

**THE CORPORATE GROUP OF
PRZEDSIĘBIORSTWO PRZEMYSŁU
SPOŻYWCZEGO „PEPEES” S.A.**

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2015
TO 30 SEPTEMBER 2015

PREPARED IN ACCORDANCE
WITH THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS
AS APPROVED BY THE EUROPEAN UNION

13 November 2015

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STATEMENTS**

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	ASSETS	30.09.20	30.06.20	31.12.20	30.09.201
I	Non-current (long-term) assets	105	102	94	97
1	Property, plant and equipment	89	86	78	78
2	Intangible assets	61	71	90	441
3	Goodwill arising on consolidation	4	4	4	486
4	Equity-accounted investments			2	161
5	Investments in other entities	1	1	1	2
6	Granted cash loans	2	2	2	2
7	Long-term advances	10	10	10	11
8	Deferred tax assets	2	1	2	1
	Current (short-term) assets	68	69	93	61
1	Inventories	34	33	68	34
2	Biological assets	5	7	1	156
3	Trade receivables	22	25	13	17
4	Other receivables	3	1	5	3
5	Prepayments	3	4	1	2
6	Granted cash loans	6	5	2	160
7	Investments held for trading	2	2	2	
8	Cash and cash equivalents	1	1	2	2
III	Non-current assets held for sale				
	Total assets	174	171	188	158

	EQUITY AND LIABILITIES	30.09.20	30.06.20	31.12.20	30.09.201
I	Equity	107	106	104	102
	<i>Equity attributable to the shareholders of the Company</i>	<i>106</i>	<i>105</i>	<i>103</i>	<i>102</i>
		578	790	867	126
1	Share capital	5	5	5	5
2	Supplementary capital and reserves	99	99	96	96
3	Revaluation reserve	(3)	(34)	(37)	
4	Retained earnings	(1)	(1)	(1)	(62)
5	(Loss)/profit for the year	2	1	3	850
	Non-controlling interests	6	5	6	814
	Non-current liabilities	24	19	13	13
1	Borrowings	9	7	1	1
2	Liabilities related to leased assets	3	1	6	691
3	Deferred tax liability	6	5	5	5
4	Retirement and similar benefits obligations	2	2	2	2
5	Subsidies	2	2	3	3
II	Current liabilities	42	45	70	41
1	Trade liabilities	20	11	13	26
2	Current tax liabilities	3	1	5	310
3	Other current liabilities	2	2	2	2
4	Borrowings	15	29	50	10
5	Liabilities related to leased assets	1	9	4	446
6	Retirement and similar benefits obligations	2	2	2	214
7	Provisions for other liabilities	1	1	1	845
	Total equity and liabilities	174	171	188	158

**INTERIM CONSOLIDATED INCOME STATEMENT AND STATEMENT
OF OTHER COMPREHENSIVE INCOME**

<i>Revenue and expenses</i>					
<i>Profit and loss</i>		<i>01.07.201</i>	<i>01.01.201</i>	<i>01.07.201</i>	<i>01.01.201</i>
		<i>30.09.20</i>	<i>30.09.20</i>	<i>30.09.20</i>	<i>30.09.20</i>
		<i>15</i>	<i>15</i>	<i>14</i>	<i>14</i>
I	Sales revenue				
1	Revenue from the sale of products	36	93	27	73
2	Revenue from services	2	6	1	6
3	Revenue from the sale of trade goods and materials	41	11 969	3 8	8 382
	Total sales revenue, including:	36	106	27	82
	- revenue from continuing operations	36	106	27	82
II	Cost of sales			-	
1	Cost of products sold	(28	(73	(21	(58
2	Cost of services sold	(7	(18	(4	(16
3	Costs of trade goods and materials sold	(11	(10	(15	(7
4	Profit/loss from agricultural production	(16	(33		
	Total cost of sales, including:	(28	(84	(21	(66
	- cost from continuing operations	(28	(84	(21	(66
III	Gross profit from sales (I-II)	7	21	6	15
1	Selling and marketing expenses	(2	(5	(1	(3
2	Administrative expenses	(3	(12	(3	(11
3	Other operating income	1	8	1	9
4	Other operating expenses	(8	(6	(11	(23
IV	Operating profit (loss)	1	5	9	1
1	Finance costs	(17	(1	(12	(77
2	Finance income	84	5	98	5
3	Share of profit of an associate	(37	(88	(9	(18
V	Profit (loss) before tax, including:	1	3	8	1
	- profit (loss) before tax from continuing operations	1	3	8	1
	Income tax	(43	(1	(37	(66
VI	Net profit (loss)	8	2	4	5
	- attributable to non-controlling interests	80	(2	((26
	- attributable to the shareholders of the parent	7	2	4	8
VII	Other comprehensive income		36		
1	Effects of the valuation of financial assets available-for-sale				
2	Revaluation of liabilities due to employee benefits		36		
VI	Total comprehensive income, including	8	2	4	5
	- attributable to non-controlling interests	80	(2	((26
	- attributable to the shareholders of the parent	7	2	4	8
	- net comprehensive income (loss) from continuing operations	7	2	4	8

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings	Total equity attributable to the shareholders of the parent	Non-controlling interests	Total equity
As of 1 January 2014	4	43		43	192	92	1	94
Changes in the period from 01.01.2014 to 30.09.2014								
Distribution of profit (loss) for 2013		8			(86	-		-
Proceeds from shares issued	720	75				8		8
Net profit for the period					850	850	(26	5
Other consolidation adjustments					45	45		45
As of 30 September 2014	5	52		43	225	102	8	102
Changes in 2014								
Proceeds from shares issued	720	7				8		8
Share-issue expenses		(23				(23		(23
Distribution of profit for 2013		7			(79			
Net profit (loss) for the period					3	3	(1)	3
Other net comprehensive income			(37			(37		(37
Other adjustments		2			(55	(35	(42	(77
As of 31 December 2014	5	52	(37	43	2	103	6	104
As of 1 January 2015	5	52	(37	43	2	103	6	104
Changes in the period from 01.01.2015 to 30.09.2015								
Other consolidation adjustments					(7)	(7)	7	
Distribution of profit (loss) for 2014				3	(3			
Net profit for the period					26	2	(2	2
Other comprehensive income			36			36		36
As of 30 September 2015	5	52	(34	47	1	106	6	107

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Indirect method	<i>01.07.201 5 30.09.20</i>	<i>01.01.20 15 30.09.20</i>	<i>01.07.201 4 30.09.20</i>	<i>01.01.20 14 30.09.20</i>
A. Cash flows from operating activities				
I. Profit (loss) before tax	1	3	8	1
II. Total adjustments	15	37	2	13
1. Depreciation and amortisation	1	4	1	4
2. Foreign exchange (gains) losses	(3	(9	(1	(14
3. Interest and share of profit (dividend)	2	6	83	5
4. (Profit) loss on investing activities	1	(12	88	(29
5. Net increase/decrease in provisions	1	(39	(1	(2
6. Net increase/decrease in inventories	(28	34	(16	5
7. Net increase/decrease in biological assets	(27	(88	1	(15
8. Net increase/decrease in receivables	78	(6	(1	(3
9. Net increase/decrease in current liabilities, except for borrowings	13	10	21	22
10. Net increase/decrease in advances	1	(2	(1	(13
11. Income tax paid	(15	(82	(9	(47
12. Net increase/decrease in subsidies	(9	(25	(9	(30
13. Acquisition of assets through finance lease		-		(90
14. Other adjustments	(16	(9	51	1
III. Net cash flows from operating activities (I+/-II)	16	41	3	14
B. Cash flows from investing activities			-	
I. Proceeds		4	94	2
1. Disposal of intangible assets and property, plant and equipment		3	5	1
2. Repayment of borrowings		80	89	6
II. Expenses	4	15	4	11
1. Acquisition of intangible assets and property, plant and equipment	4	15	4	8
2. Acquisition of shares and interests		-		2
3. Granted cash loans		-	-	5
III. Net cash flows from investing activities (I-II)	(4	(14	(3	(9
C. Cash flows from financing activities				
I. Proceeds	13	27	4	13
1. Borrowings	13	26	4	4
2. Subsidies	20	5		
2. Proceeds from shares issued			(1	8
II. Expenses	19	53	7	35
1. Repayments of borrowings	19	52	7	34
2. Interest on borrowings	2	7	1	6
3. Payments under lease contracts	1	5	1	4
III. Net cash flows from financing activities (I-II)	(6	(2630	(2	(22
D. Total net cash flows (A.III+/-B.III+/-C.III)	5	5	(3	(16
E. Balance sheet change in cash, including:	(9	(1	(2	(13
- net increase/decrease in cash due to foreign exchange differences	(1)	9	(5)	(9
- net increase/decrease in overdrafts	5	1	(72	(3
F. Cash at the beginning of the period	(6	(1	3	14
F. Cash at the end of the period (F+/- D)	(66	(66	(2	(2
<i>including restricted cash</i>	-	-	-	-

SELECTED FINANCIAL FIGURES TRANSLATED INTO EUR

N	SELECTED FINANCIAL FIGURES	IN '000' PLN		IN '000' EUR	
		201	201	201	201
	Year				
I	Total sales revenue for 3 quarters	106	82	25	19
II	Net profit or loss attributable to the Company's shareholders for 3	2	85	64	20
III	Net cash flows from operating activities for 3 quarters	41	14	10	3
IV	Net cash flows from investing activities for 3 quarters	(14)	(9)	(3)	(2)
V	Net cash flows from financing activities for 3 quarters	(26)	(22)	(6)	(5)
VI	Total net cash flows for 3 quarters	53	(16)	12	(4)
VI I	Total assets as of 30.09.2015 and 31.12.2014	174	188	41	44
VI II	Equity attributable to the Company's shareholders as of 30.09.2015 and 31.12.2014	106	103	25	24
IX	Total earnings (loss) per share for 3 quarters	0.0	0.00	0.00	0.00
X	Book value per share as of 30.09.2015 and 31.12.2014	1.1	1.1	0.2	0.2

Figures presented in lines: VII, VIII and X, in columns "2014" are as of 31.12.2014.

To translate the selected financial figures into EUR, the Group applied the following exchange rates published by the National Bank of Poland (NBP):

- selected items of the statement of financial position as of 30.09.2015 – at the average exchange rate as of the balance sheet date: 1 EUR = 4.2386 PLN;
- selected items of the statement of financial position as of 31.12.2014 – at the average exchange rate as of the balance sheet date: 1 EUR = 4.2623 PLN;
- selected items of the statement of comprehensive income and of the statement of cash flows, for the period from 01.01.2015 to 30.09.2015 – at the exchange rate being the arithmetic mean of average exchange rates published by the NBP and applicable on the last day of each month of 2015: 1 EUR = 4.1585 PLN;
- selected items of the statement of comprehensive income and of the statement of cash flows, for the period from 01.01.2014 to 30.09.2014 – at the exchange rate being the arithmetic mean of average exchange rates published by the NBP and applicable on the last day of each month of 2014: 1 EUR = 4.1803 PLN.

EARNINGS PER SHARE

	30.09.2015	30.09.2014
Net earnings (loss) attributable to the shareholders of PEPEES	2 682	850
Weighted average number of shares	95 000 000	89 479 853
Basic net earnings (loss) per share (in PLN per share)	0,03	0,00 9
Net earnings (loss) attributable to the shareholders PEPEES, applied in the calculation of diluted earnings per share	2 682	850
Weighted average number of ordinary shares for diluted earnings per share	95 000 000	89 479 853
Diluted net earnings (loss) per share (in PLN per share)	0.03	0.00 9
Annualised net earnings attributable to the shareholders of PEPEES	5 205	2 474
Weighted average number of shares	95 000 000	89 479 853
Annualised net earnings per share (in PLN per share)	0.05	0.02 8

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information about the parent company

Full business name	Przedsiębiorstwo Przemysłu Spożywczego „PEPEES” S.A.
Registered office address	18-402 Łomża, ul. Poznańska 121
REGON [Company ID No.]:	450096365
NIP [Tax ID No.]:	718-10-05-512
Registration authority	District Court in Białystok, XII Commercial Division of the National Court Register
No. in the Register	000038455
Legal status	Spółka Akcyjna [a joint stock company]
Organisational form	a single-establishment company

Core objects according to the Polish Classification of Activities (PKD) – 1062Z Manufacture of starches and starch products.

Industry - Food industry.

Company's lifetime – indefinite

The composition of the Board of Directors on 30.09.2015

Wojciech Faszczewski – President
Krzysztof Homenda – Member, Chief Financial Officer

The composition of the Supervisory Board on 30.09.2015:

1.	Maciej Kaliński	-	Chairman
2.	Piotr Marian Taracha	-	Vice-Chairman
3.	Krzysztof Stankowski	-	Secretary
4.	Piotr Łuniewski	-	Member
5.	Robert Malinowski	-	Member

2. Reporting periods

These interim consolidated financial statements cover the period from 1 January 2015 to 30 September 2015, and comparable financial figures and notes cover the period from 1 January 2014 to 30 September 2014 and, additionally, as of 31 December 2014 in the case of the statement of financial position and the statement of changes in equity. These financial statements were prepared assuming that the Corporate Group would remain a going concern in the foreseeable future. There are no circumstances indicating any threats to the activities of PEPEES Corporate Group.

3. The structure of the Corporate Group as of 30 September 2015

PEPEES S.A.

Interest in the entity's capital

82.38%	100%	84.125%
ZPZ LUBLIN Sp. z o.o.	OZENERGY Sp. z o.o.	PPZ BRONISŁAW Sp. z o.o.

The composition of the Corporate Group in the reporting period did not change.

The lifetimes of all the entities of the Corporate Group are unlimited.

General information about related parties

Name	Place of business	Objects	Registry court	Issuer's interest in capital	Share (%) in the total number
ZPZ LUBLIN Sp. z o.o.	Lublin	Production and sale of potato syrup and dried potato-based products; fruit and vegetable processing	District Court in Lublin, XI Commercial Division of the National Court Register	82.38%	82.38%
PPZ BRONISŁAW Sp. z o.o.	Bronisław	Manufacture of starches and starch products	District Court in Bydgoszcz, XIII Commercial Division	84.125	84.125
OZENERGY SP. Z O.O.	Łomża	Generation of electricity	District Court in Białystok, XII Commercial Division	100%	100%
CHP ENERGIA Sp. z o.o. (an associate)	Wojny Wawrzyńce	Generation of electricity and heat from gas produced in a biogas	District Court In Białystok, XII Commercial Division	24.9	24.9

Basic financial figures as of 30.09.2015 for related entities

	ZPZ LUBLIN Sp. z o.o.	PPZ BRONISŁA W Sp. z o.o.	OZENERGY SP. Z O.O.	CHP ENERGIA Sp. z o.o. (an
Current assets	6	7	9	2
Non-current assets	4	6		23
Current liabilities	5 566	7 381	5	3 653
Non-current liabilities	3 344	6 645		19 868
Revenue	10	23		2
Profit/loss from continuing operations	105	(30 4)	(1)	(3 560)
Net profit/loss from discontinued operations	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive	105	(30	(1)	(3

4. Compliance declaration and the basis for the preparation of these interim condensed consolidated financial statements

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". When preparing these interim condensed consolidated financial statements, the Group adhered to the same principles and calculation methods as applied in the most recent annual consolidated financial statements. These interim condensed consolidated financial statements do not comprise all the information required in the annual consolidated financial statements and they should be read together with the consolidated financial statements for the financial year ended on 31 December 2014.

5. The application of standards in 2015

The application of new interpretations and amendments to standards in 2015 had no impact on the Group's financial position.

6. New accounting standards and interpretations not applied in these financial statements

The standards below have not been applied yet by the Group in the process of the preparation of these consolidated financial statements.

- a) IFRS 9 *Financial Instruments* effective for periods beginning on or after 1 January 2018. This standard introduces an improved and simplified approach to the classification and measurement of financial assets and liabilities, and the requirements for hedge accounting and the recognition of the impairment of financial assets.
- b) IFRS 14 *Regulatory Deferral Accounts* issued on 30 January 2014, effective for annual periods beginning on or after 1 January 2016.
- c) IFRS 15 *Revenue from Contracts with Customers* – effective for annual periods beginning on or after 1 January 2017. This standard provides a single accounting model for revenue from contracts with customers. It will replace the guidelines for the recognition of revenue included in IAS 18 *Revenue*, IAS 11 *Construction contracts* and in related *Interpretations*.
- d) Amendments to IFRS 10 and IAS 28 effective for annual periods beginning on or after 1 January 2016. The amendments pertain to the sale or contribution of assets between an investor and its associate or joint venture, aiming to eliminate contradictions between the requirements of IAS 28 and IFRS 10.
- e) Amendments to IFRS 10, IFRS 12 and IAS 28 and to IAS 1 issued on 18 December 2014, effective for annual periods beginning on or after 1 January 2016.
- f) Amendments to IFRS 11 *Joint Arrangements* – effective for annual periods beginning on or after 1 January 2016. The amendments pertain to the accounting for acquisitions of interests in joint operations in which the activity constitutes a business, as defined in IFRS 3 *Business Combinations*.
- g) Amendments to IAS 16 and IAS 38, effective for periods beginning on or after 1 January 2016. The amendments provide clarifications of acceptable depreciation and amortisation methods.
- h) Amendments to IAS 16 and IAS 41, effective for annual periods beginning on or after 1 January 2016. The amendments introduce the definition of bearer plants and require the accounting of biological assets that meet the definition, as property, plant and equipment in accordance with IAS 16. Produce growing on bearer plants continues to be accounted for under IAS 41.
- i) Amendments to IAS 27 issued on 12 August 2014, effective for annual periods beginning on or after 1 January 2016.
- j) Improvements to IFRS's (2012-2014 cycle), effective for annual periods beginning on or after 1 January 2016, provide for a number of amendments to IFRS's. The improvements pertain to IFRS 5, IFRS 7, IAS 19 and IAS 34.

The Board of Directors is currently assessing the impact of the aforementioned standards and interpretations upon the Group's reporting.

7. Changes in applied accounting principles; correcting errors and presentations

In the reporting period, the Group did not change accounting principles and did not correct errors from previous years.

8. Seasonality or cyclical nature of operations

The Group operates in an industry sector: “potatoes processing”. The purchase and processing of potatoes takes place in autumn in the period of 3 months, while the sale of manufactured products lasts all year long.

9. Non-typical items having significant impact on assets, liabilities, equity and financial result

The parent company made substantial expenditure (over 8 million PLN) on the construction of a new pneumatic starch drying room, which was financed with a long-term loan. These transactions resulted in an increase in non-current assets and non-current liabilities.

10. Estimates

In the reporting period, the Group did not conduct impairment tests of non-current assets, since there were no indications of any such impairment. Write-downs of certain inventories of finished products and trade goods to their net realisable value were made.

Write-downs of receivables were updated by the amount reflecting the level of customers default risk.

Provisions for retirement benefits and jubilee or other long-service benefits were updated on the basis of actuarial calculations as of 30.06.2015.

The provisions for unused annual leave were updated on the basis of predicted remunerations of employees including adds-on for the employer for annual leaves unused as of 30.09.2015.

The Group recognises deferred tax assets on the basis of the assumption that, in the future, it will generate tax profit enabling their utilisation.

Each year, the Group verifies assumed useful economic lives for property, plant and equipment and intangible assets. The last update was made on 31 December 2014.

11. Acquisition and sale of property, plant and equipment

In the period of three quarters of 2015, the Group acquired property, plant and equipment for 14,596 thousand PLN. The purchases were related mainly to the construction of a new starch drying room and the upgrade of plant and machinery.

The Group sold property, plant and equipment for 323 thousand PLN.

12. Commitments to purchase property, plant and equipment

On 25 February 2015, PEPEES took an investment loan amounting to 9,822.6 thousand PLN, for the period until 25 February 2022. The cash obtained from this loan were used to finance and refinance 74% of the net costs of the construction of a starch drying room, the unloading station and the water purification plant. The loan will be repaid in equal instalments, payable each month on payment dates of interest. Until the balance sheet date, the Group used up 6,804 thousand PLN.

The loan is secured mainly by a contractual joint mortgage up to 14,733.9 thousand PLN, the assignment of rights under an insurance policy and the statement on the submission to execution.

13. Inventories

INVENTORIES	As of 30.09.2015	As of 31.12.2014	As of 30.09.2014
a) materials	4	3	3
b) semi-finished products and work in progress	1	3	2
c) finished products	25	60	28
d) trade goods	2	1	974
Gross inventories	34	68	35
Write-downs	(37)	(35)	(12)
Net inventories	34	68	34

The value of inventories recognised as an expense in the reporting period amounted to 82,061 thousand PLN (3 quarters of 2014: 64,603 thousand PLN).

The carrying amount of inventories used as security for bank loans is 5,776 thousand PLN. In the reporting period, the Group established a write-downs of inventories of finished products amounting to 3 thousand PLN.

There were no reversals of write-downs decreasing the value of inventories.

Encumbrances on inventories due to borrowed bank loans:

a registered pledge on inventories of materials, finished products and trade goods for the benefit of the Bank;

-

BGŻ BNP Paribas up to 28,560.9 thousand PLN;

- Zachodni WBK S.A up to 145% of the loans balance; as of 30.09.2015, the debt amounted to

7,763 thousand PLN.

14. Biological assets

Since March of the previous year, PEPEES has leased a farm that was sown with annual plants. Biological assets were recognised in the financial statements at fair value.

15. Trade receivables

(GROSS) TRADE RECEIVABLES – WITH THE MATURITY REMAINING AFTER THE BALANCE SHEET DATE:	As of 30.09.2015	As of 31.12.2014	As of 30.09.2014
a) up to 1 month	8	5	4667
b) over 1 month up to 3 months	10	5	10
c) over 3 months up to 6 months	1	150	1

d) over 6 months up to 1 year	-	90	-
e) over 1 year	97	-	-
f) overdue receivables	3	3	1
Total (gross) trade receivables	23	14	18
- write-downs of trade receivables	(8)	(9)	(1)
Total (net) trade receivables	22	13	17

Overdue receivables for which no write-downs were made are receivables from debtors with whom the Group has cooperated for several years now and the assessment of their economic and financial situation does not imply that they are doubtful receivables. The overdue period for those receivables ranges from a few days to three months. There are no receivables overdue more than 180 days not subject to a write-down.

16. Trade liabilities

LIABILITIES	As of 30.09.2015	As of 31.12.2014	As of 30.09.2014
- trade liabilities with the maturity:			
	20	13	26
- up to 12 months	20	13	26
- overdue more than 180 days	-	-	-

17. Litigation

In connection with pending litigation, in the reporting period, the Group incurred court and bailiff fees of 21 thousand PLN.

The following disputes remain unresolved as of the balance sheet date:

- Lawsuit brought by PPZ BRONISŁAW against Przedsiębiorstwo Przemysłowe Sp. z o.o. w Rządkwinię to reconcile the content of the land and mortgage register with the actual legal status.

18. Not repaid borrowings

As of the balance sheet date, the bank loans listed in the table below are repaid when due. Cash loans between the Corporate Group companies were eliminated from the consolidated financial statements.

Loan type	Lending bank	Amount of the contract ual loan	Debt as of 30.09.2014	Repay- ment date
1	2	3	4	5
Overdraft facility	Bank Zachodni WBK S.A.	4 000	0	31.08.20 16
Revolving loan	Bank Zachodni WBK S.A.	6 000	1 700	31.08.20 16

Working capital	Bank Zachodni WBK S.A.	15	5	31.08.20
Overdraft facility	BGŻ BNP Paribas S.A.	4 000	1 374	31.08.20 16
Revolving loan	BGŻ BNP Paribas S.A.	6 000	-	31.08.20 16
Working capital loan for the purchase of potatoes	BGŻ BNP Paribas S.A.	15 000	-	31.08.20 16
Investment loan - preferential	Bank Spółdzielczy S.A./Bank Polskiej	3 465	1 155	30.06.20 17
Investment loan - preferential	Bank Polskiej Spółdzielczości S.A.	1 295	7 6	30.11.20 18
Investment loan	BGŻ BNP Paribas S.A.	9 823	8 477	31.08.20 16
Overdraft facility	Bank Zachodni WBK S.A.	500	2 4	31.08.20 16
Revolving loan	Bank Zachodni WBK S.A.	10 00	-	31.08.20 16
Working capital	Bank Zachodni WBK S.A.	7	2	31.08.20
Overdraft facility	BGŻ BNP Paribas S.A.	500	4 7	31.08.20 16
Revolving loan	BGŻ BNP Paribas S.A.	1 000	-	31.08.20 16
Working capital loan for the purchase of potatoes	BGŻ BNP Paribas S.A.	7 500	-	31.08.20 16
Overdraft facility	Bank Zachodni WBK S.A.	500	71	31.08.20 16
Revolving loan	Bank Zachodni WBK S.A.	2 000	1 625	31.08.20 16
Working capital	Bank Zachodni WBK S.A.	2	-	31.08.20
Overdraft facility	BGŻ BNP Paribas S.A.	500	1 8	31.08.20 16
Revolving loan	BGŻ BNP Paribas S.A.	2 000	3 5	31.08.20 16
Working capital loan for the purchase of potatoes	BGŻ BNP Paribas S.A.	2 500	9 8 1	31.08.20 16

19. Related party transactions

18.1 The issuer's transactions with its subsidiaries

a) Revenue from the sale of products and trade goods

Types of revenue	From 01.07.145 30.09.15	From 01.01.145 30.09.15	From 01.07.14 30.09.14	From 01.01.14 30.09.14
Revenue from the sale of products to subsidiaries	4	5	26	26

Revenue from the sale of trade goods and materials			4	4
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Revenue from services	12	12		
Total revenue from related parties	5	5	5	5

The selling price is determined using the cost-plus pricing method or on the basis of price lists applicable in transactions with unrelated parties.

b) Purchases of trade goods and services

Types of purchases	From 01.07.15 30.09.15	From 01.01.15 30.09.15	From 01.07.14 30.09.14	From 01.01.134 30.09.14
Purchases of products from subsidiaries	1	4	1	3
Purchases of trade goods from subsidiaries	2	1	1	1
Purchases of services from subsidiaries		26		
Purchases of property, plant and equipment from				
Total purchases from related parties	1	6	1	5

c) Other transactions

Specification	From 01.07.14 to 30.09.14	From 01.01.14 to 30.09.	From 01.07.134 to	From 01.01.134 to
Interest on granted loans	1	4	1	4
Total	1	4	1	4

d) Balances as of the balance sheet date arising from sale/purchase of trade goods/services

Settlements with subsidiaries	As of 30.09.2014	As of 31.12.2014	As of 30.09.2014
Receivables - ZPZ Lublin	14		
Receivables - PPZ BRONISŁAW	510	194	1
Liabilities – ZPZ Lublin	46		123
Liabilities - PPZ BRONISŁAW	191	926	
Balance of settlements with related parties	287	(73)	1

e) Balance of settlements related to cash loans

Cash loans granted to subsidiaries	As of 30.09.2015	As of 31.12.2014	As of 30.09.2014
PPZ BRONISŁAW	5	5	5
ZPZ Lublin	3	3	3
Balance of settlements with related parties	8	8	8

18.2 The issuer's transactions with its associate

**2.a) Balance of settlements related to cash
loans**

Cash loans granted by PEPEES	As of 30.09.2015	As of 31.12.2014	As of 30.09.2014
Principal	2	2	2
Interest	609	159	160
Balance of settlements with the associate	3	2	2

2.b) Interest paid on cash loans

Types	As of 30.09.20 15	As of 31.12.20 14	As of 30.09.20 14
Interest on granted cash loans	80	21	260
Total	80	21	260

18.3 The issuer's transactions with shareholders

In the reporting period, the Group did not enter into transactions with shareholders holding at least 20% of votes at the General Meeting of Shareholders.

18.4 The issuer's transactions with key managing and supervisory employees

a) benefits for key managing employees (members of the Board of Directors) and members of the Supervisory Board (in '000' PLN)

	for 3 quarters of 2015	for 3 quarters of 2014
Short-term employee benefits	992	1 043
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	992	1 043

b) transactions with key employees and members of their families

In the reporting period, the Company did not enter into any transactions with key employees and members of their families.

20. Dividend

The companies of the Corporate Group did not pay, in the reporting period and in the comparable period, any dividend. Boards of directors of the companies did not declare or propose dividend from the distribution of profit for 2015.

21. Changes in estimated values

a. Write-downs of receivables

MOVEMENTS ON WRITE-DOWNS OF CURRENT RECEIVABLES	3 quarters Of 2015	2014	3 quarters of 2014
<i>As of the period beginning</i>	963	1	1
a) increases (due to)	35	106	72
- establishment for doubtful trade receivables		18	18
- establishment for due interest	35	79	45
- establishment for receivables claimed at court		9	9
- establishment for other receivables			-
b) decreases (due to)	135	450	232
- reversal of provisions for payment	130	117	85
- utilisation due to the redemption and sale of receivables	2	328	143
- cancellations	3	5	4
Write-downs of current receivables at the end of the period	863	963	1
- write-downs of trade receivables	856	950	

b. Write-downs of inventories

MOVEMENTS ON WRITE-DOWNS OF INVENTORIES	3 quarters of 2015	20 14	3 quarters of 2014
As of the period beginning	35	35	35
a) increases (due to)	2	251	251
- write-downs to net realisable value	2	251	251
- impairment loss for materials			
b) decreases (due to)	-	251	161
- utilisation		251	
- reversals of write-downs			161
Write-downs of inventories at the end of the period	37	35	125

c. Retirement and similar benefits obligations

MOVEMENTS ON RETIREMENT AND SIMILAR BENEFITS OBLIGATIONS (BY TITLES)	3 quarters of 2015	20 14	3 quarters of 2014
a) balance at the beginning of the period	2	2	2
- retirement benefits	325	287	287
- jubilee or other long-service benefits	2	2	2
b) increases (due to)	24	681	260
- retirement benefits	24	57	25
- jubilee or other long-service benefits	-	624	235

c) utilisation (due to)	57	188	91
- retirement benefits	-	11	2
- jubilee or other long-service benefits	57	177	89
d) reversal (due to)	25	33	21
- retirement benefits	6	8	9
- jubilee or other long-service benefits	19	25	12
e) balance at the end of the period	2	2	2
- retirement benefits	343	325	301
- jubilee or other long-service benefits	2	2	2

C. Short-term provisions

MOVEMENT ON SHORT-TERM PROVISIONS (BY TITLES)	3 quarters of 2015	2014	3 quarters of 2014
a) balance at the beginning of the period	1	10	1
- subsidies to property, plant and equipment	313	313	313
- provisions for services performed by contractors	32	32	32
- subsidies to loans	98	53	135
- provisions for bonuses for suppliers	35	135	53
- provision for severance pays		147	147
- fee for the use of the environment	110	103	103
- provisions for compensations for annual leaves	268	234	234
- gas emissions rights	685		
- provision for bonuses for the Board of Directors	70		
b) increases (due to)	925	1	371
- fee for the use of the environment	79	110	47
- provisions for compensations for annual leaves	299	257	272
- provisions for severance pays		70	11
- provisions for services performed by contractors	15	35	15
- provisions for bonuses for suppliers		27	
- gas emissions rights	532	685	26
- other			
c) utilisation (due to)	1	590	543
- fee for the use of the environment	113	103	100
- provisions for compensations for annual leaves	268	223	205
- provision for services performed by contractors	47	27	47
- provision for damages due to non-competition		147	120
- subsidies to property, plant and equipment	45		
- subsidies to loans	1	37	18
- provisions for bonuses for suppliers	35	53	53
- gas emissions rights	685		
- provision for bonuses for the Board of Directors	70		
e) balance at the end of the period	1	1	845
- subsidies to property, plant and equipment	268	313	313
- subsidies to loans	97	98	117
- provisions for bonuses for suppliers		35	
- fee for the use of the environment	76	110	50

- provisions for compensations for annual leaves	299	268	301
- gas emissions rights	532	685	26
- provision for severance pays			38
- provisions for services performed by contractors		32	
- other			
- provision for bonuses for the Board of Directors		70	

d. Deferred income tax

DEFERRED TAX LIABILITIES	As of 30.09.20 15	As of 31.12.20 14	As of 30.09.20 14
Difference between the carrying amount and the tax value of property, plant and equipment	6	5	5
Unrealised foreign exchange differences	1		
Interest due but not received	116	46	51
Other	7	12	11
Total deferred tax liabilities	6	5	5

DEFERRED TAX ASSETS	As of 30.09.20 15	As of 31.12.20 14	As of 30.09.20 14
Difference between the carrying amount and the tax value of property, plant and equipment	479	477	496
Unpaid remunerations	83	113	86
Unpaid obligations	154	447	
Provision for bonuses for suppliers		7	
Provision for unused annual leaves	57	50	57
Provision for bonuses for the Board of Directors		13	
Provision for benefits		4	
Retirement benefits and jubilee or other long-	525	536	476
Unrealised foreign exchange differences	19	16	11
Write-downs of interests	18		
Write-downs of receivables		9	9
Write-downs of inventories	16	7	86
Lease liabilities	762	79	206
Provision for gas emission rights	101	130	
Accruals			
Consolidation adjustments – retained earnings	39	42	32
Damages related to non-competition agreements			8
Tax loss	143	169	171
Total deferred tax assets, including:	2	2	1

22. Movement on contingent liabilities and contingent assets

MOVEMENT ON CONTINGENT LIABILITIES (BY TITLES)	3 quarters	2014	3 quarters of 2014
a) balance at the beginning of the period, including:	7	1	1
- liabilities related to non-competition agreements	1	1	1
- surety for a loan for CHP Energia	6		
b) increase (due to)			6
- liabilities related to non-competition agreements		6	
- surety for a loan for CHP Energia		6	6
c) utilisation (due to)		244	
- liabilities related to non-competition agreements		244	
d) reversal			
- liabilities related to non-competition agreements			
d) balance at the end of the period, including:	7	7	7
- liabilities related to non-competition agreements	1	1	1
- surety for a loan for CHP Energia	6	6	6

23. The issue, redemption and repayment of debt securities.

No issue, redemption or repayment of debt securities had place in the reporting period.

24. Segment reporting

The Group operates in a single, main reporting segment covering the processing of potatoes to obtain starch, dried potato-based products and starch hydrolysates. A single segment is identified in the daily records and internal reports.

24.1 Products and services

Within the segment: “the processing of potatoes”, the Group produces:

- potato starch used in households and by the food industry, pharmaceutical industry, paper industry and textile industry;
- a few varieties of glucose used by the food industry, confectionery industry and pharmaceutical industry;
- maltodextrin, which is an essential ingredient of powdered products (ice cream, sauces, soups, fruit extracts, flavoured sprinkles) and vitamin and mineral preparations and supplements for children and athletes;
 - a protein that is produced from cellular juice of potatoes through coagulation, separation and drying; it is a valuable component of compound feedingstuffs for animals and it is a great substitute for animal proteins;
 - a wide range of starch syrups used in confectionery and baking industries;
 - potato grits, potato flakes, potato cubes and potato dumplings; products used by the food industry.

Other types of activities:

- the generation of heat, which is produced mainly to meet the Group's own needs and a part of it is sold to plants in the vicinity;

- works and services;
- the sale of certain trade goods and materials.

The table below presents the revenue for each group of products and services obtained from external customers.

Product or service	Sales revenue			
	From 01.07.15 30.09.15	From 01.01.15 30.09.15	From 01.07.134 30.09.14	From 01.01.14 30.09.14
Starch	24	6127	14	41
Glucose	1	5	1	6
Maltodextrin	3	950	2	8
Protein	91	350	2	2
Starch syrups	1	4	1	4
Dried potato-based products (grits, flakes,	3	722	2	7
Heat	95	272	1	2
Agricultural products	11	11	68	68
Trade goods and materials	40	1196	38	8
Services	23	63	15	67
Total	36	106	27	82

24.2 Sales revenue by territories:

Specification	From 01.07.15 to	From 01.01.15 to	From 01.07.14 to	From 01.01.14 to
Poland, including	26	81	22	70
Starch	15	40	10	29
Glucose	1	5	1	6
Maltodextrin	2	8	2	7
Protein	91	1	2	2
Starch syrups	1	416	1	4
Dried potato-based products (grits, flakes,	3	7	2	7
Agricultural products	11	11	68	68
Heat	95	272	1	2
Trade goods	2	11	33	8
Services	23	63	15	67
EU countries - intra-Community supplies, including:	4	8	82	2
Starch	3	6	38	1
Maltodextrin	29	81	38	69
Glucose		3	1	42
Protein		112		
Dried potato-based products (grits, cubes,		39		65
Trade goods	6	24	58	58

Other countries – export, including:	577	16	3	9
Starch	5	14	3	9
Maltodextrin		10	8	24
Glucose	7	14	14	21
Protein		101	90	90
Trade goods	32	86		16
Total	36	106	27	82

24.3 Major customers

The Group does not have any customer for whom sales revenue would exceed 10% of total revenue. However, in the group of specific products, there are customers, whose share represents over 10% in the sale of a given product. And so:

- more than 10% of maltodextrin was sold to each of the four Polish customers;
- about 14% of glucose - to one Polish customer.

25. Other significant events in the reporting period.

- On August 19, the Group signed Annex No. 6 to the multi-line agreement No. K01260/14 dated 07.10.2014. The annex was concluded by PEPEES, its subsidiaries, i.e. Zakłady Przemysłu Ziemniaczanego "Lublin" Sp. z o.o. and Przedsiębiorstwo Przemysłu Ziemniaczanego Bronisław Sp. z o.o., with Bank Zachodni WBK Spółka Akcyjna based in Wrocław. Pursuant to this annex, the Bank extended loans up to the total amount of 39,000 thousand PLN to PEPEES, Lublin and Bronisław, as follows:
PEPEES: overdraft up to 4,000 thousand PLN; revolving loan up to 6,000 thousand PLN; working capital loan of 15,000 thousand PLN.
Lublin: overdraft up to 500 thousand PLN; revolving loan up to 2,000 thousand PLN; working capital loan of 2,500 thousand PLN.
Bronisław: overdraft up to 500 thousand PLN; revolving loan up to 1,000 thousand PLN; working capital loan of 7,500 thousand PLN.
- On August 19, the Group signed a multi-purpose credit line agreement No. WAR/30412/15/206CB. The contract was concluded between Pepees, its subsidiaries, i.e.: Zakłady Przemysłu Ziemniaczanego "Lublin" Sp. z o.o. and Przedsiębiorstwo Przemysłu Ziemniaczanego Bronisław Sp. z o.o., with Bank BGŻ BNP Paribas Spółka Akcyjna based in Warsaw. Pursuant to this agreement, the Bank extended loans amounting to 39,000 thousand PLN, as follows:
PEPEES: overdraft up to 4,000 thousand PLN; revolving loan up to 6,000 thousand PLN; non-revolving loan of 15,000 thousand PLN.
Lublin: overdraft up to 500 thousand PLN; revolving loan up to 2,000 thousand PLN; non-revolving loan of 2,500 thousand PLN.
Bronisław: overdraft up to 500 thousand PLN; revolving loan up to 1,000 thousand PLN; non-revolving loan of 7,500 thousand PLN.

Lending period: until 19 August 2025.

The first current period of loan availability: until 17 August 2016.

26. Events after the reporting period

On 22 October 2015, the Supreme Court dismissed the final appeal of Perła Browary Lubelskie S.A. ("Perła") against the judgement of the Court of Appeal in Białystok, I Civil Division, dismissing the appeal by Perła against the judgement of the Circuit Court in Białystok dismissing the lawsuit by Perła to declare invalidity or repeal resolution No. 24 on the conditional increase in the share capital through the issue of series B shares, the issue of series A subscription warrants, amendments to the Articles of Association and the exclusion

of the pre-emptive rights for series B shares and series A subscription warrants adopted on 24 May 2011 by the Annual General Meeting of Shareholders.

27. Effects of changes in the structure of the business entity, including those resulting from business combinations, acquisition or sale of the Corporate Group entities, long-term investments, division, restructuring and discontinuation of operations.

During the reporting period, there were no changes in the structure of the Corporate Group.

28. Approval of the interim condensed financial statements

These condensed consolidated financial statements were approved by the Board of Directors of the Parent Company on 13 November 2015.

SIGNATURES OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE PARENT COMPANY			
Date	Name	Position/Function	Signature
13.11.2015	Wojciech Faszczeński	President of the Board of Directors	[illegible]
13.11.2015	Krzysztof Homenda	Member of the Board of Directors/CFO	[illegible]
SIGNATURE OF THE PERSON WHO PREPARED THE FINANCIAL STATEMENTS			
Date	Name	Position/Function	Signature
13.11.2015	Wiesława Załuska	Chief Accountant	[illegible]