2. Closing balance of share capital | 500,000.00 | 500,000.00 |
| 2. Opening balance of reserve capital | 5,543,517.77 | 7,938,916.50 |
| 2.1. Changes in reserve capital | 2,395,398.73 | 1,315,086.82 |
| a) increases: | 2,395,398.73 | 1,315,086.82 |
| - share premium | 0.00 | 0.00 |
| - net profit distribution (legal required) | 2,395,398.73 | 1,315,086.82 |
| - net profit distribution (above legal requirements) | 0.00 | 0.00 |
| b) decreases: | 0.00 | 0.00 |
| - loss coverage | 0.00 | 0.00 |
| 2.2. Closing balance of reserve capital | 7,938,916.50 | 9,254,003.32 |
| 3. Opening balance of revaluation reserve | 0.00 | 0.00 |
| 3.1. Changes in revaluation reserve | 0.00 | 0.00 |
| a) increases: | 0.00 | 0.00 |
| b) decreases: | 0.00 | 0.00 |
| - sale of fixed assets | 0.00 | 0.00 |
| 3.2. Closing balance of revaluation reserve | 0.00 | 0.00 |
| 4. Opening balance of other reserve capital | 0.00 | 0.00 |
| 4.1. Changes in other reserve capital | 0.00 | 0.00 |
| a) increases: | 0.00 | 0.00 |
| - net profit distribution | 0.00 | 0.00 |
| b) decreases: | 0.00 | 0.00 |
| - own shares repurchase | 0.00 | 0.00 |
| 4.2. Closing balance of other reserve capital | 0.00 | 0.00 |
| 5. Opening balance of retained earnings | 0.00 | 0.00 |
| 5.1. Opening balance of retained profit | 0.00 | 0.00 |
| - change in accounting principles | 0.00 | 0.00 |
| - adjustments for corrections | 0.00 | 0.00 |
| 5.2. Opening balance of retained profit, after adjustments | 0.00 | 0.00 |
| a) increases: | 0.00 | 0.00 |
| - net profit distribution | 0.00 | 0.00 |
| b) decreases: | 0.00 | 0.00 |
| - net profit distribution | 0.00 | 0.00 |
| 5.3. Closing balance of retained profit | 0.00 | 0.00 |
| 5.4. Opening balance of retained loss | 0.00 | 0.00 |
| - change in accounting principles | 0.00 | 0.00 |
| - adjustments for corrections | 0.00 | 0.00 |
| 5.5. Opening balance of retained loss, after adjustments | 0.00 | 0.00 |
| a) increases: | 0.00 | 0.00 |
| - transfer of previous year loss for future cover | 0.00 | 0.00 |
| b) decreases: | 0.00 | 0.00 |
| 5.6. Closing balance of retained loss | 0.00 | 0.00 |
| 5.7. Closing balance of retained earnings | 0.00 | 0.00 |
| 6. Net result | 1,315,086.82 | 2,005,984.88 |
| a) net profit | 1,315,086.82 | 2,005,984.88 |
| b) net loss | 0.00 | 0.00 |
| c) net profit write-offs | 0.00 | 0.00 |
| II. Closing balance of equity | 9,754,003.32 | 11,759,988.20 |
| III. Closing balance of equity after proposed net profit distribution | 9,754,003.32 | 11,759,988.20 |

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Sébastien Guyon

President of the Board

May 23, 2017

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Ewa Bach

Chief Accountant



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

5. CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2016 (INDIRECT METHOD)

| | 1.01.2015- 31.12.2015 | 1.01.2016- 31.12.2016 |
|--|--------------------------|--------------------------|
| A. Cash flow from operational activities | | |
| I. Net profit/loss | 1,315,086.82 | 2,005,984.88 |
| II. Adjustments to operational cash flow | 7,233,717.53 | 1,190,052.82 |
| 1. Depreciation and amortisation | 538,162.32 | 550,185.98 |
| 2. Exchange rate differences | | |
| 3. Interests and dividends | | |
| 4. Gains/losses on investing activities | | |
| 5. Change in reserves | -17,479.46 | |
| 6. Change in inventory | 5,444,618.63 | -3,019,331.10 |
| 7. Change in receivables | -4,724,232.62 | 7,581,176.92 |
| 8. Change in payables (less loans and credits) | 6,698,953.13 | -4,494,829.65 |
| 9. Change in interperiod settlements | -706,304.47 | 572,850.67 |
| 10. Other | | |
| III. Net Cash Flow from operational activities | 8,548,804.35 | 3,196,037.70 |
| B. Cash flows from investing activities | | |
| I. Cash receipts | 0.00 | 0.00 |
| 1. Sales of non-current assets | 0.00 | 0.00 |
| 2. Sales of investments and intangible assets | 0.00 | 0.00 |
| 3. Sales of financial assets, including: | 0.00 | 0.00 |
| a) in related parties | 0.00 | 0.00 |
| b) in other parties | 0.00 | 0.00 |
| - sales of financial assets | 0.00 | 0.00 |
| - dividends and share in income | 0.00 | 0.00 |
| - long-term loan repayment | 0.00 | 0.00 |
| - interests | 0.00 | 0.00 |
| - other financial assets receipts | 0.00 | 0.00 |
| 4. Other investing activities receipts | 0.00 | 0.00 |
| II. Cash payments | 6,187,405.63 | 21,975,169.34 |
| 1. Payments for non-current assets | 204,925.63 | 536,089.34 |
| 2. Payments for investments and intangible assets | 0.00 | 0.00 |
| 3. Payments for financial assets, including: | 0.00 | 21,439,080.00 |
| a) in related parties | 0.00 | 21,439,080.00 |
| b) in other parties | 0.00 | 0.00 |
| - payments for financial assets | 0.00 | 0.00 |
| - long-term loans granted | 0.00 | 0.00 |
| 4. Other investing activities payments | 5,982,480.00 | 0.00 |
| III. Net Cash Flow from investing activities | -6,187,405.63 | -21,975,169.34 |
| C. Cash flows from financing activities | | |
| I. Cash receipts | -253,525.26 | 17,714,519.73 |
| 1. Share issue, other capital instruments and additional payments to share capital | 0.00 | 0.00 |
| 2. Loans and credits | -253,525.26 | 17,714,519.73 |
| 3. Bonds issues | 0.00 | 0.00 |
| 4. Other financial receipts | 0.00 | 0.00 |
| II. Cash payments | 0.00 | 0.00 |
| 1. Own shares repurchase | 0.00 | 0.00 |
| 2. Dividends and other payments for shareholders | 0.00 | 0.00 |
| 3. Other net profit distribution, other than payments to shareholders | 0.00 | 0.00 |
| 4. Loans and credits repayments | 0.00 | 0.00 |
| 5. Bonds repurchase | 0.00 | 0.00 |
| 6. Other financial payables payments | 0.00 | 0.00 |
| 7. Financial leasing payments | 0.00 | 0.00 |
| 8. Interests | 0.00 | 0.00 |
| 9. Other financial payments | 0.00 | 0.00 |
| III. Net Cash Flow from financing activities | -253,525.26 | 17,714,519.73 |
| D. Total net Cash Flow | 2,107,873.46 | -1,064,611.91 |
| E. Balance sheet change in cash, including: | 2,107,873.46 | -1,064,611.91 |
| - exchange rate revaluation | 0.00 | 0.00 |
| F. Opening balance of cash | 568,760.63 | 2,676,634.09 |
| G. Closing balance of cash, including: | 2,676,634.09 | 1,612,022.18 |
| - with limited availability | 0.00 | 0.00 |

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Sébastien Guyon
President of the Board

May 23, 2017

.....
Ewa Bach
Chief Accountant



POLSKA MEAT Spółka akcyjna
Annual financial statements for the year ended 31 December 2016

6. ADDITIONAL NOTES TO FINANCIAL STATEMENT AND EXPLANATORY NOTES



POLSKA MEAT Spółka akcyjna
Annual financial statement for the year ended 31 December 2016

6.1. DETAILED STATEMENT OF CHANGES IN VALUE OF FIXED ASSETS BY TYPE

| Intangible fixed assets for the period 01.01.2016 - 31.12.2016 | Costs of finished development works | Goodwill | Concessions, patents, licences | Software | Other intangible fixed assets | Advances payments for intangible fixed assets | TOTAL |
|---|--|-----------------|---|-----------------|--|--|-----------------|
| Gross book value opening balance | | | | | 3,530.67 | | 3,530.67 |
| Increases, including: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – purchase | | | | | | | 0,00 |
| – internal reclassification | | | | | | | 0,00 |
| Decreases, including: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – liquidation | | | | | | | 0,00 |
| – revaluation | | | | | | | 0,00 |
| – sales | | | | | | | 0,00 |
| – internal reclassification | | | | | | | 0,00 |
| – other | | | | | | | 0,00 |
| Gross book value closing balance | 0,00 | 0,00 | 0,00 | 0,00 | 3,530.67 | 0,00 | 3,530.67 |
| Depreciation opening balance | | | | | 3,530.67 | | 3,530.67 |
| Current amortisation (increases) | | | | | | | 0,00 |
| Decreases, including: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – liquidation | | | | | | | 0,00 |
| – sales | | | | | | | 0,00 |
| – internal reclassification | | | | | | | 0,00 |
| – other | | | | | | | 0,00 |
| Depreciation closing balance | 0,00 | 0,00 | 0,00 | 0,00 | 3,530.67 | 0,00 | 3,530.67 |
| Net book value opening balance | 0,00 | | 0,00 | 0,00 | | 0,00 | 0,00 |
| Impairment write-off opening balance | | | | | | | 0,00 |
| Net book value opening balance, after write-offs | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Net book value closing balance | 0,00 | | 0,00 | 0,00 | | 0,00 | 0,00 |
| impairment write-off closing balance | | | | | | | 0,00 |
| Net book value closing balance, after write- offs | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |



POLSKA MEAT Spółka akcyjna
Annual financial statement for the year ended 31 December 2016

| Tangible fixed assets for the period 01.01.2016 - 31.12.2016 | Lands (including perpetual usufruct) | Real estate | Machines and equipment | Transportation means | Other fixed assets | Fixed assets under construction | Advances payments for fixed assets | TOTAL |
|---|---|--------------------|-----------------------------------|---------------------------------|---------------------------|--|---|---------------------|
| Gross book value opening balance | | 335,166.69 | 3,525,237.01 | 112,837.14 | 22,270.20 | 0,00 | | 3,995,511.04 |
| Increases, including: | 483,255.10 | 0,00 | 52,834.24 | 0,00 | 0,00 | 0,00 | 0,00 | 536,089.34 |
| – purchase | 483,255.10 | | 52,834.24 | | 0,00 | | | 536,089.34 |
| – internal reclassification | | | | | | | | 0,00 |
| – other acquisition | | | | | | | | 0,00 |
| Decreases, including: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – liquidation | | | | | | | | 0,00 |
| – revaluation | | | | | | | | 0,00 |
| – sales | | | 0,00 | | | | | 0,00 |
| – internal reclassification | | | | | 0,00 | 0,00 | | 0,00 |
| – other | | | | | | | | 0,00 |
| Gross book value closing balance | 483,255.10 | 335,166.69 | 3,578,071.25 | 112,837.14 | 22,270.20 | 0,00 | 0,00 | 4,531,600.38 |
| Deprecation opening balance | | 47,492.78 | 774,371.61 | 26,363.65 | 11,057.61 | | | 859,285.65 |
| Current amortisation (increases) | | 33,516.72 | 497,743.20 | 15,797.16 | 3,128.90 | | | 550,185.98 |
| Decreases, including: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – liquidation | | | | | | | | 0,00 |
| – sales | | | 0,00 | | | | | 0,00 |
| – internal reclassification | | | | | | | | 0,00 |
| – other | | | | | | | | 0,00 |
| Deprecation closing balance | 0,00 | 81,009.50 | 1,272,114.81 | 42,160.81 | 14,186.51 | 0,00 | 0,00 | 1,409,471.63 |
| Net book value opening balance | 0,00 | 287,673.91 | 2,750,865.40 | 86,473.49 | 11,212.59 | 0,00 | 0,00 | 3,136,225.39 |
| Impairment write-off opening balance | | | | | | | | 0,00 |
| Net book value opening balance, after write-offs | 0,00 | 287,673.91 | 2,750,865.40 | 86,473.49 | 11,212.59 | 0,00 | 0,00 | 3,136,225.39 |
| Net book value closing balance | 483,255.10 | 254,157.19 | 2,305,956.44 | 70,676.33 | 8,083.69 | 0,00 | 0,00 | 3,122,128.75 |
| impairment write-off closing balance | | | | | | | | 0,00 |
| Net book value closing balance, after write-offs | 483,255.10 | 254,157.19 | 2,305,956.44 | 70,676.33 | 8,083.69 | 0,00 | 0,00 | 3,122,128.75 |
| Wear and tear since initial value (%) | 0,00 | 24.17 | 35.55 | 37.36 | 63.70 | | | 31.10 |



POLSKA MEAT Spółka akcyjna
Annual financial statement for the year ended 31 December 2016

| Long-term investments for the period 01.01.2016 - 31.12.2016 | Real estate | Intangible fixed assets | Long-term financial assets | Other long- term investments | TOTAL |
|---|-------------|----------------------------|-------------------------------|------------------------------------|---------------|
| Opening balance, purchase value | | | | | 0,00 |
| Impairment write-off opening balance | | | | | 0,00 |
| Opening balance, balance sheet value | 0,00 | 0,00 | 6,282.60 | 0,00 | 6,282.60 |
| Increases, including: | 0,00 | 0,00 | 21,439,080.00 | 0,00 | 21,439,080.00 |
| – purchase | | | 21,439,080.00 | | 21,439,080.00 |
| – revaluation | | | | | 0,00 |
| – internal reclassification | | | | | 0,00 |
| Decreases, including: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – sales | | | | | 0,00 |
| – revaluation | | | | | 0,00 |
| – internal reclassification | | | | | 0,00 |
| Closing balance, purchase value | 0,00 | 0,00 | 21,445,362.60 | 0,00 | 21,445,362.60 |
| Impairment write-off closing balance | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Closing balance, balance sheet value | 0,00 | 0,00 | 21,445,362.60 | 0,00 | 21,445,362.60 |

6.2. WRITE-OFFS ON FIXED ASSETS

| | Opening balance | Increases | Usage | Release | Closing balance |
|-------------------------|-----------------|-------------|-------------|-------------|-----------------|
| Intangible fixed assets | | | | | 0,00 |
| Tangible fixed assets | | | | | 0,00 |
| Long-term receivables | | | | | 0,00 |
| Long-term investments | | | | | 0,00 |
| TOTAL | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |

6.3. RESEARCH AND DEVELOPMENT EXPENSES AND GOODWILL

In the reporting period the Company did not bear R&D expenses. Goodwill not having occurred.

6.4. BOOK VALUE OF LAND UNDER RIGHT TO PERPETUAL USUFRUCT

The Company owns no such land.



POLSKA MEAT Spółka akcyjna

Annual financial statement for the year ended 31 December 2016

6.5. BOOK VALUE OF NON-DEPRECIATED FIXED ASSETS, USED UNDER HIRE, RENT AND LEASE AGREEMENTS

| | Tenancy | Rent | Leasing | Other | TOTAL |
|-----------------|---------|------|---------|-------|-------|
| Opening balance | | 0,00 | | | 0,00 |
| – increases | | | | | 0,00 |
| – decreases | | | | | 0,00 |
| Closing balance | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |

The Company rents the office space of 200 square metres and a production hall. Rent in total amounts to PLN 5,000 per month.

6.6. NUMBER AND VALUE OF SECURITIES OR RIGHTS INCLUDING SHARE CERTIFICATES, CONVERTIBLE DEBT SECURITIES, OPTIONS AND WARRANTS, INDICATING RIGHTS ARISING FROM THEM

| No. | Name of entity and its legal status | Legal site | Percentage in share capital | Percentage in management | Net book value of shares | Profit/loss for the last financial period |
|-----|---------------------------------------|------------------------------------|-----------------------------|--------------------------|--------------------------|---|
| 1 | Meat Plus S.A. | Hiszpania, Girona, Av D Alguema 8c | 50.00% | 50% | 6,282.60 | 38.126 EUR |
| 2 | Poland Services Cold Store Sp. z o.o. | Gdynia, ul. Hutnicza 45 | 100.00% | 100% | 21,439,080.00 | 442,396.00 |

6.7. WRITE-OFFS OF RECEIVABLES

| | Opening balance | Increases | Usage | Release | Closing balance |
|------------------------|-----------------|-----------|-------|---------|-----------------|
| Long-term receivables | | | | | 0,00 |
| Short-term receivables | | | | | 0,00 |
| TOTAL | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |



POLSKA MEAT Spółka akcyjna
Annual financial statement for the year ended 31 December 2016

6.8. SHAREHOLDING STRUCTURE

Ownership of share capital as of 31 December 2016:

| Shareholder | Number of shares | Percentage share in the Issuer's share capital | Number of votes | Percentage share in the Issuer's total number of votes |
|----------------------------|------------------|--|------------------|--|
| Iberdigest SL | 3,199,940 | 63.9988% | 3,199,940 | 63.9988% |
| Sławomir Bogusław Samonek | 480,000 | 9.6000% | 480,000 | 9.6000% |
| Krzysztof Mirosław Samonek | 320,000 | 6.4000% | 320,000 | 6.4000% |
| Ideal Finance SA | 250,030 | 5.0006% | 250,030 | 5.0006% |
| Others | 750,030 | 15.0006% | 750,030 | 15.0006% |
| Total | 5,000,000 | 100.0000% | 5,000,000 | 100.0000% |

Share par value: PLN 0,10

Ownership of share capital as of 31 December 2015:

| Shareholder | Number of shares | Percentage share in the Issuer's share capital | Number of votes | Percentage share in the Issuer's total number of votes |
|----------------------------|------------------|--|------------------|--|
| Iberdigest SL | 3,199,940 | 63.9988% | 3,199,940 | 63.9988% |
| Sławomir Bogusław Samonek | 480,000 | 9.6000% | 480,000 | 9.6000% |
| Krzysztof Mirosław Samonek | 320,000 | 6.4000% | 320,000 | 6.4000% |
| Ideal Finance SA | 250,030 | 5.0006% | 250,030 | 5.0006% |
| Others | 750,030 | 15.0006% | 750,030 | 15.0006% |
| Suma | 5,000,000 | 100.0000% | 5,000,000 | 100.0000% |

Share par value: PLN 0,10

On September 27, 2016, the Company made its debut at the NewConnect market. The closing price on the debut day was PLN 8.99.

6.9. ALLOCATION OF PROFIT

The Company's management by the its Resolution No. 05/2017 dated May 23, 2017, proposed to the General Shareholder Meeting to allocate the Company's whole net profit for the year ended 31 December 2016 to reserve capital.



POLSKA MEAT Spółka akcyjna
Annual financial statement for the year ended 31 December 2016

6.10. DETAILS OF PROVISIONS BROKEN DOWN BY ITS TYPE

| | Opening balance | Increases | Usage | Release | Closing balance |
|--|-----------------|-------------|---------------|-------------|-----------------|
| 1. Deferred taxation | 17,479 | 0,00 | 17,479 | | 0,00 |
| 2. Retirement payment reserve, and similar | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| - long-term | 0,00 | | | | 0,00 |
| - short-term | 0,00 | | | | 0,00 |
| 3. Other reserves | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| - long-term | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| - short-term | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| TOTAL | 17,479 | 0,00 | 17,479 | 0,00 | 0,00 |

6.11. LONG-TERM LIABILITIES DIVISION BY BALANCE SHEET ITEM

| | 1. Related parties | 2. Other parties with capital involvement | 3. Other parties | | | | | | TOTAL |
|------------------------------|--------------------|---|------------------|----------------------|--|--------------------------------|---------------------------------|----------|---------------|
| | | | Total | a) loans and credits | b) bonds and other interest-bearing securities | c) other financial liabilities | d) bill of exchange liabilities | e) other | |
| Due date | | | | | | | | | |
| up to 1 year | | | | | | | | | |
| opening balance | | | 0,00 | 0,00 | | | | | 0,00 |
| closing balance | | | 1,531,482.62 | 1,531,482.62 | | | | | 1,531,482.62 |
| 1 year up to 3 years | | | | | | | | | |
| opening balance | | | 0,00 | 0,00 | | | | | 0,00 |
| closing balance | | | 6,480,204.41 | 6,480,204.41 | | | | | 6,480,204.41 |
| 3 years up to 5 years | | | | | | | | | |
| opening balance | | | 0,00 | 0,00 | | | | | 0,00 |
| closing balance | | | 4,777,920.00 | 4,777,920.00 | | | | | 4,777,920.00 |
| over 5 years | | | | | | | | | |
| opening balance | | | 0,00 | 0,00 | | | | | 0,00 |
| closing balance | | | 1,178,118.85 | 1,178,118.85 | | | | | 1,178,118.85 |
| TOTAL | | | | | | | | | |
| opening balance | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| closing balance | 0,00 | 0,00 | 13,967,725.88 | 13,967,725.88 | 0,00 | 0,00 | 0,00 | 0,00 | 13,967,725.88 |

6.12. TOTAL LIABILITIES SECURED BY COMPANY ASSETS

| Security | Type of security | Value of security |
|--|------------------|-------------------|
| – registered pledge on 40 shares being 100% of Poland Services Cold Store Sp. z o.o. share capital | credit agreement | |
| Razem | | |



POLSKA MEAT Spółka akcyjna
Annual financial statement for the year ended 31 December 2016

6.13. STATEMENT OF PREPAYMENTS AND ACCRUALS

| | 31.12.2015 | 31.12.2016 |
|--|-------------------|-------------------|
| Long-term interperiod settlements | 448,991.52 | 88,529.00 |
| 1. Deferred taxation | 448,991.52 | 88,529.00 |
| 2. Other long-term settlements, including: | | |
| – anti-virus software | | |
| Short-term interperiod settlements (asset side) | 577,115.27 | 353,886.99 |
| – packages | 240,463.85 | 78,741.27 |
| – costs fall in two years - 2016/2017 | | 86,801.89 |
| – Exact re-invoicing | 204,792.90 | 0,00 |
| – car costs | 741.00 | 0,00 |
| – boxes | | 141,779.65 |
| – software | 726.30 | 0,00 |
| – internet domain | 164.97 | 175.29 |
| – insurance | 130,226.25 | 46,388.89 |
| Interperiod settlements (liabilities side) | 10,840.13 | 0,00 |
| 1. Negative goodwill | 0,00 | 0,00 |
| 2. Other interperiod settlements, including | 10,840.13 | 0,00 |
| a) long-term | 0,00 | 0,00 |
| b) short-term | 10,840.13 | 0,00 |
| – 2015/2016 costs settled over time | 10,840.13 | 0,00 |

6.14. STATEMENT OF ASSETS AND LIABILITIES PRESENTED IN MORE THAN ONE BALANCE SHEET POSITION

The Company presents a long-term loan in accordance with payment conditions in points: B.II.3.a) and B.III.3.a), PLN 12,436,243.26 and PLN 1,531,482.62 respectively.

6.15. TOTAL AMOUNT OF CONTINGENT LIABILITIES INCLUDING SURETIES AND GUARANTEES GRANTED BY THE ENTITY, ALSO AVAL, NOT PRESENTED IN THE BALANCE SHEET

| | 31.12.2015 | 31.12.2016 |
|--|-------------|-------------------|
| 1. Guarantees | | |
| – to related parties | | |
| 2. Other bails (bill of exchanges including) (Raiffeisen bail, EUR) | | 75,000.00 |
| – to related parties | | |
| 3. Deposits | | |
| 4. Other | | |
| 5. Court proceedings not accepted by the Company | | |
| 6. Concluded but not yet executed agreements | | |
| 7. Other conditional liabilities (mLeasing conditional agreement, EUR) | | 308,838.42 |
| TOTAL | 0,00 | 383,838.42 |



POLSKA MEAT Spółka akcyjna
Annual financial statement for the year ended 31 December 2016

6.16. ASSETS OTHER THAN FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

No such items.

6.17. NET SALES REVENUES BY PRODUCT AND TERRITORY

| | 1.01.2015- 31.12.2015 | 1.01.2016- 31.12.2016 |
|---------------------------|----------------------------------|----------------------------------|
| 1. Work in progress sales | | |
| 2. Materials sales | | |
| 3. Merchandise sales | 212,109,611.56 | 140,103,980.29 |
| 4. Products sales | | |
| 5. Other sales income | | |
| TOTAL | 212,109,611.56 | 140,103,980.29 |
| including: | | |
| Domestic sales | 89,601.00 | 361,524.46 |
| Export sales, including: | 212,020,010.56 | 139,742,455.83 |
| Spain | 59,365,602.96 | 39,127,887.63 |
| Benin | 44,524,202.22 | 29,345,915.72 |
| Liberia | 12,721,200.63 | 8,384,547.35 |
| Netherlands | 29,682,801.48 | 19,563,943.82 |
| other | 65,726,203.30 | 43,320,161.30 |

6.18. AMOUNT AND REASONS FOR WRITE-OFFS ON FIXED ASSETS

In the reporting period no such items occurred

6.19. INVENTORY IMPAIRMENT LOSSES

| | Opening balance | Increases | Usage | Release | Closing balance |
|-----------|------------------------|------------------|--------------|----------------|------------------------|
| Inventory | 36,333.63 | 22,916.11 | | | 59,249.74 |

**6.20. INFORMATION ON INCOME, COSTS AND PROFIT/LOSS RELATED TO THE OPERATIONS
DISCONTINUED IN THE FINANCIAL YEAR OR TO BE DISCONTINUED IN THE FOLLOWING YEAR**

In the reporting period no such operations occurred. The Company's Management does not forecast such operations in the following year.



POLSKA MEAT Spółka akcyjna
Annual financial statement for the year ended 31 December 2016

6.21. ACCOUNTING FOR ITEMS DIFFERENTIATING INCOME TAX BASE FROM GROSS FINANCIAL RESULT

| | 1.01.2015- 31.12.2015 | 1.01.2016- 31.12.2016 |
|---|--------------------------|--------------------------|
| Net profit/loss | | 2,611,632.54 |
| Non-tax deductible costs | | (1,825,981.63) |
| – negative exchange differences (balance sheet valuation) | | 937,359.92 |
| – representation | | 34,957.00 |
| – operating costs | | 3,616.00 |
| – unpaid liabilities from 2015 (reserve reverse) | | (2,041,238.47) |
| – negative exchange rate differences from 2015 reverse | | (790,336.33) |
| – inventory write-off | | 22,916.11 |
| – stock counting actualisation | | 6,744.14 |
| Tax costs not included in accounting costs | | 0,00 |
| Accounting costs not included in tax costs | | (504,797.19) |
| – positive exchange rate differences from 2015 reverse | | (504,797.19) |
| Tax income not included in accounting income | | 0,00 |
| Tax profit write-offs | | |
| Taxable profit | | 1,290,448.10 |
| Corporate income tax current 19% | | 245,185.14 |
| Change in deferred taxation - active | | 360,462.52 |
| Change in deferred taxation - reserve | | 0,00 |
| Other changes in corporate income tax | | |
| Corporate income tax presented in balance sheet | | 605,647.66 |

6.22. COSTS OF TANGIBLE FIXED ASSETS UNDER CONSTRUCTION INCLUDING INTEREST AND EXCHANGE RATE DIFFERENCE WHICH INCREASED COSTS OF ASSETS UNDER CONSTRUCTION IN THE FINANCIAL YEAR

None occurred in the reporting period.

6.23. INTEREST AND EXCHANGE RATE DIFFERENCE WHICH INCREASED ACQUISITION PRICE OR MANUFACTURING COSTS IN THE FINANCIAL YEAR

None occurred in the reporting period.



POLSKA MEAT Spółka akcyjna

Annual financial statement for the year ended 31 December 2016

6.24. CAPITAL EXPENDITURES INCURRED FOR NONFINANCIAL FIXED ASSETS OVER THE PAST YEAR AND TO BE INCURRED IN THE FOLLOWING YEAR

| | 1.01.2016- 31.12.2016 | Plan |
|--|----------------------------------|-------------|
| Non-financial fixed assets expenditures | 536,089.34 | 20,000.00 |
| Lands (including perpetual usufruct) | 483,255.10 | |
| Real estate | 0,00 | |
| Machines and equipment | 52,834.24 | |
| Transportation means | 0,00 | |
| Other fixed assets | 0,00 | |
| Fixed assets under construction | 0,00 | |
| Advances payments for fixed assets | 0,00 | |

The Company does not prepare detailed investment plan.

6.25. NATURE AND AMOUNT OF EACH EXTRAORDINARY ITEM OF REVENUES OR COSTS OF INCIDENTAL CHARACTER

None occurred in the reporting period.

6.26. EVALUATION EXCHANGE RATES FOR ITEMS OF FINANCIAL STATEMENTS REPORTED IN FOREIGN CURRENCIES

EUR – PLN 4.4240

USD – PLN 4.1793

6.27. CASH STRUCTURE IN CASH FLOW

Cash flow includes cash presented in point B.III.1.c of balance sheet (assets), only cash in hand and at bank.

6.28. NATURE AND ECONOMIC PURPOSE OF AGREEMENTS CONCLUDED BY THE COMPANY NOT PRESENTED IN THE BALANCE SHEET

None occurred in the reporting period.

6.29. TRANSACTIONS MADE WITH RELATED PARTIES ON OTHER THAN ARM'S LENGTH BASIS

The Company did not make transactions with related parties on other than arm's length basis.



POLSKA MEAT Spółka akcyjna
Annual financial statement for the year ended 31 December 2016

6.30. AVERAGE EMPLOYMENT BY PROFESSIONAL GROUP IN THE FINANCIAL YEAR

| | 1.01.2015- 31.12.2015 | 1.01.2016- 31.12.2016 |
|------------------------|----------------------------------|----------------------------------|
| Total, including | 20.00 | 12.00 |
| – white collar workers | 4.00 | 3.00 |
| – blue collar workers | 16.00 | 9.00 |

6.31. REMUNERATION PAYABLE TO MEMBERS OF THE COMPANY'S GOVERNING BODIES

| The Company's body | 01.01.2015 – 31.12.2015 | 01.01.2016 – 31.12.2016 |
|---------------------------|------------------------------------|------------------------------------|
| Management Board | 0.00 | 0.00 |
| Supervisory Board | 0.00 | 0.00 |

Liabilities from pensions and benefits of similar nature for former members of the Company's governing bodies and liabilities incurred in connection with such pensions did not occur.

6.32. CASH ADVANCES, CREDITS, LOANS AND OTHER BENEFITS OF SIMILAR NATURE GRANTED TO MEMBERS OF THE COMPANY'S GOVERNING BODIES, LIABILITIES INCURRED ON THEIR BEHALF AS GUARANTEES AND SURETIES OF ALL KIND

None occurred in the reporting period.

6.33. REMUNERATION OF THE AUDITOR AND AUTHORISED ADVISOR

| | 1.01.2015- 31.12.2015 | 1.01.2016- 31.12.2016 |
|---------------------------|----------------------------------|----------------------------------|
| AUDITOR | | |
| Compulsory audit | 15.000,00 | 15.000,00 |
| Other certifying services | 0,00 | 0,00 |
| Tax advisory services | 0,00 | 0,00 |
| Other services | 0,00 | 0,00 |
| TOTAL | 15.000,00 | 15.000,00 |
| | | |
| AUTHORISED ADVISOR | | 37.400,00 |

6.34. INCOME AND COSTS ARISING FROM ERRORS MADE IN PREVIOUS YEARS CHARGED TO EQUITY IN THE FINANCIAL YEAR

None occurred in the reporting period.



POLSKA MEAT Spółka akcyjna
Annual financial statement for the year ended 31 December 2016

6.35. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

None occurred in the reporting period.

6.36. CHANGES IN ACCOUNTING PRINCIPLES (POLICIES) IN THE FINANCIAL YEAR

In the reporting period the Company did not change its accounting principles.

6.37. DATA COMPARABILITY BETWEEN THE FINANCIAL STATEMENTS OF THE CURRENT YEAR AND THE YEAR BEFORE

In the year prior to the financial year covered in the financial statements the Company did not change its accounting principles. Therefore, the data for the year prior to the current year is comparable to the data for the current year.

6.38. JOINT VENTURES EXCLUDED FROM CONSOLIDATION

The Company holds 50 percent of shares in the Meat Plus S.L. Company with its registered office in Barcelona, Sant Hipolite de Vcltrega 1. Core business activity of Meat Plus is wholesale of meat and meat products. The Meat Plus Company commenced its operations on September 17, 2014.

The Issuer's share value in the Meat Plus Company's equity stands at PLN 6,282.60.

The financial data of the Meat Plus Company is not material to the Issuer's financial statements and is excluded from consolidation. Total balance of Meat Plus SL assets at the end of the 2016 year made up 4,99% of the Issuer's total assets, the sales revenues of Meat Plus SL for the year ended 31 December 2016 made up 6,19% of the Issuer's sales revenues.

6.39. TRANSACTIONS WITH RELATED PARTIES

| Entity | Year | Sales to related party | Purchase from related party | Liabilities to related party | Receivables from related party |
|---------------------------------------|------|------------------------|-----------------------------|------------------------------|--------------------------------|
| Iberdigest SL | 2015 | 34,642,316.00 | 27,446,275.00 | 7,969,068.15 | 2,165,192.56 |
| | 2016 | 13,510,091.19 | 18,480,918.40 | 3,280,777.51 | 10,686,035.80 |
| Poland Services Cold Store Sp. z o.o. | 2015 | n/a | n/a | n/a | n/a |
| | 2016 | 972,109.31 | 1,752,327.63 | 543,722.28 | 313,214.81 |
| Meat Plus SL | 2015 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 2016 | 0.00 | 0.00 | 0.00 | 0.00 |



POLSKA MEAT Spółka akcyjna

Annual financial statement for the year ended 31 December 2016

6.40. STATEMENT OF COMPANIES (NAME, REGISTERED OFFICE), IN WHICH THE ISSUER HOLDS SHARE IN EQUITY OR 20% OF THE TOTAL NUMBER OF VOTES IN THE COMPANY GOVERNING BODY

| Company name | Registered office | Percentage of company share in equity | Equity at 31.12.2016 | Net profit for the year 2016 |
|--|---|---------------------------------------|----------------------|------------------------------|
| Poland Services Cold Store Sp. z o.o. | Ul. Hutnicza 45, 81-061 Gdynia | 100,00% | 13,181,304.87 | 442,396.00 |
| Meat Plus SL | Sant Hipolite de Vcltrega 1, Barcelona, Spain | 50,00% | EUR 57,075.68 | EUR 38,126.43 |

6.41. STATEMENT ON EXEMPTIONS AND EXCLUSIONS FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Article 58 of the Accounting Act which stipulates that a subsidiary may be not included in consolidation if its financial data is not material for the performance of the obligation defined in Article 4 item 1 of the Act, Polska Meat is not obligated to consolidate the Meat Plus company. Further information on Meat Plus SL company is reported in items Joint ventures excluded from consolidation and Statement of companies. Other information about Meat Plus SL are presented in points 6.38 and 6.40.

6.42. NAME AND REGISTERED OFFICE OF THE ENTITY WHICH MAKES THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ULTIMATE LEVEL OF THE CORPORATE GROUP OF WHICH THE COMPANY FORMS PART AS A SUBSIDIARY, AND THE VENUE WHERE SUCH STATEMENTS ARE AVAILABLE

The consolidated financial statements of the ultimate level of the Corporate Group is made by the parent entity of the Issuer, that is Iberdigest SL with its registered office at Avinguda d'Àiguema, 8-C, Zona Industrial Camp del Bosc, 17771-Santa Llogaia d'Àiguema, Girona, Spain. The financial statements are available at the registered office of Iberdigest SL.

6.43. NAME AND REGISTERED OFFICE OF THE ENTITY WHICH MAKES THE CONSOLIDATED FINANCIAL STATEMENTS OF THE LOWEST LEVEL OF THE CORPORATE GROUP OF WHICH THE COMPANY FORMS PART AS A SUBSIDIARY, AND THE VENUE WHERE SUCH STATEMENTS ARE AVAILABLE

The lowest level of the corporate group, of which the Company forms part, is the consolidated financial statements of POLSKA MEAT S.A. The financial statements are available at the Company's registered office and on its Internet website <http://polskameat.pl/relacje-inwestorskie/sprawozdania-finansowe/>



POLSKA MEAT Spółka akcyjna

Annual financial statement for the year ended 31 December 2016

6.44. NAME, ADDRESS OF THE MANAGEMENT OR ENTITY'S REGISTERED OFFICE AND LEGAL ESTABLISHMENT OF EACH OF THE ENTITIES OF WHICH THE COMPANY IS A PERSONALLY LIABLE MEMBER

Not applicable.

6.45. INFORMATION ON THE FINANCIAL STATEMENTS FOR THE PERIOD IN WHICH CONSOLIDATION OCCURRED

Not applicable.

6.46. UNCERTAINTIES AS TO OPERATION CONTINUITY

The Company's Management is of the opinion that there no uncertainties as to the Company's operation continuity.

6.47. FURTHER INFORMATION THAT MAY AFFECT CONSIDERABLY THE COMPANY'S ECONOMIC AND FINANCIAL POSITION AND ITS FINANCIAL RESULT

In the Company's Management there is no such information.

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Sébastien Guyon

President of the Board

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Ewa Bach

Chief Accountant

May 23, 2017 r.