

**GOTHALS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**  
31 December 2016

# **GOTHALS LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2016

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# GOTHALS LIMITED

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## BOARD OF DIRECTORS AND OTHER OFFICERS

<b>Board of Directors:</b>	Constantia Kalli Foullidou Elena Dimitriou
<b>Company Secretary:</b>	Abacus Secretarial Limited
<b>Independent Auditors:</b>	KPSA CHARTERED ACCOUNTANTS 15 Themistokli Dervi Street 1st floor, P.O. Box 27040 1641 Nicosia Cyprus
<b>Registered office:</b>	Themistokli Dervi, 5 Elenion Building, 2nd floor P.C. 1066, Nicosia Cyprus
<b>Bankers:</b>	Bank of Cyprus Public Company Ltd Bank Julius Baer & Co. Ltd MBank S.A.
<b>Registration number:</b>	HE209767

## MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2016.

### **Principal activities and nature of operations of the Company**

The principal activities of the Company, which are unchanged from last year, are the holding and licensing of trademarks.

### **Review of current position, future developments and performance of the Company's business**

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

A plan of cross border merger through acquisition has been approved on the 25th of May 2015 based on which all of the assets and liabilities of the Company, being the Target Company, shall be transferred to its sole shareholder, LPP SA, being the Acquiring Company.

As a result of the cross border merger, LPP SA shall acquire all the rights and obligations of the Company and the latter shall be dissolved, on the date that the District Court in Poland makes the entry of the merger. However, the Company has not yet proceeded with the application to the court for the issuance of the pre merger certificate.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in notes 4 and 23 of the financial statements.

### **Results and Dividends**

The Company's results for the year are set out on page 6. The Board of Directors, following consideration of the availability of profits for distribution as well as the liquidity position of the Company, approved the payment of a dividend as detailed below and the remaining net profit for the year is retained.

#### **Dividends**

During 2016, the Board of Directors approved the payment of interim dividends for the total amount of PLN205.949.360 (2015: PLN183.110.708).

#### **Share capital**

There were no changes in the share capital of the Company during the year under review

#### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2016 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2016.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors

#### **Events after the reporting period**

Any significant events that occurred after the end of the reporting period are described in note 25 to the financial statements.

#### **Related party transactions**

Disclosed in note 22 of the financial statements.

# GOTHALS LIMITED

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## MANAGEMENT REPORT

### **Independent Auditors**

The Independent Auditors, KPSA, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Abacus Secretarial Limited  
Secretary

Nicosia, 1 February 2017

**KPSA**

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## **Independent auditor's report**

### **To the Members of Gothals Limited**

#### **Report on the financial statements**

We have audited the accompanying financial statements of Gothals Limited (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the financial statements*

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 the Board of Directors, 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 qualified audit opinion.

#### *Basis for qualified opinion*

In respect of the intangible assets of the Company presented in the statement of financial position at the value of PLN 4.354.112.000 relating to trademarks, we have not been able to confirm the valuation and consequently the recoverability of the cost of the assets due to the fact that no valuation has been carried out for the last two years. Therefore, we were unable to obtain sufficient and appropriate audit evidence as to the valuation and recoverability of the cost of the Company's intangible assets.

## **Independent auditor's report (continued)**

### **To the Members of Gothals Limited**

#### *Qualified opinion*

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as the valuation and recoverability of the cost of the intangible assets, the financial statements give a true and fair view of the financial position of Gothals Limited as at 31 December 2016, and of 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 and the requirements of the Cyprus Companies Law, Cap. 113.

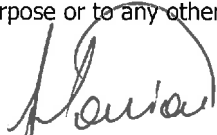
#### **Report on other legal requirements**

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit, except that the scope of our work was limited by the matter discussed in the basis for qualified opinion paragraph.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books, except in the case discussed in the basis for qualified opinion paragraph.
- The Company's financial statements are in agreement with the books of account.
- In our opinion, and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required, except in the case discussed in the basis for qualified opinion paragraph.
- In our opinion, the management report, whose preparation is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

#### **Other matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Constantinos Antoniou  
Certified Public Accountant and Registered Auditor  
for and on behalf of

**KPSA**  
**CHARTERED ACCOUNTANTS**

Nicosia, 1 February 2017

## GOTHALS LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2016

	Note	2016 PLN	2015 PLN
<b>Revenue</b>	5	<b>202.311.052</b>	185.489.002
Other operating income	6	-	13.217
Administration expenses		<b>(366.518)</b>	(4.957.713)
Other expenses	7	<b>(167.350)</b>	(959.129)
<b>Operating profit</b>	8	<b>201.777.184</b>	179.585.377
Finance income	9	<b>429.793</b>	12.366
Finance costs	9	<b>(38.895)</b>	(125.569)
<b>Profit before tax</b>		<b>202.168.082</b>	179.472.174
Tax	10	<b>(5.669.938)</b>	(5.522.814)
<b>Net profit for the year</b>		<b>196.498.144</b>	173.949.360
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>196.498.144</b>	173.949.360

The notes on pages 11 to 26 form an integral part of these financial statements.

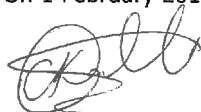
# GOTHALS LIMITED

## STATEMENT OF FINANCIAL POSITION

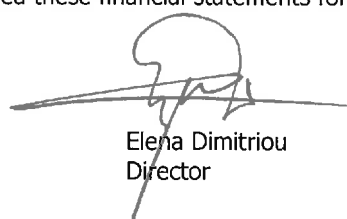
31 December 2016

	Note	2016 PLN	2015 PLN
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	12	<u>4.354.112.000</u>	4.354.112.000
		<u><b>4.354.112.000</b></u>	<u>4.354.112.000</u>
<b>Current assets</b>			
Trade and other receivables	14	<b>41.720.859</b>	35.340.053
Available-for-sale financial assets	13	-	1.625.396
Refundable taxes	21	<b>609.890</b>	587.228
Cash at bank	15	<u><b>1.841.551</b></u>	<u>10.752.430</u>
		<u><b>44.172.300</b></u>	<u>48.305.107</u>
<b>Total assets</b>		<u><b>4.398.284.300</b></u>	<u>4.402.417.107</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	<b>4</b>	4
Share premium		<b>1.067.845.229</b>	1.067.845.229
Redeemable shares	17	<b>721.776</b>	721.776
Other reserves		<b>2.936.375</b>	2.936.375
Retained earnings		<u><b>3.315.624.548</b></u>	<u>3.325.075.764</u>
<b>Total equity</b>		<u><b>4.387.127.932</b></u>	<u>4.396.579.148</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	19	<u><b>10.885.280</b></u>	<u>5.442.640</u>
		<u><b>10.885.280</b></u>	<u>5.442.640</u>
<b>Current liabilities</b>			
Trade and other payables	20	<b>94.213</b>	287.082
Current tax liabilities	21	<u><b>176.875</b></u>	<u>108.237</u>
		<u><b>271.088</b></u>	<u>395.319</u>
<b>Total liabilities</b>		<u><b>11.156.368</b></u>	<u>5.837.959</u>
<b>Total equity and liabilities</b>		<u><b>4.398.284.300</b></u>	<u>4.402.417.107</u>

On 1 February 2017 the Board of Directors of Gothals Limited authorised these financial statements for issue.



Constantia Kalli Foullidou  
Director



Elena Dimitriou  
Director

The notes on pages 11 to 26 form an integral part of these financial statements.

# GOTHALS LIMITED

## STATEMENT OF CHANGES IN EQUITY

31 December 2016

	Note	Share capital PLN	Redeemable shares PLN	Share premium PLN	Non- refundable advances PLN	Retained earnings PLN	Total PLN
<b>Balance at 1 January 2015</b>		7.912	721.776	1.067.845.229	2.936.372	3.334.237.112	7.739.985.513
<b>Comprehensive income</b>							
Net profit for the year		-	-	-	-	173.949.360	173.949.360
<b>Transactions with owners</b>							
Reduction of share capital	16, 17	(7.908)	-	-	-	-	(7.908)
Dividends	11	-	-	-	-	(183.110.708)	(183.110.708)
<b>Balance at 31 December 2015/ 1 January 2016</b>	4	4	721.776	1.067.845.229	2.936.372	3.325.075.764	4.396.579.148
<b>Comprehensive income</b>							
Net profit for the year		-	-	-	-	196.498.144	196.498.144
<b>Transactions with owners</b>							
Dividends	11	-	-	-	-	(205.949.360)	(205.949.360)
<b>Balance at 31 December 2016</b>	4	4	721.776	1.067.845.229	2.936.372	3.315.624.548	4.387.127.929

Share premium is not available for distribution.

The notes on pages 11 to 26 form an integral part of these financial statements.

## **GOTHALS LIMITED**

### **STATEMENT OF CHANGES IN EQUITY**

31 December 2016

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

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The notes on pages 11 to 26 form an integral part of these financial statements.

# GOTHALS LIMITED

## CASH FLOW STATEMENT

31 December 2016

	Note	2016 PLN	2015 PLN
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>202.168.082</b>	179.472.174
Adjustments for:			
Exchange difference arising on the translation of non-current assets in foreign currencies		<b>54.242</b>	48.582
Unrealised exchange (profit)/loss		<b>(429.788)</b>	99.106
Loss from the sale of financial assets at fair value through profit or loss		<b>166.698</b>	-
Impairment charge - available-for-sale financial assets	13	-	730.829
Interest income	9	<b>(5)</b>	(1.341)
Reduction of share capital		-	(7.908)
Withholding tax written off		-	(42.865)
		<b>201.959.229</b>	180.298.577
<b>Changes in working capital:</b>			
Increase in trade and other receivables		<b>(6.380.806)</b>	(14.824.714)
Increase in financial assets at fair value through profit or loss		<b>(166.698)</b>	-
(Decrease)/increase in trade and other payables		<b>(192.869)</b>	194.053
<b>Cash generated from operations</b>		<b>195.218.856</b>	165.667.916
Tax paid		<b>(123.271)</b>	(19.388)
<b>Net cash generated from operating activities</b>		<b>195.095.585</b>	165.648.528
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of available-for-sale financial assets		<b>1.571.154</b>	-
Interest received		<b>5</b>	1.341
<b>Net cash generated from investing activities</b>		<b>1.571.159</b>	1.341
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Unrealised exchange profit		<b>371.737</b>	(126.823)
Dividends paid		<b>(205.949.360)</b>	(183.110.708)
<b>Net cash used in financing activities</b>		<b>(205.577.623)</b>	(183.237.531)
<b>Net decrease in cash and cash equivalents</b>		<b>(8.910.879)</b>	(17.587.662)
Cash and cash equivalents at beginning of the year		<b>10.752.430</b>	28.340.092
<b>Cash and cash equivalents at end of the year</b>	15	<b>1.841.551</b>	10.752.430

The notes on pages 11 to 26 form an integral part of these financial statements.

# **GOTHALS LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2016

### **1. Incorporation and principal activities**

#### **Country of incorporation**

The Company Gothals Limited (the "Company") was incorporated in Cyprus on 8 October 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Themistokli Dervi, 5, Elenion Building, 2nd floor, P.C. 1066, Nicosia, Cyprus.

#### **Principal activities and nature of operations of the Company**

The principal activities of the Company, which are unchanged from last year, are the holding and licensing of trademarks.

### **2. Significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

#### **Functional and presentation currency**

The financial statements are presented in PLN (PLN) which is the functional currency of the Company.

#### **Adoption of new and revised IFRSs**

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2016. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

#### **Revenue recognition**

Revenue comprises the invoiced amount for the licensing of trademarks net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

- **License fee income**

Licence fee income is recognised on an accruals basis in accordance with substance of the relevant agreements.

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 2. Significant accounting policies (continued)

#### Debtors and provisions for bad debts

Bad debts are written off to profit or loss and a specific provision is made, where it is considered necessary. No general provision for bad debts is made. Trade debtors are stated after deducting the specific provision for bad and doubtful debts, if any.

#### Finance income

Finance income includes interest income which is recognised based on an accruals basis.

#### Finance costs

Interest expense and other costs on borrowings to finance construction or production of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

#### Foreign currency translation

##### (1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in PLN (PLN), which is the Company's functional and presentation currency.

##### (2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

#### Dividends

Interim dividends are recognised in equity in the year in which they are approved by the Company's Directors. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2016

**2. Significant accounting policies (continued)****Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

**Patents and trademarks**

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2016

**2. Significant accounting policies (continued)****Financial instruments (continued)**Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial assets(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

##### Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

##### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

### Derecognition of financial assets and liabilities

#### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 2. Significant accounting policies (continued)

#### Derecognition of financial assets and liabilities (continued)

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

#### Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

#### Preference shares

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity on approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

### 3. Financial risk management

#### Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

##### 3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

# GOTHALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 3. Financial risk management (continued)

#### 3.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities - primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Company does not hold collateral as security.

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has policies in place to ensure that licensing of trademarks is made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The Company's most significant customer, being its shareholder, accounts for PLN 18.646.060 out of the total amount of trade receivables carrying amount as at 31 December 2016 being PLN 20.764.419.

#### 3.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

<b>31 December 2016</b>	Carrying amounts PLN	Contractual cash flows PLN	3 months or less PLN	3-12 months PLN	1-2 years PLN	2-5 years PLN	More than 5 years PLN
Trade and other payables	76.577	76.577	76.577	-	-	-	-
	<b>76.577</b>	<b>76.577</b>	<b>76.577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>31 December 2015</b>	Carrying amounts PLN	Contractual cash flows PLN	3 months or less PLN	3-12 months PLN	1-2 years PLN	2-5 years PLN	More than 5 years PLN
Trade and other payables	270.136	270.136	-	270.136	-	-	-
	<b>270.136</b>	<b>270.136</b>	<b>-</b>	<b>270.136</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 3.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2016

**3. Financial risk management (continued)****3.5 Capital risk management**

Capital includes equity shares and share premium, convertible preference shares and loan from parent company

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

**Fair value estimation**

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

**4. Critical accounting estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# GOTHALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 4. Critical accounting estimates and judgements (continued)

#### • Impairment of intangible asset

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

### 5. Revenue

	2016 PLN	2015 PLN
License fee income	<u>202.311.052</u>	<u>185.489.002</u>
	<u>202.311.052</u>	<u>185.489.002</u>

### 6. Other operating income

	2016 PLN	2015 PLN
Sundry operating income	<u>-</u>	<u>13.217</u>
	<u>-</u>	<u>13.217</u>

### 7. Other expenses

	2016 PLN	2015 PLN
Amounts written off	652	227.852
Brokerage commission and charges	-	448
Loss from sales of financial assets at fair value through profit or loss	166.698	-
Impairment charge on available-for-sale financial assets	<u>-</u>	<u>730.829</u>
	<u>167.350</u>	<u>959.129</u>

### 8. Operating profit

	2016 PLN	2015 PLN
Operating profit is stated after charging the following items:		
Auditors' remuneration	<u>34.758</u>	<u>33.710</u>

# GOTHALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 9. Finance income/cost

	2016 PLN	2015 PLN
Interest income	5	1,341
Exchange profit	<u>429.788</u>	<u>11.025</u>
	<u>429.793</u>	<u>12.366</u>
Net foreign exchange losses	(21.036)	(99.106)
Sundry finance expenses	<u>(17.859)</u>	<u>(26.463)</u>
<b>Finance costs</b>	<u>(38.895)</u>	<u>(125.569)</u>
<b>Net finance income/(cost)</b>	<u><b>390.898</b></u>	<u><b>(113.203)</b></u>

Interest income is analysed as follows:

2016 PLN	2015 PLN
-	-

### 10. Tax

#### 10.1 Tax recognised in profit or loss

	2016 PLN	2015 PLN
Overseas tax	227.296	79.772
Defence contribution - current year	2	402
Deferred tax - charge (Note 19)	<u>5.442.640</u>	<u>5.442.640</u>
<b>Charge for the year</b>	<u><b>5.669.938</b></u>	<u><b>5.522.814</b></u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2016 PLN	2015 PLN
Profit before tax	<u>202.168.082</u>	<u>179.472.174</u>
Tax calculated at the applicable tax rates	25.271.010	22.434.022
Tax effect of expenses not deductible for tax purposes	25.361	216.098
Tax effect of allowances and income not subject to tax	(27.267.529)	(27.215.020)
Tax effect of tax loss for the year	1.971.158	4.564.900
Defence contribution current year	2	402
Deferred tax	5.442.640	5.442.640
Overseas tax in excess of credit claim used during the year	<u>227.296</u>	<u>79.772</u>
<b>Tax charge</b>	<u><b>5.669.938</b></u>	<u><b>5.522.814</b></u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% to 31 August 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% (15% to 31 August 2011).

# GOTHALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 10. Tax (continued)

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

### 11. Dividends

	2016 PLN	2015 PLN
Interim dividend paid	<u>205.949.360</u>	183.110.708
	<u>205.949.360</u>	<u>183.110.708</u>

During 2016, the Board of Directors approved the payment of interim dividends for the total amount of PLN205.949.360 (2015: PLN183.110.708).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled. Dividends payable to non-residents of Cyprus are not subject to such a deduction.

### 12. Intangible assets

	Patents and trademarks PLN
<b>Cost</b>	
Balance at 1 January 2015	<u>4.354.112.000</u>
<b>Balance at 31 December 2015/ 1 January 2016</b>	<u><b>4.354.112.000</b></u>
<b>Balance at 31 December 2016</b>	<u><b>4.354.112.000</b></u>
<b>Net book amount</b>	
<b>Balance at 31 December 2016</b>	<u><b>4.354.112.000</b></u>
<b>Balance at 31 December 2015</b>	<u><b>4.354.112.000</b></u>

During 2014, the trademarks of the Company's subsidiary were transferred upon the subsidiary's liquidation.

No amortisation is provided on Patents and Trademarks. The Board of Directors is of the opinion that there is no foreseeable limit on the period during which the asset is expected to generate future cash flows.

### 13. Available-for-sale financial assets

	2016 PLN	2015 PLN
Balance at 1 January	<b>1.625.396</b>	2.404.807
Disposals	<b>(1.571.154)</b>	-
Impairment charge	-	(730.829)
Exchange differences	<u><b>(54.242)</b></u>	<u>(48.582)</u>
<b>Balance at 31 December</b>	<u>-</u>	<u>1.625.396</u>
Current portion	<u>-</u>	<u>1.625.396</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2016

**13. Available-for-sale financial assets (continued)**

The following are included in profit or loss with respect to available-for-sale financial assets:

	<b>2016</b>	2015
	<b>PLN</b>	PLN
Impairment charge	-	(730.829)
Net loss on available-for-sale financial assets	-	(730.829)

The Cyprus economy has been adversely affected over the last few years by the international credit crisis and the instability in the financial markets. The Cyprus government entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund, in order to obtain financial support. The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below €100.000 in accordance with European Union legislation.

For the purposes of resolution, if the aggregated deposits a customer (individual or entity) held on 26 March 2013 at the Bank of Cyprus exceed €100.000, then for the amount higher than €100.000 the following apply:

Total loans and credit facilities of the customer on 26 March 2013 at the Bank of Cyprus are deducted from the deposits exceeding €100.000. If the sum of the balances of loans and credit facilities is greater than or equal to the amount of deposits exceeding €100.000, then the resolution measures are not applicable to this client. If the sum of the balances of loans and credit facilities is less than the deposits exceeding €100.000, then the following apply:

37,5% of this difference is automatically converted into Class A' shares of the Bank of Cyprus, with voting rights and dividends (converted on 28th April at €1 nominal value).

22,5% of this difference is temporarily 'frozen' and possibly part or the whole of it, will be converted into Class A' shares of the Bank of Cyprus with voting rights and dividends for the purposes of the bank's resolution.

The 37,5% and 22,5% of the company's total deposits are classified as available for sale financial assets at cost since it is impracticable to at this point to assess the asset's fair value. This will be known once the shares are listed in the Stock Market.

On 30 July 2013, the Ministry of Finance and the Central Bank of Cyprus announced that Bank of Cyprus ("BoC") has been fully recapitalised by the overall conversion of 47,5% of uninsured deposits into shares in the bank. This is the final stage of BoC's resolution process and there will be no further measures under the Resolution Law.

Following the recapitalisation, 12,5% of frozen deposits that were previously blocked were released. The balance was split evenly into three separate fixed term deposits of six, nine and twelve months respectively.

Based on the notification letter issued by BoC dated 8 August 2013 the Company holds 2.485.451 Class A shares with nominal value of €1 each.

Up to 31 December 2013, the Directors estimated the value of 1 BoC Class A share to be €1, which was equal to its nominal value.

Therefore, the value of BoC Class A shares amounted to €2.485.451, equivalent to PLN 10.317.355,65 on 31 December 2013.

On the 16th of December 2014 the suspension of the trading of the Bank of Cyprus shares has ceased. The starting price was set at €0,24 according to the Subscription Price of the Share Capital Increase. The fair value of the share as at the year end was €0,217 and as a result the Company has recognized an impairment in the value of the shares.

The fair value of the share as at 31 December 2015 was €0,148 (31 December 2014: €0,217).

During 2016, the Company has proceeded with the disposal of all shares held in Bank of Cyprus. The fair value of the share on the date of disposal was €0,1360.

## GOTHALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

#### 14. Trade and other receivables

	2016 PLN	2015 PLN
Trade receivables	2.007.620	1.239.213
Receivables from related companies (Note 22.2)	39.631.669	34.050.807
Shareholders' current accounts - debit balances (Note 22.3)	4	4
Deposits and prepayments	14.588	-
Refundable VAT	66.978	50.029
	<u>41.720.859</u>	<u>35.340.053</u>

Included in the Company's trade receivable balance are debtors with a carrying amount of PLN - (2015: PLN - ) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

Ageing of past due but not impaired:

2016 PLN	2015 PLN
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The Company does not hold any collateral over the trading balances.

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of PLN - (2015: PLN - ) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the liquidation proceeds. The Company does not hold any collateral over these balances.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

#### 15. Cash at bank

	2016 PLN	2015 PLN
Cash at bank and in hand	1.841.551	10.752.430
	<u>1.841.551</u>	<u>10.752.430</u>

Following the recapitalisation of Bank of Cyprus, 12,5% of frozen deposits that were previously blocked were released. The balance was split evenly into three separate fixed term deposits of six, nine and twelve months respectively.

For the purposes of the cash flow statement, the cash and cash equivalents include the following

	2016 PLN	2015 PLN
Cash at bank and in hand	1.841.551	10.752.430
	<u>1.841.551</u>	<u>10.752.430</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

# GOTHALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 16. Share capital

	2016 Number of shares	2016 PLN	2015 Number of shares	2015 PLN
<b>Authorised</b>				
Ordinary shares of €1 each	<u>2.001</u>	<u>7.912</u>	<u>2.001</u>	<u>7.912</u>
<b>Issued and fully paid</b>				
Balance at 1 January	1	4	2.001	7.912
Reduction of shares	-	-	(2.000)	(7.908)
<b>Balance at 31 December</b>	<u>1</u>	<u>4</u>	<u>1</u>	<u>4</u>

### 17. Redeemable shares

#### Redeemable shares

	2016 Number of shares	2016 PLN	2015 Number of shares	2015 PLN
<b>Authorised</b>				
Redeemable shares of €1 each	<u>200.000</u>	<u>807.937</u>	<u>200.000</u>	<u>807.937</u>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>179.292</u>	<u>721.776</u>	<u>179.292</u>	<u>721.776</u>
<b>Balance at 31 December</b>	<u>179.292</u>	<u>721.776</u>	<u>179.292</u>	<u>721.776</u>
<b>Balance at 31 December</b>		<u>721.776</u>		<u>721.776</u>

### 18. Non-refundable advances

	2016 PLN	2015 PLN
Balance at 1 January	<u>2.936.372</u>	<u>2.936.372</u>
<b>Balance at 31 December</b>	<u>2.936.372</u>	<u>2.936.372</u>

The non refundable advances were made available to the Company by its two minority shareholders (Dimola Limited and Fokamil Limited, both registered in Cyprus) after these applied for strike off.

### 19. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 10). The applicable corporation tax rate in the case of tax losses is 12,5%.

# GOTHALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 19. Deferred tax (continued)

The movement on the deferred taxation account is as follows:

#### Deferred tax liability

	Temporary tax differences PLN
Balance at 1 January 2015	-
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 10)	5.442.640
<b>Balance at 31 December 2015/ 1 January 2016</b>	<b>5.442.640</b>
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 10)	5.442.640
<b>Balance at 31 December 2016</b>	<b>10.885.280</b>

### 20. Trade and other payables

	2016 PLN	2015 PLN
Accruals	17.636	16.946
Other creditors	76.577	270.136
	<b>94.213</b>	<b>287.082</b>

### 21. Refundable taxes

	2016 PLN	2015 PLN
Corporation tax	(609.890)	(587.228)
Special contribution for defence	250	250
Overseas tax	176.625	107.987
	<b>(433.015)</b>	<b>(478.991)</b>

### 22. Related party transactions

As from 8 April 2015, the company is controlled by LPP S.A., a Polish company listed on the Warsaw Stock Exchange which owns 100% of the Company's shares.

From 23 December 2014 until 8 April 2015, the Company was controlled by LPP S.A. which owned 98,90% of the Company's shares. The remaining shares were held by Fokamil Limited, a company incorporated in Cyprus.

The following transactions were carried out with related parties:

#### 22.1 Licensing of trademarks

	2016 PLN	2015 PLN
LPP S.A.	199.108.158	178.484.277
	<b>199.108.158</b>	<b>178.484.277</b>

Sales to the associated undertakings and to Parent Holding Limited were made at cost.

# GOTHALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 22. Related party transactions (continued)

#### 22.2 Receivables from related parties (Note 14)

<u>Name</u>	<u>Nature of transactions</u>	<b>2016</b> <b>PLN</b>	2015 PLN
LPP S.A.	Trade	<b>39.521.581</b>	33.948.750
IP Manageemnt Services Ltd	Trade	<b>110.088</b>	102.057
		<b>39.631.669</b>	34.050.807

#### 22.3 Shareholders' current accounts - debit balances (Note 14)

	<b>2016</b> <b>PLN</b>	2015 PLN
LPP S.A. (shareholder)	<b>4</b>	4
	<b>4</b>	4

The shareholders' current accounts are interest free, and have no specified repayment date

### 23. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2016.

### 24. Commitments

The Company had no capital or other commitments as at 31 December 2016.

### 25. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements, except from the following.

Based on a resolution dated 13 January 2017, the Company subscribes for the 97,31% (36.250 shares) of P&L Marketing Advertising Agency S.A.L. (Lebanon) for the total amount of LBP 1.087.500.000 (equivalent to €687.000).

**Independent auditor's report on pages 4 and 5**

## GOTHALS LIMITED

### DETAILED INCOME STATEMENT

31 December 2016

	Page	2016 PLN	2015 PLN
<b>Revenue</b>			
License fee income		<b>202.311.052</b>	185.489.002
<b>Other operating income</b>			
Sundry operating income		<u>-</u>	<u>13.217</u>
		<b>202.311.052</b>	185.502.219
<b>Operating expenses</b>			
Administration expenses	28	<u>(366.518)</u>	<u>(4.957.713)</u>
		<b>201.944.534</b>	180.544.506
<b>Other operating expenses</b>			
Amounts written off		<b>(652)</b>	(227.852)
Brokerage commission and charges		-	(448)
Loss from sales of financial assets at fair value through profit or loss		<b>(166.698)</b>	-
Impairment charge on available-for-sale financial assets		<u>-</u>	<u>(730.829)</u>
<b>Operating profit</b>		<b>201.777.184</b>	179.585.377
Finance income	29	<b>429.793</b>	12.366
Finance costs	29	<u><b>(38.895)</b></u>	<u>(125.569)</u>
<b>Net profit for the year before tax</b>		<u><b>202.168.082</b></u>	<u>179.472.174</u>

## GOTHALS LIMITED

### SELLING AND DISTRIBUTION EXPENSES

31 December 2016

	2016 PLN	2015 PLN
<b>Administration expenses</b>		
Municipality taxes	780	424
Annual levy	1.488	1.466
Sundry expenses	42	-
Courier expenses	1.666	1.564
Stationery and printing	123	119
Certification and legalisation expenses	7.576	6.859
Auditors' remuneration	34.758	33.710
Accounting and administration fees	221.172	259.292
Legal fees	-	25.345
Other professional fees	14.026	3.826.364
Overseas travelling	-	12.324
Trademark fee expenses	84.887	790.246
	<b>366.518</b>	<b>4.957.713</b>

## GOTHALS LIMITED

### FINANCE INCOME/COST

31 December 2016

	2016 PLN	2015 PLN
<b>Finance income</b>		
Bank interest	-	1.238
Other interest income	5	103
Realised foreign exchange profit	-	11.025
Unrealised foreign exchange profit	429.788	-
	<u>429.793</u>	<u>12.366</u>

### Finance costs

#### Sundry finance expenses

Bank charges	17.859	26.463
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#### Net foreign exchange losses

Realised foreign exchange loss	21.036	-
Unrealised foreign exchange loss	-	99.106
	<u>38.895</u>	<u>125.569</u>

