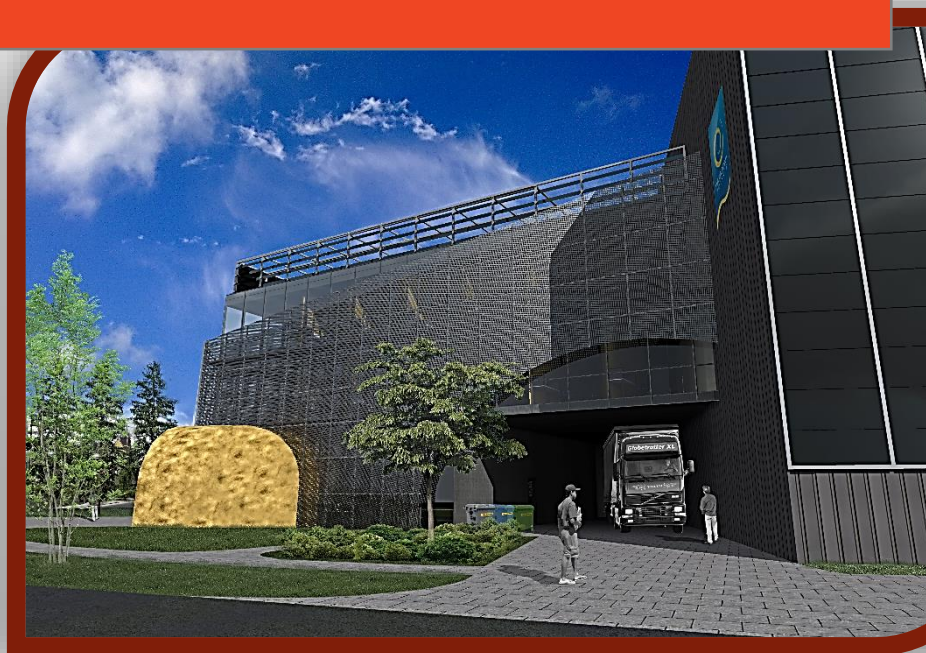
Condensed Financial Statements of Makarony Polskie SA Group for the period from 01/01/2019 to 30/06/2019.



Rzeszow, 19 September 2019

Table of Contents

Condensed Consolidated Financial Statements of Makarony Polskie Group

General 6

Organizational structure of Makarony Polskie Group 6

Changes in the organization of Makarony Polskie Group during the first half of 2019 7

Organizational data 8

Employment as at 30 June 2019 in Makarony Polskie Group 9

Composition of the parent company's Management Board 10

Shares held by the Management Board Members 10

Composition of the parent company's Supervisory Board 10

Shares held by Members of the Supervisory Board 11

General Meeting of the parent company 11

Composition of the Management Board of subsidiaries 16

Publication and approval of the financial statements 17

Legal basis for preparation of consolidated financial statements 18

Declaration of compliance and the basis for preparing the statements 18

Basis for valuation 18

Functional and presentation currency 18

Accounting principles applied and the basis for preparing the statements 18

Entities subject to consolidation: 19

Explanations regarding seasonality or cyclicality in relation to the Group's interim operations 19

Changes to the rules for preparing financial statements 19

Accounting principles applied 19

Uncertainty of estimates 21

Going Concern 22

Factors and risks having a material impact on the financial results in the H1 2019 and in subsequent periods 22

Events affecting assets, liabilities, equity, net result or cash flow statement that are unusual due to their nature, size or frequency 26

Position of the Management Board regarding the publication of the Group's results forecasts 26

Table of contents

Risks and threats material to the Group's development ... 26

Selected financial data Makarony Polskie Group ... 33

Consolidated financial statements of comprehensive revenues ... 34

Condensed statement of other comprehensive net income - application of hedge accounting ... 34

Condensed consolidated statement of financial position ... 35

Condensed consolidated statements of cash flows ... 37

Condensed statement of changes in consolidated equity ... 38

Additional notes ... 40

Revenues from sale of products, services, goods and materials by business segments ... 40

Operating segments ... 40

Revenues from sale of products, services, goods and materials - geographical structure ... 42

Other revenues and operating costs ... 42

Other revenues and financial costs ... 44

Data regarding the financial result and shares that were used to calculate basic and diluted earnings per share ... 45

Information on comparative changes to the consolidated financial statements for previous years regarding the estimation of the holiday provision, the creation of the provision for the deferred tax on the revaluation of land value before 31 December 2017 and the depreciation of the right of perpetual usufruct of land before 31 December 2017. ... 46

Share capital ... 51

Information on changes in estimates related to the consolidated financial statements 52

Long-term and short-term financial liabilities ... 54

Dividends paid and proposed for payment ... 55

Remuneration of the parent company’s Management Board members and Supervisory Board members ... 55

Settlements between related and subsidiary entities ... 56

Information on planned share issues ... 57

Authorization for the Management Board to purchase own shares of Makarony Polskie SA ... 57

Agreements and events material for the Group's operations ... 58

Information on credit and factoring agreements concluded and terminated ... 62

Sureties and guarantees ... 67

Off-balance items ... 70

Material proceedings pending before a court or an authority competent for arbitration or a public administration authority ... 71

Table of contents

Material events after the balance sheet date 71

Other material events and transactions 71

Legal basis for preparation of the consolidated financial statements 74

Declaration of compliance and the basis for preparing the statements 74

Basis for valuation 74

Functional and presentation currency 74

Accounting principles applied and the basis for preparing the statements 75

Publication and approval of the financial statements 75

Explanations regarding seasonality or cyclicality in relation to the Company's interim operations 75

Changes to the rules for preparing financial statements 75

Principles used 75

Uncertainty of estimates 77

Going Concern 77

Events affecting assets, liabilities, equity, net result or cash flow statement that are unusual due to their nature, size or frequency 78

Position of the Management Board regarding the publication of the Company's results forecasts 78

Factors and risks having a material impact on the financial results in the H1 2019 and in subsequent periods 78

Selected financial data Makarony Polskie SA 79

Condensed statement on total revenues of Makarony Polskie SA 80

Condensed statement of financial position of Makarony Polskie SA 81

Condensed statement of cash flows of Makarony Polskie SA 83

Condensed statement of changes in equity of Makarony Polskie SA 84

Additional notes 86

Revenues from sale of products, services, goods and materials by business segments 86

Operating segments 86

Revenues from sale of products, services, goods and materials - geographical structure 88

Other revenues and operating costs 88

Other revenues and financial costs 89

Data regarding the financial result and shares that were used to calculate basic and diluted earnings per share 90

Information on changes in comparative financial statements for previous years regarding the estimation of holiday provision, provision for deferred tax on revaluation of land before 31 December 2017 and depreciation of the right of perpetual usufruct of land before 31 December 2017. 91

Long-term and short-term financial liabilities 99

Table of contents

Remuneration of the Management Board members and Supervisory Board members of Makarony Polskie SA 100
Settlement between affiliates 100
Information on planned share issues 101
Agreements and events material for the Company's operations 101
Information on loans and borrowings taken out by Makarony Polskie SA 101
Guarantees and sureties 102
Off-balance items 102
Material proceedings pending before a court or an authority competent for arbitration or a public administration authority 103
Material events after the balance sheet date 103
Other material events and transactions 103



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01/01/2019 TO 30/06/2019.

Makarony Polskie Group consists of three companies: two manufacturing and one commercial company.

General

Organizational structure of Makarony Polskie Group

The Makarony Polskie Group ("Group") consists of the following three companies:

- Makarony Polskie SA (the "Company", "parent company")
- Stoczek Natura Sp. z o.o.
- MP Trade Sp. z o.o.



Makarony Polskie SA is a producer of a wide range of pasta, produced in stamped and rolled technology. The Company offers pasta in many different forms, made on the basis of durum flour and wheat flour. In its portfolio, the Company also has products that respond to the trends of pro-health food, such as pasta from flours less frequently used, for example, spelled, buckwheat, rye and BIO products. The range of products is enriched with flavored pasta (e.g. with spinach and garlic, chili peppers, lovage, parsley and dill), large pasta forms for stuffing and vegetable pasta made from legumes such as chickpeas, red lentils and green peas.
The basic pasta brands offered are Makarony Polskie, Sorenti and Abak (bibrand z Makarony Polskie).

Stoczek Natura Sp. z o.o. is a producer of meat and vegetable preserves (ready meals, pies, lard preserves), vegetable preserves (salads, marinades, bakery pastries), processed fruit (jams, syrups, plum confectioners, confectionery fillings) offered under Stoczek, Tenczynek and Męska Rzecz brands, and also dried fruit and vegetables offered under Deli-Susz brand.

MP Trade Sp. z o.o. develops trade on own account with foreign goods of Polish and foreign producers. In 2018, the company's activity focused on the intermediation of the sale of Tenczynek brand products and the sale of products bought from external suppliers under its own Novelle brand. The adopted business model of the Company is now often found on the market. In that model, the main value

Within the Group, individual companies conclude with each other transactions of purchase and sale of products, goods and services,

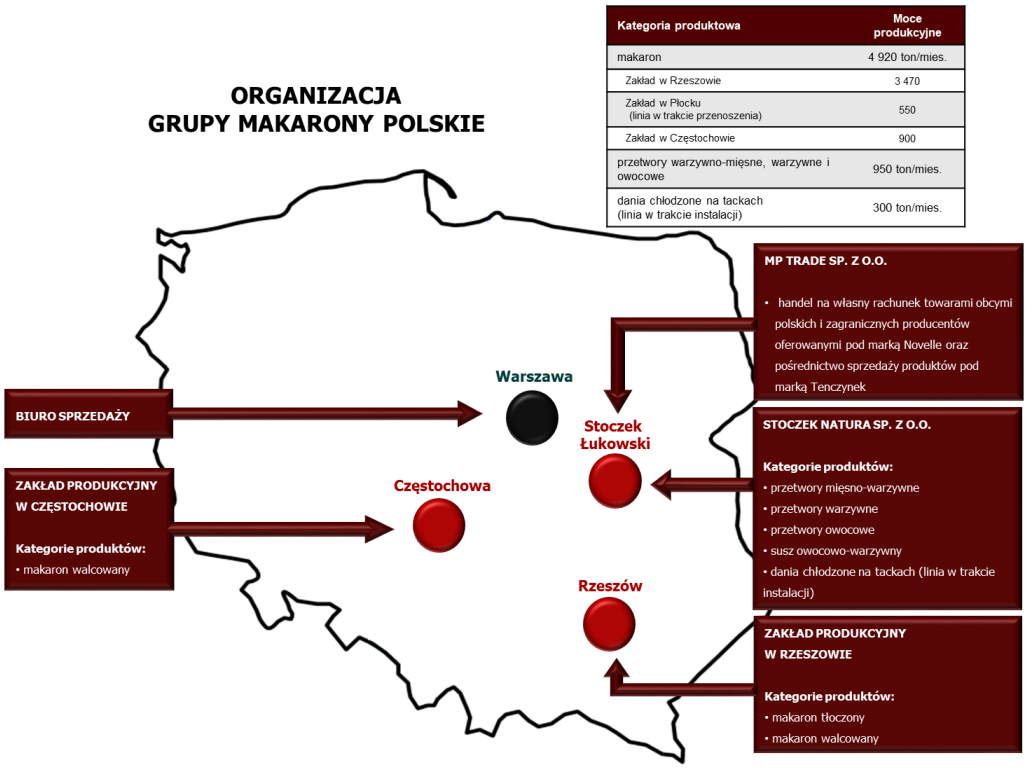
All transactions are performed under the market terms and conditions.

creating the Company's value is the increase in the value of the brand, and production is contracted outside.

Changes in the organization of Makarony Polskie Group during the first half of 2019

In the first half of 2019,, there were no changes in Makarony Polskie Group that would significantly affect the structure or organization of the Group.

Within Makarony Polskie Group, individual companies conclude with each other transactions of purchase and sale of products, goods and services, All transactions are performed under the market terms and conditions.



During H1 2019, the reorganization of the activities of the subsidiary, MP Trade Sp. z o.o., started in the second half of 2017. The company conducts consistent actions aimed at building the value of the Novelle brand by expanding the product portfolio (new products will be gradually introduced into the Novelle brand portfolio), intensifying marketing activities, as well as proper brand positioning.

Currently, under the Novelle brand, pasta-derived flour from legumes, tortellini pasta in various flavors, egg spätzles and date pastas are offered. In the second half of 2019, new range implementations including vegetable pastas and ready-made veg dishes, are planned.

In subsequent periods, the Novelle brand offer will be expanded with new products based on vegetable proteins and products considered to be delicatessen products, with a clean label

and short composition, in line with the identified market trends and consumer needs. Work on the development of new products will be performed in close cooperation with the marketing team of Makarony Polskie SA and New Product Development (NPD) teams operating in Makarony Polskie Group.

Possibilities of growth of MP Trade Sp. z o.o. depend on one hand on the market situation and on the other hand on the introduction of new innovative products from the vegan and vegetarian areas. The market of products based on raw materials is based on vegetable proteins and delicatessen products, such as the date paste line, vegetable pastes, is growing all over the world.

Organizational data

Makarony Polskie SA

Registered Office: 35-082 Rzeszow, ul. Podkarpacka 15a,
District Court in Rzeszow, 12th Commercial Division of the National Court Register
KRS number 0000212001,
Share Capital: PLN 27,750,213 (fully paid-up),
REGON (National Business Registry Number): 691674708,
NIP [tax identification number]: 813-32-78-856,
www.makarony.pl

Stoczek Natura Sp. z o.o.

Registered Office: 21-450 Stoczek Łukowski, ul. Dwernickiego 5,
Commercial Court Lublin Wschód with its registered office in Świdnik, 6th Commercial Department
KRS number: 0000050439,
Share Capital: PLN 15,707,800
REGON (National Business Registry Number): 711584640,
NIP [tax identification number]: 825-17-27-212,
www.stoczek.com.pl

MP Trade Sp. z o. o.

Registered Office: 21-450 Stoczek Łukowski, ul. Dwernickiego 5,
Commercial Court Lublin Wschód with its registered office in Świdnik, 6th Commercial Department
KRS number: 0000579926,

Share Capital: PLN 1,500,000
REGON [national business registry number]: 362706449,
NIP [tax identification number]: 825-21-76-004,
www.mp-trade.pl

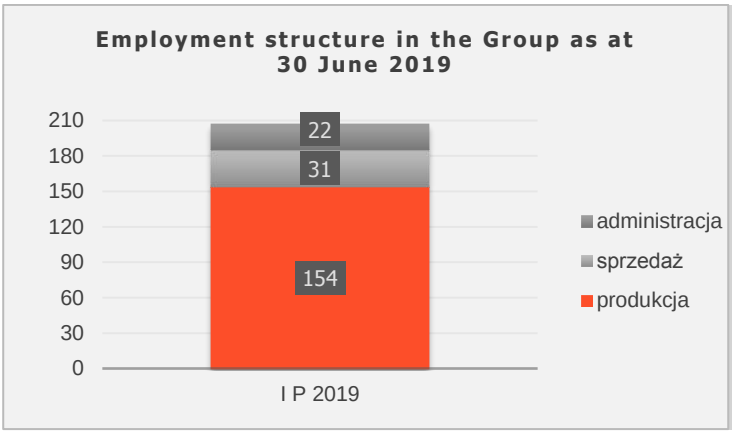
100% of shares in the share capital of Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. is owned by Makarony Polskie SA. As at 30 June 2019, the share in the total number of votes at the Shareholders' Meetings of these companies, held by the parent company, is equal to the share in the capital of each of the subsidiaries.

The duration of all companies of Makarony Polskie Group is unlimited.

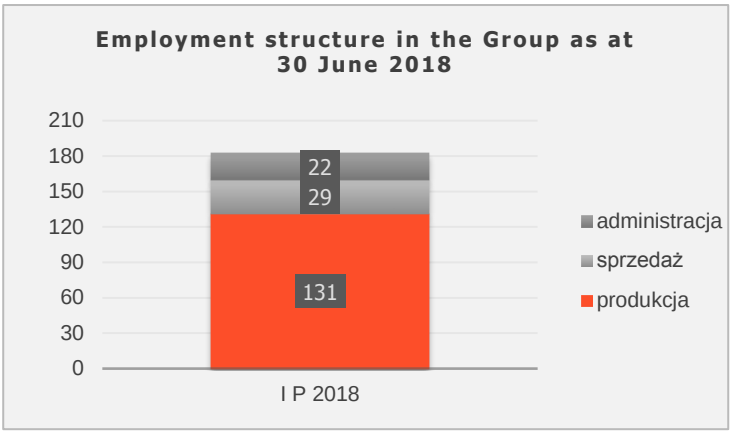
Employment as at 30 June 2019 in Makarony Polskie Group

In accordance with the adopted policy, Makarony Polskie Group consistently maintains total employment at the level of the necessary minimum, while ensuring flexibility of employment in the Production Facilities and its correlation with changes in production volume.

Employment as at 30 June 2019 in Makarony Polskie Group totaled 207 people (vs. 182 people at the end of the first half of 2018 and 196 people at the end of the first half of 2017), including 158 employees in Makarony Polskie SA and 135 employees in the corresponding period.



The personnel policy of Makarony Polskie Group is focused on maintaining high class specialists and managers who, thanks to their knowledge, experience and commitment, ensure the highest level of implementation of the Group's business objectives, thus guaranteeing continuous improvement of the organization and improving the quality of offered products and services.



Composition of the parent company's Management Board

In the period from 1 January 2019 to the date of publication of these financial statements, the Management Board of the Company has operated as a one-person Management Board. Zenon Daniłowski is the President of the Management Board

Shares held by the Management Board Members

Number and nominal value of the Company's shares held by the Members of the Management Board as at the date of the statements:

Member of the Management Board	H1 2019		2018	
	number of shares	nominal value	number of shares	nominal value
Zenon Daniłowski*	140,000	420,000	140,000	420,000

* President of the Management Board Zenon Daniłowski is associated with the following companies: Praska Giełda Spożywcza SA (former: Agro-Technika SA) and Polskie Smaki Sp. z o.o., which also hold shares in the Company; the total balance of ownership is 2,311,594 shares worth PLN 6,934,782.

In accordance with the information held by the Company, during the first half of 2019, and until the date of publication of these statements, there were no changes in the ownership of shares held by the President of the Management Board.

Composition of the parent company's Supervisory Board

From 1 January 2019 to the date of publication of this report, the Supervisory Board is composed of:

- Roman Sobiecki – Chairman of the Supervisory Board
- Samer Abdelfatah Mohamed El Waziri – Vice Chairman of the Supervisory Board,
- Marek Rocki – Member of the Supervisory Board
- Michał Słomkowski – Member of the Supervisory Board
- Wiesław Wasilewski – Member of the Supervisory Board

AUDIT COMMITTEE

From 1 January 2019 to the date of publication of this report, the Audit Committee is composed of:

- Roman Sobiecki - Chairman of the Audit Committee (independent member),
- Michał Słomkowski – Member of the Audit Committee (independent member),
- Wiesław Wasilewski – Member of the Audit Committee (independent member).

As required by law, the Audit Committee had knowledge and skills in accounting or financial statements auditing and knowledge and skills in the industry in which the Company operates.

Shares held by Members of the Supervisory Board

Number and nominal value of the Company's shares held by the Members of the Supervisory Board as at the date of the statements:

Member of the Supervisory Board	H1 2019		2018	
	number of shares	nominal value	number of shares	nominal value
Marek Rocki	0	0	0	0
Michał Słomkowski	0	0	0	0
Roman Sobiecki	0	0	0	0
Samer El Waziri	0	0	0	0
Wiesław Wasilewski	5,000	15,000	5,000	15,000

In accordance with the information held by the Company, during Q1 2019 and until the date of publication of these statements, there were no changes in the ownership of shares held by the Members of the Supervisory Board.

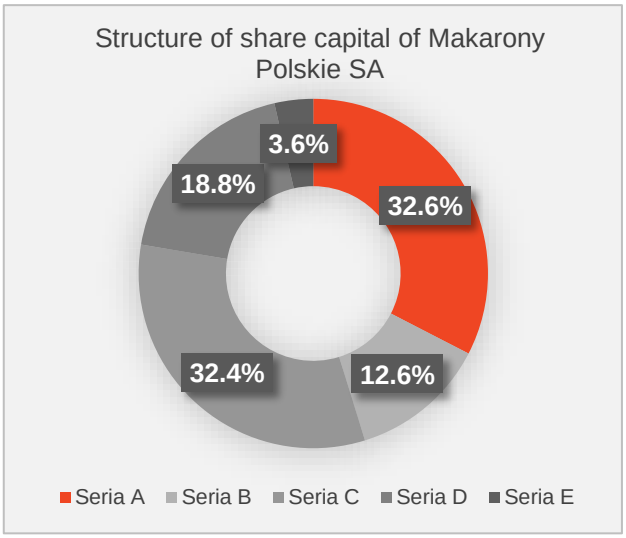
General Meeting of the parent company

Share capital of Makarony Polskie SA:

- amount of share capital PLN 27,750,213,
- total number of shares 9,250,071 shares,
- total number of votes at the General Assembly 9,250,071 votes.

Structure of the Company's share capital:

- 3,013,250 ordinary series A bearer shares,
- 1,169,750 ordinary series B bearer shares,
- 3,000,000 ordinary series C bearer shares,
- 1,735,821 ordinary series D bearer shares,
- 331,250 ordinary series E bearer shares.



The Company's shares are ordinary bearer shares listed on the regulated market operated by the Warsaw Stock Exchange. The company has not issued any securities that grant special controlling rights to any of its shareholders.

There are no restrictions on exercising voting rights in the Company. There are also no restrictions regarding the transfer of ownership of securities issued by the Company.

Shares held by main shareholders (over 5% of share capital)

Shareholders holding directly or indirectly through subsidiaries, at least 5% of votes in the total number of votes at the General Assembly of the Company as at the date of the statements (in accordance with the information available):

Shareholder	Shares in share capital		Votes at the General Assembly	
	number	% share	number	% share
Grupa Praska Giełda Spożywcza SA, including:	2,311,594	24.99%	2,311,594	24.99%
Praska Giełda Spożywcza SA (former: Agro-Technika SA)	*2,050,000*	*22.16%*	*2,050,000*	*22.16%*
Zenon Daniłowski	*140,000*	*1.51%*	*140,000*	*1.51%*
Polskie Smaki Sp. z o.o.	*121,594*	*1.31%*	*121,594*	*1.31%*

Raya Holding for Technology&Communications S.A.E. including:	1,793,406	19.39%	1,793,406	19.39%
Madova Sp. z o.o.	*1,793,406*	*19.39%*	*1,793,406*	*19.39%*
Elżbieta i Grzegorz Słomkowscy, including:	1,183,040	12.79%	1,183,040	12.79%
Z.P.H. "ELPAST" Elżbieta i Grzegorz Słomkowscy s.c.	*1,169,750*	*12.65%*	*1,169,750*	*12.65%*
Grzegorz Słomkowski	*13,290*	*0.14%*	*13,290*	*0.14%*
Agroma Ltd	950,000	10.27%	950,000	10.27%
WOJCIECH Wiśniewski, including:	463,370	5.01%	463,370	5.01%
Wojciech Wiśniewski	*314,770*	*3.40%*	*314,770*	*3.40%*
Agro-Jumal Sp. z o.o.	*148,600*	*5.01%*	*148,600*	*5.01%*
Others Shareholders	2,548,661	27.55%	2,548,661	27.55%
TOTAL	**9,250,071**	**100.00%**	**9,250,071**	**100.00%**

Changes in shareholding in the first half of 2019,

In the period of the first half of 2019, the Company received the following notifications regarding changes in the ownership of shares by material shareholders (holding above 5% shares):

- on 13 June 2019, Agroma LTD with its registered office in Strovolos, Cyprus announced an increase in the ownership of shares in Makarony Polskie SA. As a result of conclusion of off-session block transactions on 11 June 2019 covering a total of 243,500 shares in Makarony Polskie SA, the share of Agroma LTD in the total number of votes at the General Meeting of Shareholders of the Company exceeded 5%, to 5.9081% of the total number of votes at the General Meeting of Shareholders of the Company.

  Prior to the acquisition, Agroma LTD acquired 303,000 shares of the Company, representing approximately 3.2757% of the Company's share capital and entitling to 303,000 votes, representing approximately 3.2757% of the total number of votes at the General Meeting of Shareholders of the Company.

  After the acquisition, Agroma LTD acquires 546,500 shares of the Company, representing 5.9081% of the Company's share capital and entitling to 546,500 votes, representing 5.9081% of the total number of votes at the General Meeting of Shareholders of the Company.
- on 21 June 2019, Agroma LTD with its registered office in Strovolos, Cyprus announced an increase in the ownership of shares in Makarony Polskie SA.

  As a result of conclusion, on 19 June 2019, of the off-session block transactions involving a total of 329,500 shares of Makarony Polskie SA, the share of Agroma LTD in the total number of votes at the General Meeting of Shareholders of the Company exceeded 10%,

to the level of 10.27% of the total number of votes at the General Meeting of Shareholders of the Company.

Prior to the acquisition, Agroma LTD held 620,500 shares of the Company, representing approximately 6.71% of the Company's share capital and entitling to 620,500 votes, representing approximately 6.71% of the total number of votes at the General Meeting of Shareholders of the Company.

After the acquisition, Agroma LTD holds 950,000 shares of the Company, representing 10.27% of the Company's share capital and entitling to 950,000 votes, representing 10.27% of the total number of votes at the General Meeting of Shareholders of the Company.

At the same time, Agroma LTD has stated each time that:

- there are no subsidiaries of Agroma LTD that would hold the Company's shares, nor has an agreement been concluded containing provisions regarding the transfer of voting rights at the General Meeting of Shareholders of the Company,
- Agroma LTD does not have financial instruments that after the maturity period would unconditionally entitle or oblige their holder to purchase shares with voting rights issued by the Company,
- does not have financial instruments that relate to the Company's shares, directly or indirectly, and have economic effects similar to those of the financial instruments referred to in the previous sentence.

- on June 21, 2019, Mr. Krzysztof Moska announced a decrease in the shareholding in Makarony Polskie SA.

  As a result of the conclusion on 19 June 2019 of the transaction of sale of 329,500 shares of Makarony Polskie SA, as part of the session block transaction of sale of shares on the regulated market of the Warsaw Stock Exchange, there was a change in the share held so far by Mr. Krzysztof Moska in the total number of votes at the General Meeting of Shareholders of the Company in such a way that there was a descent below 5% of the total number of votes at the General Meeting of Shareholders of the Company.

  Before the Change of Ownership, Mr. Krzysztof Moska held 464,434 shares of the Company, constituting 5.02% of the share capital of the Company and 5.02% of the total number of votes at the General Assembly of the Company, i.e. entitling to 464,434 votes from the Company's shares.

  After the Change of Ownership, Mr. Krzysztof Moska holds 134,934 shares of the Company, constituting 1.46% of the share capital of the Company and 1.46% of the total number of votes at the General Assembly of the Company, i.e. entitling to 134,934 votes from the Company's shares.

  At the same time Mr. Krzysztof Moska announced that he does not have any subsidiaries holding shares of the Company, that there are no persons referred to in Article 87

paragraph 1 point 3 item c of the Act and that it does not have the financial instruments referred to in Article 69b paragraph 1 of the Act.

Changes in shareholding after the end of the H1 of 2019

On 22 August 2019, the Company received a letter with notification sent by Wojciech Wiśniewski, on its own behalf and on behalf of Agro-Jumal Sp. z o.o. with its registered office in Sieradz, regarding the increase in the number of shares in Makarony Polskie SA.

Mr. Wojciech Wiśniewski, acting on his own behalf, as well as on behalf of Agro-Jumal Sp. z o.o., informed that as a result of his purchase on 13 August 2019 on the stock exchange market of 1,610 shares of Makarony Polskie SA, there was a change to the owned by him and by the company Agro-Jumal Sp. z o.o. share in the total number of votes at the General Meeting of Shareholders of the Company.

Before the change in ownership, Mr. Wojciech Wiśniewski together with Agro-Jumal Sp. z o.o., held a total of 461,760 shares of the Company which constituted 4.9% of the share capital and entitled to 4.9% of votes in the total number of votes at the General Meeting of Shareholders, i.e. to exercise 461,760 votes from the Company's shares, of which:

- Pan Wojciech Wiśniewski held independently 313,160 shares of the Company which constitute 3.3% of the share capital of the Company and entitle to 313,160 votes in the total number of votes at the General Meeting of Shareholders, i.e. to exercise 313,160 votes from the shares of the Company.
- Agro-Jumal Sp. z o.o. held independently 148,600 shares of the Company which constituted 1.6% of the share capital of the Company and entitled to 148,600 votes in the total number of votes at the General Meeting of Shareholders, i.e. to exercise 148,600 votes from the shares of the Company.

After the change in ownership, Mr. Wojciech Wiśniewski together with Agro-Jumal Sp. z o.o. holds a total of 463,370 shares of the Company which constitute a 5% share in the share capital and entitle to 463,370 votes in the total number of votes at the General Meeting of Shareholders, i.e. to exercise 463,370 shares from the Company's shares, of which:

- Mr. Wojciech Wiśniewski holds independently 314,770 shares of the Company which constitute 3.4% of the share capital of the Company and entitle to 314,770 votes in the total number of votes at the General Meeting of Shareholders, i.e. to exercise 314,770 votes from the shares of the Company.
- Agro-Jumal Sp. z o.o. holds independently 148,600 shares of the Company which constitute 1.6% of the share capital of the Company and entitle to 148,600 votes in the total number of votes at the General Meeting of Shareholders, i.e. to exercise 148,600 votes from the shares of the Company.

In addition, Mr. Wojciech Wiśniewski informed that he and Agro Jumal Sp. z o.o.:

- do not have any subsidiaries holding the Company's shares,
- they have not concluded the agreement referred to in Article 87 paragraph 1 point 3 item c) of the Act on Public Offering, i.e. a contract the subject of which is the transfer of the right to exercise voting rights,
- they do not have financial instruments which, after the maturity date, unconditionally entitle or oblige their holder to purchase shares with which voting rights are associated, already issued by the Company, as referred to in Article 69b paragraph 1 item 1 of the Act on Public Offering.
- they also do not have financial instruments that relate to the Company's shares directly or indirectly and have economic effects similar to the effects of the financial instruments referred to in the previous sentence referred to in Article 69b paragraph 1 item 2 of the Act on Public Offering.

The Company has no other information that would indicate changes in the number of shares held by material shareholders (holding stakes over 5%) after the end of H1 of 2019.

The Company has no knowledge of contracts (including those concluded after the balance sheet date) as a result of which there may be in the future any changes in the proportions of shares held by the existing shareholders.

Composition of the Management Board of subsidiaries

As at 30 June 2019 and the date of publication of these financial statements, the management boards of subsidiaries consisted of:

- Stoczek Natura Sp. z o.o. – Rafał Dziobko - President of the Management Board, Adam Ławnik - Vice President of the Management Board
- MP Trade Sp. z o.o. – Zenon Daniłowski – President of the Management Board.

The function of the Proxy in Stoczek Natura Sp. z o.o. is fulfilled by Mrs. Alicja Hinz - Chief Accountant is full (the proxy is joint - the proxy may represent the Company only jointly with another proxy or a member of the Management Board).

MP Trade Sp. z o.o. did not appoint proxies.

Publication and approval of the financial statements

These consolidated financial statements have been audited by an audit firm, have been approved by the Management Board of the mother company for publication on 19 September 2019.

Legal basis for preparation of consolidated financial statements

Declaration of compliance and the basis for preparing the statements

The Condensed consolidated financial statements have been prepared on the basis of International Accounting Standards as adopted by the European Union (EU) and related interpretations announced in the form of implementing regulations of the European Commission (hereinafter referred to as "IFRS"), applicable to interim financial reporting as approved by the European Union (IAS 34 "Interim financial reporting") in accordance with Article 55 paragraph 5 of the Accounting Act (Journal of Laws of 2019, item 351, as amended) and implementing provisions issued based on it, and in accordance with the requirements set out, in the Regulation of the Minister of Finance dated 29 March 2018 on the current and periodic information disclosed by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757) published and in force at the time of preparation of these condensed, consolidated financial statements. These financial statements do not include all information and disclosures required in annual financial statements and should be read jointly with the financial statements of the Group and Company for the year ended December 2018.

Basis for valuation

The condensed consolidated financial statements presented have been prepared in accordance with the historical cost principle, with the exception of fair value measurement of some assets, i.e. assets acquired as part of the purchase transaction, Abak Sp. z o.o., Tenczynek, Deli-susz brands and investment land.

Functional and presentation currency

The measurement currency of the Group, included in these consolidated financial statements and the reporting currency of these financial statements is the Polish zloty.

Unless indicated otherwise, the financial data is denominated in PLN k.

Accounting principles applied and the basis for preparing the statements

The accounting principles used to prepare the interim condensed consolidated financial statements are consistent with those applied to the preparation of the annual financial

statements of the Group of Companies for the year ended 31 December 2018 (published on 25 April 2019).

The financial statements of all entities were prepared for the same reporting period using consistent accounting principles.

The financial year of the Group shall be the calendar year.

Parent company - Makarony Polskie SA and subsidiaries - prepare financial statements according to IAS/IFRS.

All transactions, balances, revenues and costs between related entities covered by consolidation are subject to consolidation exclusions.

Duration of the Group operation is not limited.

Entities subject to consolidation:

as of 30 June 2019	Stoczek Natura Sp. z o.o.	MP Trade Sp. z o.o.
Type of relationship	a direct subsidiary	a direct subsidiary
Consolidation method	full	full
Date of taking control	1 June 2007	28 September 2015
% held capital	100%	100%

Explanations regarding seasonality or cyclicality in relation to the Group's interim operations

The Group's operations do not show significant seasonal or cyclical trends.

Changes to the rules for preparing financial statements

In the first half of 2019, there were no changes in the valuation principles used in the preparation of the consolidated financial statements.

Accounting principles applied

For the preparation of these condensed interim consolidated financial statements, accounting principles have been applied to the same extent as the principles applied in the preparation

of the annual consolidated financial statements for 2018, (- note Statement of compliance with regulations), except for IFRS -16 Leasing.

In January 2016, the International Accounting Standards Board issued International Financial Reporting Standard 16 Leasing ("IFRS 16"), which replaced IAS 17 Leasing, IFRIC 4 Determining whether the contract includes leasing, SKI 15 Operating leasing - special promotional offers and SKI 27 Assessment pg transactions using the form of leasing. IFRS 16 sets out the accounting principles for leasing in terms of valuation, presentation and information disclosure.

IFRS 16 introduces a single model of the lessee's accounting and requires the lessee to recognize assets and liabilities resulting from each lease with a period exceeding 12 months, unless the underlying asset is of low value. On the date of the commencement, the lessee recognizes an asset component due to the right of use of the underlying asset and a lease liability that reflects its obligation to make lease payments.

The Makarony Polskie SA company within the group is a lessee in the case of lease agreements for office and warehouse space and land perpetual usufruct right once acquired.

IFRS 16 is effective for annual periods beginning on 1 January 2019 and later. The Company did not decide to apply IFRS 16 earlier.

The Company has implemented IFRS 16 using a modified retrospective method.

Assumptions for the valuation

- valuation method: discounted future cash flows,
- marginal loan rate 3.8% per annum,
- valuation period:
  - for contracts with a specific period of validity and perpetual usufruct right up to the date of validity of the contract or law,
  - for indefinite contracts - a period of 5 years.

The effect of implementing IFRS 16 in the Group is as follows:

- Report on the financial situation:
  - right to use the components, fixed assets as at 01.01.2019: PLN 5,007.9 k
  - leasing liabilities - other financial liabilities as at 01.01.2019: PLN 5,007.9 k
- Statement of comprehensive income as at 30 June 2019:
  - increase in depreciation: PLN 458.3 k,
  - increase of interest costs: PLN 114.5 k,

Using the modified retrospective approach, the Group used the following practical simplifications:

- One discount rate was applied to leasing portfolios with sufficiently similar features.
- - Lease contracts where the remaining lease period is 12 months or less from the date of application, were accounted for as short-term lease (i.e. not included in the balance sheet), despite the fact that the initial lease period from the start date could be longer than 12 months.
- Initial direct costs were not included in the valuation of assets due to the right of use as at the date of first application
- For the purpose of measuring the asset due to the right of use, knowledge acquired after the fact was used. As a result, it was valued based on prevailing estimates as at the date of first application, instead of retrospectively using estimates or judgments (such as the lease period) based on the circumstances prevailing on or after the lease commencement date.

Other new standards and interpretations that entered into force in 2019 did not have a material impact on the accounting policies applied by the group of companies.

Uncertainty of estimates

The basic assumptions related to the future and other key sources of uncertainties present at the balance sheet date to which the risk of balance sheet assets and liabilities is related in the following fiscal year are presented below

- depreciation rates,
- impairment of assets (including receivables),
- provisions value,
- deferred tax assets (companies recognize assets for deferred tax based on the assumption that a tax profit shall be obtained in the future allowing its utilization; deterioration of the obtained tax results in the future could cause that such assumption would be unjustified),
- valuation of assets with an indefinite useful life.
- Marginal loan rate and rental period assumed for contracts with an indefinite period of time in connection with the implementation of IFRS 16.

As at the date of these statements, there are no indications of impairment of goodwill of Stoczek and of Abak and Tenczynek brands values: The relevant tests, in accordance with the applicable rules, were made as at the end of 31 December 2018.

Assumptions about the future and adopted estimates are consistent with the assumptions and estimates adopted by the Group in the financial statements for 2018.

Going Concern

The consolidated financial statements of the Makarony Polskie Group have been prepared on the assumption that the business of the Group companies will be continued in the foreseeable future and not significantly reduced. The Group did not conduct operations which were discontinued in the first half of 2019,.

Factors and risks having a material impact on the financial results in the H1 2019 and in subsequent periods

The current financial situation of the Group, its production potential and market position create opportunities for further development, however, there are many factors, especially those of an external nature, which may directly or indirectly affect the financial results achieved in subsequent periods.

Building a competitive advantage through investments in R&D, product, process and organizational innovations

- development of R&D activity in the area of innovative products: functional, health-oriented food in Makarony Polskie SA, an interdisciplinary team was established, which in cooperation with scientific institutions works on developing innovative technologies for the production of new low-processed and health-promoting products that are easy to prepare,
- in the first half of 2019, Makarony Polskie SA launched a production line for rolled pasta in a wide range of forms, including tagliatelle and papardelle. The line includes a highly technologically advanced system of weight dosing of dry ingredients and additives enabling the production of pasta from several types of flour in various proportions and a micronutrient dispenser enabling enriching the pasta composition with health-promoting ingredients,
- in the production plant in Rzeszow in the first half of 2019, the extension of the production and storage building was completed by a flour node building, which included silo installations for flour and other loose raw materials, and a cold store for raw materials and liquid additives.
- the project related to the adaptation of the electric, cooling and technological installation was completed by adjusting the parameters of the connections to the future increased production capacities of the production plant in Rzeszow,
- in the production plant in Częstochowa in the first half of 2019, the cold store was expanded to store raw materials requiring low temperatures during storage, which will increase the flexibility and safety of production and maintain production continuity during periods of full use of production capacity,

- Makarony Polskie SA continues to work on the implementation of production and introduction into sale of new forms of pasta, in the first half of 2019 the group's offer was enriched with spaghetti express and cavatappi,
- in Stoczek Natura Sp. z o.o. research is performed to adapt to global food production trends: convenience products, health-related products, innovative forms of packaging of offered products,
- in the production plant in Stoczek Łukowski in the first half of 2019, investments related to the implementation of project of innovative solutions through the modernization of the line for the production of ready meals in jars and cans and introducing new, innovative products on trays to the company's offer were conducted. In the second half of 2019, as a result of the investment, the company will introduce several ready meals on trays: world cuisines, regional and vege/fit cuisines,
- Stoczek Natura is also modernizing production halls in connection with ongoing purchases of new machinery and equipment.

Acquiring funds from the European Union for the implementation of activities and investments planned by the Group

- project entitled "Implementation of research and development results in the field of functional food in Makarony Polskie SA", implemented under Measure 1.4 Support for SMEs, Regional Operational Program of the Podkarpackie Region 2014-2020, implemented by the company in the period from March 2017 to April 2019 enabled the Company implementation of research and development results performed in cooperation with the scientific unit, based on the development of innovative recipes of products using raw materials that are not standard in the pasta industry. The main objective of the project is the expansion of Makarony Polskie SA on the functional food market. The company has completed the supported investment project in April 2019. The company, fulfilling all obligations under the co-financing agreement, fully settled the project (including it received the final refinancing of expenses incurred) which occurred in July 2019,
- project entitled "Establishment of the Research and Development Center of Pasta Industry at Makarony Polskie SA", implemented under Measure 2.1 Support for investment in enterprise R&D infrastructure, Intelligent Development Operational Program 2014-2020, assumes establishment of a Research and Development Center of Pasta Industry at the Makarony Polskie SA. The B&R Center will conduct work on innovative products with pro-health features that will ultimately enrich the Company's product offer as well as issues relevant to the entire pasta industry. The Company plans to purchase fixed assets and construction works, as part of the project. For the needs of the B&R Center, the purchase will include a modern production test line, whose parameters will reflect the conditions

prevailing during the industrial production process (that line will be an asset of material value).

- project of Stoczek Natura Sp. z o.o. entitled "Increase in competitiveness of Stoczek Natura Sp. z o.o.", implemented under measure 3.7 RPO WL 2014-2020, assumes increasing the competitiveness and innovativeness of the Company on the domestic and international market by implementing the results of R&D works possessed and introducing to the production innovations in the form of meat product ready meals technology. The subject of the project is the implementation of innovative solutions through the modernization of the line for the production of ready meals in jars and cans.
  The implementation of the project will positively affect the improvement of the quality and innovativeness of the offered products, their repeatability and increased production efficiency. In addition, as a result of the project, the Company will be able to introduce new products with pro-health values to the commercial offer, addressed to a new group of consumers.
- Group companies apply for EU funds under the 2014-2020 perspective to accelerate and expand the scope of investments in the modernization of machinery used in the current production profile and to develop new business areas to maintain market position and meet the growing demand for new, innovative products and packaging.

Activity development in the private label segment

- enriching the offer addressed to new and existing customers with health-related products, flavored pasta and premium products (e.g. new forms and shapes, innovative packaging), high-protein pasta and tagliatelle-type egg pasta,
- enriching the offer directed to new and existing customers with ready meals, meat, canned meat and soups,
- offering new and existing customers ready meals on trays that will appear in the Group's offer in Q4 2019,
- development of the product offer at customers' by products firmly embedded in vegetable cuisine, including pasta from legumes flour, date pastas, vegetable pastas, or veg ready meals,
- activities aimed at improving the profitability of the sales channel.

Development of B2B sales channels and Institutions

- development of the category of pasta, meat and vegetable preserves, vegetable and fruit preparations, adapted to the expectations of the customers of that channel,
- establishing cooperation relations with other producers of pastas and ready meals and producers of complementary goods, in order to supplement the offer for the final recipient,

- individualizing the offer and thus increasing competitiveness,
- using the production potential of Stoczek Natura Sp. z o.o. in the scope of service packaging of products and based on new forms of packaging,
- further development of production of semi-finished products based on the production capacity of the plant in Stoczek Łukowski, including sweet stuffing and salty fillings.

Increase in shares and increase of the distribution level on the domestic market

- intensification of marketing activities aimed at the development of the Makarony Polskie, Novelle and SoFood brands, as well as rebranding and new definition of Stoczek Natura, Sorenti, Tenczynek; strengthening and development of the product portfolio in line with market trends, including the introduction of a line of vegan products (Novelle brand) and a line of rolled pasta in the form of fettuccine and ribbon pasta,
- development and implementation of cooperation mechanisms with wholesale customers, retail local networks and network trade, especially in the area of international medium and small networks and convenience networks - as a selective distribution strategy, taking into account the specificity of the categories in which the Group operates,
- focusing on fast and efficient building of brand availability in the modern channel and implementation of an effective distribution policy in the traditional channel,
- intensification of trade marketing activities supporting sales and resale of products and building lasting relationships with customers.

Export development

- focusing on European markets, including in particular Ukraine, where the Group systematically develops its cooperation with networks,
- changing the Group's operating model in the Egyptian, Middle East and Africa markets to improve its efficiency - the Group offers products under the Sorenti brand for which the majority of exports are made,
- systematic increase in the number of customers on foreign markets, especially in the European Union,
- intensification of communication with current and potential recipients through the participation of, among others in trade fairs and organization of B2B meetings in target markets,
- acquiring and implementing projects concerning deliveries under the own recipient's brand,
- development of the product offer by offering functional products on foreign markets, e.g.: whole wheat pasta with high fiber content, spelled pasta, buckwheat, vegetable and BIO products and new product categories.

In the opinion of the Management Board of Makarony Polskie SA, the current financial situation of the Company and the Group allows for the implementation of the above-mentioned development directions.

Events affecting assets, liabilities, equity, net result or cash flow statement that are unusual due to their nature, size or frequency

In the first half of 2019,, no such unusual events occurred.

Position of the Management Board regarding the publication of the Group's results forecasts

The Makarony Polskie Group did not publish financial forecasts for 2019.

In the opinion of the Management Board of Makarony Polskie SA, the current financial situation of the Company and the Group allows for the implementation of the above-mentioned development directions.

Risks and threats material to the Group's development

The current financial situation of the Group, its production potential and market position create opportunities for further development, however, there are many factors, especially those of an external nature, which may directly or indirectly affect the financial results achieved in subsequent years.

The risk of changes in market trends

The risk may be a possible change in shopping and eating habits of consumers, e.g. due to rising prices or widely published information on the health benefits of a given product category.

Current market trends are monitored on a regular basis. The Group's companies quickly and flexibly match their offer to them, both in terms of the products themselves and their production technology. The current product range of the Group is modified in line with market trends, e.g. health-related products, "Fit", products with reduced gluten content, pasta with flavors and ancient cereals (e.g. spelled, buckwheat), products based on, or with addition, vegetable flour are systematically developed. In H1 of the year, high-protein pasta and date pastes appeared in the Group's offer. In the second half of 2019, the product portfolio will be expanded in the category of ready meals on trays offered for stable and refrigerated shelves.

Risk related to competition

All areas of Makarony Polskie Group's operations belong to highly competitive segments. There is a risk that the intensified actions of competitors, manifested mainly in the deterioration of trading conditions will affect the profitability and revenues of the Group, may affect the achievement of objectives assumed by the Group. All activities of the competitive environment are monitored and analyzed on an ongoing basis, which allows for quick response in the area of possible threats.

The Group attempts to minimize this risk by diversifying its activities and developing innovative products (including teams designed to run R&D projects).

Risk of dependence on recipients

A material part of revenues is generated by the Group through cooperation with organized and centrally-decisive retail chains. A possible lack of continuity of cooperation with customers may affect the amount of revenues. Some commercial contracts do not contain a strictly determined amount of estimated purchases that the recipient will make during the term of the contract. There is a risk that recipients will submit orders that deviate quantitatively from the monthly plans adopted by the Group. This may result in the inability to meet demand or incomplete use of production capacity, which will have an impact on the results. In the Group's opinion, this risk is not significant, as the number of products delivered so far has not been subject to significant fluctuations per year, shaping the foreseeable limits. In addition, the Group companies conduct systematic actions towards the diversification of customers and increasing the number of so-called medium-sized customers.

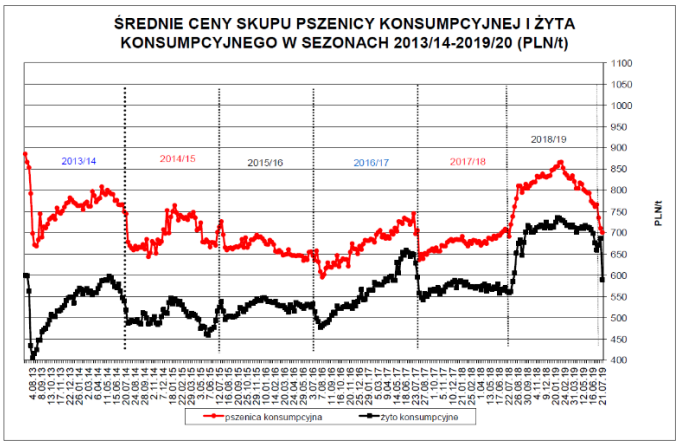
Risk related to changes in raw material prices

Makarony Polskie Group consistently strives to implement its strategy in the area of securing the raw material prices with long-term purchase contracts in annual and half-year periods, which helps to prevent material decreases in the profitability of the pasta produced. With regard to the current situation on the cereal market, the Company also regularly monitors forecasts concerning both the domestic market and prices of wheat on global markets.

In the first quarter of 2019, flour purchase prices were stable, however, they remained at a high level, similar to that of the fourth quarter of 2018 (in the third and fourth quarters of 2018 the market experienced a sharp increase in wheat prices due to adverse weather conditions, which impacted on the level and quality of harvest in 2018 - alternately drought and heavy rains in the improper period of cereal growth). A slight downward trend occurred in March 2019, however, this trend stopped and in the second quarter of 2019 prices were stabilized at a relatively high level. Since July 2019, a material decline in wheat and flour prices has been observed, following information from European and non-European cereal markets with very good quantitative forecasts for this year's harvest.

Regardless of the above, Makarony Polskie SA is aware that wheat production is highly sensitive to unpredictable weather conditions, therefore prices are subject to increases due to possible speculations or natural disasters, which is why the forecasts concerning both the domestic market will be monitored on an ongoing basis. as well as prices of consumer wheat on global markets.

The chart below presents the prices of soft cereal in Poland in recent years:



Source: Weekly report on the market for cereals, oilseeds and feed materials - Cereal market week 30.2019, Sparks Polska

The egg mass market, after material increases in the price of egg pulp (by 250-260%, to the level of PLN 10.0-11.2 k for one ton of weight) in the last months of 2017 a systematic drop in prices was observed. At the end of Q4 2018, the price of egg pulp amounted to PLN 3.8-4.2 k for one ton of egg pulp. In Q1 2019 there was a slight increase in prices, which resulted, among others, from the increased demand for eggs before Easter. The next period was a slight decrease, after which, following the information about bird flu in Belgium, the prices of eggs and egg weight increased slightly. Current prices of the egg pulp on the market are at the level of PLN 4.3-5.3 k for one ton of egg pulp. In the next few months, the egg market should be stable - due to the growing production associated with a material increase in the number of laying hens and a decrease in egg exports. Forecasts for the following months assume that the prices of eggs and egg weight should remain at the level indicated above with a slight upward trend in the second part of the third quarter and the first part of the fourth quarter, while those fluctuations should not have a material impact on the profitability of products.

Taking into account the current market trends, Makarony Polskie SA Company decided not to enter into long-term contracts for the supply of raw materials and in the first half of 2019, made purchases on a monthly basis, on the spot.

Stoczek Natura Sp. z o.o. is a producer of fruit and vegetable preserves (including jams and salads) and ready meals. The prices of fruit and vegetables are strongly dependent on weather conditions. The Company cooperates with domestic fruit and vegetable suppliers, it also has

an extensive database of foreign suppliers of key raw materials, which gives the Company greater opportunities to obtain cheap, good quality raw materials. Purchase of fruit and vegetables is performed seasonally, in months in which their prices are the lowest. If necessary, purchased raw materials are stored in Company warehouses and cold stores. Stoczek Natura Sp. o.o. is exposed to the increase in raw material prices resulting from various types of weather anomalies. Aiming at minimizing this risk, the Company maintains an extensive base of suppliers of key raw materials. In addition, Stoczek Natura Sp. z o.o., striving to optimize the operation of the plant, provides for the possibility of outsourcing the production of those categories of fruit and vegetable products, whose market share does not guarantee the Company the optimal use of existing production capacity and purchase of raw materials at attractive prices.

Risk of variable legal and tax environment

The Polish legal and tax system is characterized by frequent changes. An unfavorable factor for the operations of the Group's companies may be the changing legal regulations as well as its various interpretations. Practice shows that the interpretation of legal provisions by tax authorities and judicial decisions in the aspect of taxation are often inconsistent. In the case of companies operating on the Polish market, there is a greater risk of doing business than in countries with stable and well-established legal and tax systems.

The protection of the interests of the Group in terms of legal changes is supervised by legal teams that in due course take appropriate actions aimed at minimizing the possible effects of these changes. Quality teams keep track of all legal regulations regarding products and packaging, and the changes required by law are implemented.

Risk related to changes in exchange rates

The Makarony Polskie Group is a semolina importer and exporter of finished products. The sales prices of the Company's products are each time determined and take into account the current value of exchange rates so as to ensure satisfactory sales profitability.

The weakening of the zloty may have a negative impact on the profitability level of operations conducted by the Group as an importer. To minimize the risk of changes in foreign exchange rates, the funds obtained by the Group from export sales are used to purchase raw materials outside Poland.

The table presents the currency structure for given classes of financial instruments as at 30 June 2019:

Groups/categories of financial instruments	Carrying amount as at 30.06.2019 PLN k	Currency exposure as at 30.06.2019 PLN k	EUR PLN k	USD PLN k

Financial assets				
Cash and cash equivalents	358	77	71	6
Trade receivables	30,138	5,006	5,006	
Financial liabilities				
Liabilities from deliveries and services	27,614	5,154	5,154	

The table presents the analysis of the sensitivity of the financial result to changes in exchange rates as at 30 June 2019:

Groups/categories of financial instruments	EUR		USD	
	5%	-5%	5%	-5%
	impact on the financial result PLN k		impact on the financial result PLN k	
Financial assets				
Cash and cash equivalents	3.5	-3.5	0.3	-0.3
Trade receivables (gross)	250.3	-250.3	-	-
Financial liabilities				
Liabilities from deliveries and services	-257.7	257.7	-	-

Risk related to remuneration pressure

Systematic increases in the minimum wage and the minimum hourly rate on civil law contracts cause that wage pressure increases among employees and potential job candidates. This phenomenon is compounded by the fact that due to demographic changes and a decrease in the number of people of working age, the "employee market" is steadily growing in Poland and the unemployment rate is falling. Employers, including Group companies, more often have difficulty finding suitable candidates for vacant positions, both among specialists and managerial staff as well as among unskilled people.

Aiming at minimizing staff rotation, especially among key employees and specialists, the Group is trying to systematically implement motivational remuneration systems (combined with, among others, production and sales efficiencies), which by closely associating the results of individual teams/people with the effectiveness of achieving the Group's goals entrusted to those teams/employees, allow to combine the level of wages satisfying employees with the profitability of the company's operations. In order to increase motivation and build employee loyalty towards the employer, the Group companies systematically diversify the package of non-financial benefits, such as sports cards, group insurance, holiday cards or private medical care or development programs that increase the possibilities of employees' self-fulfillment, in order to best suit it to the needs and expectations of employees.

Interest rate risk

Interest rate risk is the risk of incurring losses as a result of changes in market interest rates and changes in statutory interest rates. Both the amount of revenues and costs of the Company are sensitive to changes in the level of market interest rates.

The Group finances its operations with loans, which increases its sensitivity to the risk caused by interest rate changes in both long-term and short-term financial liabilities.

In the first half of 2019,, the Group used external financing in the form of bank loans: current, investment and overdrafts.

As at 30 June 2019, the Group had a liability due to loans taken out, in the amount of PLN 29,259 k:

Currency	Interest	Loans balance	Including loans	
			Short-term	Long-term
PLN	WIBOR + bank's margin	29,259	8,660	20,599

The Company has liabilities due to loans for which interest is calculated on the basis of a variable interest rate, and therefore there is a risk of an increase in these rates in relation to the conclusion of the contract.

The structure of financial instruments exposed to the risk of changes in interest rates as at 30 June 2019 is presented in the table below:

Groups/categories of financial instruments	Carrying amount as at 30.06.2019 PLN k	Value exposed to risk as at 30.06.2019 PLN k	WIBOR PLN k
Financial assets			
Cash in hand and at bank	358	-	-
Financial liabilities			
Bank loans	29,259	29,259	29,259
Other financial liabilities	2,570	2,570	2,570

The table below presents the analysis of the sensitivity of the financial result to changes in interest rates as at 30 June 2019:

Interest rate	Deviation assumptions (in percentage points) 30 June 2019		Value at risk as at 30.06.2019 PLN k	Impact on the financial result 30 June 2019 PLN k	
WIBOR	1%	-1%	31,829	-318.3	318.3

Credit risk

Credit risk means the risk that the Group's contractors will default on their obligations. The Group applies the principle of making transactions with counterparties whose creditworthiness has been verified and of obtaining, if necessary, an appropriate security as a tool to mitigate the risk of financial loss arising from a breach of agreement. The Group uses financial information available to the public and its own transaction data, assessing the financial condition of its main customers.

The Group's exposure to the risk of counterparties' creditworthiness is constantly monitored; the credit risk control is enabled by limits verified and approved on an ongoing basis within the control structures of the Group. In addition, the Group has covered the selected counterparties by trade receivables insurance granted by one of the major insurers operating in this area on the Polish market.

The Group is not exposed to material credit risk to a single counterparty or a group of counterparties.

Selected financial data Makarony Polskie Group

The Selected financial data in EURO was presented in accordance with The Regulation of the Minister of Finance dated 29 March 2018 on the current and periodic information disclosed by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757).

- -items of the statement of financial position have been converted at the average exchange rate announced by the National Bank of Poland as at the balance sheet date (30 June 2019, EUR 1 = PLN 4.252; 31 December 2018: EUR 1 = PLN 4.30
- items of the statement of comprehensive income and statement of cash flows have been converted at the exchange rate being the arithmetic average of the average rates set by the National Bank of Poland effective on the last day of each month, of H1 2019 = PLN 4.2880 and at the end of each month of Q1 2018 = PLN 4.2395

Selected financial data	30 June 2019 (in PLN k)	June 30, 2018 (in PLN k)	30 June 2019 (in EUR k)	June 30, 2018 (in EUR k)
Revenues from sale of products, services, goods and materials	80,096	76,012	18,679	17,929
Profit (loss) from continued operations	5,067	4,536	1,182	1,070
Gross profit (loss)	4,389	4,026	1,024	950
Net profit (loss) from continued operations	3,495	3,182	815	751
EBIT	5,067	4,536	1,182	1,070
EBITDA (EBIT + depreciation)	8,183	7,424	1,908	1,751
Net cash flows from operating activities	7,336	4,740	1,711	1,118
Net cash flows from investment activities	-12,938	-2,629	- 3,017	- 620
Net cash flows from financial activities	5,602	- 2,971	1,306	- 701
Total net cash flows	0	- 859	0	- 203
Total assets ***	162,323	145,460	38,176	33,828
Liabilities and provisions for liabilities ***	82,643	66,962	19,436	15,572
Long-term liabilities ***	26,407	21,686	6,210	5 043
Short-term liabilities ***	56,236	45,276	13,226	10,529
Equity ***	79,680	78,498	18,739	18,255
Share capital ***	27,750	27,750	6,526	6,453
Number of shares (units)	9,250,071	9,250,071	9,250,071	9,250,071
Weighted average number of shares (in units) during the current financial year	9,250,071	9,250,071	9,250,071	9,250,071
Profit/loss per ordinary share (in PLN/EUR) *	0.38	0.34	0.09	0.08
Book value per one share (in PLN/EUR)**	8.61	8.49	2.02	1.97

* Net profit/loss per ordinary share = net result/weighted average number of shares in the period
** Book value per one ordinary share = equity/number of shares at a given balance sheet date
*** Comparable data regarding the statement of financial position as at 31 December 2018

Consolidated financial statements of comprehensive revenues

Makarony Polskie Group	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Revenues from sale	**80,096**	**76,012**
Revenues from sale of other products and services	76,775	73,153
Net revenues from the sale of materials and goods	3,321	2,859
Own cost	**61,623**	**58,980**
Production costs of products and services sold	58,718	56,526
Value of goods and materials sold	2,905	2,454
Gross profit (loss) on sales	**18,473**	**17,032**
Costs of sale	10,167	9,195
General administrative costs	3,490	3,443
Other revenues	490	547
Other costs	239	405
Profit (loss) from continued operations	**5,067**	**4,536**
Financial incomes	16	21
Financial costs	694	531
Profit (loss) on business activities	**4,389**	**4,026**
Gross profit (loss)	**4,389**	**4,026**
Income tax - current part	710	584
Income tax - deferred part	184	260
Net profit (loss)	**3,495**	**3,182**
In this attributable to:		
Shareholders of the parent Company	3,495	3,182
Non-controlling shares		
Basic net result per share in PLN	0.38	0.34
Diluted net result per share in PLN	0.38	0.34
Other total net income/loss		
Total net income	**3,495**	**3,182**
Total net income attributable to:		
Shareholders of the parent Company	3,495	3,182
Non-controlling shares		

Condensed statement of other comprehensive net income - application of hedge accounting

Makarony Polskie Group	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Total net income	3,495	3,182
Profit/loss due to application of hedge accounting	0	0
Total net income	3,495	3,182

Condensed consolidated statement of financial position

ASSETS	30 June 2019	31 December 2018	June 30, 2018
FIXED ASSETS	**112,305**	**101,160**	**90,290**
Tangible fixed assets	91,120	84,471	73,514
Fixed assets – IFRS-16	4,550	0	0
Investment real estate	603	603	642
Goodwill	5,949	5,949	5,949
Other intangible assets	9,927	9,945	9,963
Long-term financial assets			
Assets for deferred income tax	1	1	2
Other long-term assets	155	191	220
CURRENT ASSETS	**50,018**	**44,300**	**43,832**
Inventories	19,212	18,157	18,614
Short-term receivables	30,138	25,427	24,280
CIT receivables	0	0	0
Borrowings granted			
Cash and cash equivalents	358	359	595
Other short-term assets	310	357	343
ASSETS FOR SALE			
TOTAL ASSETS	**162,323**	**145,460**	**134,122**

LIABILITIES	30 June 2019	31 December 2018	June 30, 2018
EQUITY	**79,680**	**78,498**	**75,875**
Share capital	27,750	27,750	27,750
Supplementary capital	37,155	46,095	46,095
Reserve capital	12,000		
Retained profits/losses (profit/loss from previous years)	-720	- 1,152	- 1,152
Net profit/loss	3,495	5,805	3,182
LONG-TERM LIABILITIES	**26,407**	**21,686**	**14,056**
Provision for deferred income tax	3,753	3,569	3,702
Long-term bank loans and borrowings	8,660	10,541	2,165
Provision for pensions and similar (long-term)	321	285	242
Revenue of future periods - long-term	8,429	6,062	6,325
Long-term financial liabilities - leasing	1,525	1 229	1,622
Long-term financial liabilities - IFRS-16	3,719	0	0
SHORT-TERM LIABILITIES	**56,236**	**45,276**	**44,191**
Short-term bank loans and borrowings	20,599	14 170	16,139
Short-term financial liabilities - leasing	1,045	944	795
Short-term financial liabilities-IFRS-16	867	0	0
Financial liabilities due to dividends	2,313	0	2,313
Other short-term liabilities	29,310	27,991	23,118
CIT liabilities	133	220	99
Revenue from future periods - short-term	678	909	533

Condensed consolidated statement of financial position

Provision for retirement and similar benefits (short-term)	1029	1,042	934
Other short-term provisions	262	0	260
TOTAL LIABILITIES	**82,643**	**66 962**	**58,247**
TOTAL LIABILITIES	**162,323**	**145,460**	**134,122**

Condensed consolidated statements of cash flows

Makarony Polskie Group	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Profit/Loss before tax	**4,389**	**4,026**
Adjustments for:	2,947	714
Depreciation and amortization	3,116	2,888
Profits/losses on exchange differences	1	- 1
Interest expense and income	480	360
Profit/loss from investing activities	-33	-29
Change in provisions	285	290
Change in inventories	- 1,055	- 2,990
Change in receivables	-50	4,233
Change in liabilities and accruals	1,000	- 3,523
Corporate income tax paid/returned	- 797	- 521
Other adjustments	0	7
Cash flows from net operating activities	**7,336**	**4,740**
Cash flows from investment activities		
Proceeds from the sale of fixed assets and intangible assets	467	29
Interest income		
Expenses for the purchase of property, plant and equipment and intangible assets	- 13,405	- 2,658
Proceeds from repayment of loans		
Borrowings granted		
Net cash flows from investing activities	**- 12,938**	**- 2,629**
Cash flows from financial activities		
Proceeds from loans and borrowings	8,175	2,517
Repayment of loans and borrowings	- 3,627	- 4,706
Payment of liabilities under financial lease contracts	- 931	- 445
Interest paid	- 480	- 360
Other financial revenues - subsidy	2,465	23
Net cash flows from financial activities	**5,602**	**- 2,971**
Increase/decrease in cash and cash equivalents	0	- 859
Cash, cash equivalents and overdraft facilities at the beginning of the period	**359**	**1,454**
Foreign exchange gains/losses on the valuation of cash, cash equivalents and overdrafts	- 1	1
Cash, cash equivalents and overdrafts at the end of the period	**358**	**595**

Condensed statement of changes in consolidated equity

For the period from 1 January 2019 to 30 June 2019

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2019	27,750	46,095	0		4,653	78,498
Distribution of profit/loss coverage		3,060			- 3,060	
Profit distribution - dividend payment					-2,313	- 2,313
Establishment of reserve capital - own shares		- 12,000	12,000			
Other total income						
Net result after H1 2019				3,495		3,495
Balance as at 30 June 2019	27,750	37,155	12,000	3,495	- 720	79,680

For the period from 1 January 2018 to 31 December 2018

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2018	27,750	42,184	0		5,065	74,999
Distribution of profit/loss verage		3,911	0		- 3,911	0
Profit distribution - dividend yment					-2,313	- 2,313
Reversal of unrealized margin from previous years					7	7
Other total income						
Net result in 2018				5,805		5,805
Balance as at 31 December 018	27,750	46,095	0	5,805	- 1,152	78,498

For the period from 1 January 2018 to 30 June 2018

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2018	27,750	42,184	0		5,065	74,999
Distribution of profit/loss verage		3,911	0		- 3,911	0
Profit distribution - dividend yment					-2 313	- 2,313
Reversal of unrealized margin from previous years					7	7
Other total income						
Net result after H1 2018				3,182		3,182

Condensed statement of changes in consolidated equity

Balance as at 30 June 2018	27,750	46,095	0	3,182	- 1,152	75,875

Additional notes

Revenues from sale of products, services, goods and materials by business segments

For management purposes, the Group is divided into business units based on the products and services offered.

	01.01.2019-30.06.2019	01.01.2018 - 30.06.2018
Revenues from sales of products	73,242	69,218
Proceeds from the sale of services, including	3 533	3,935
- service production	1,062	1,457
- transportation services		
- for lease, storage	2,463	2,476
- other	8	2
Revenues from sale of materials	2,131	1,713
Revenues from sale of goods	1,190	1,146
Total	80,096	76,012

In the first half of 2019, the Group recorded a sales increase of PLN 4.1 m compared to the first half of 2018 and amounted to PLN 80.1 m.

Operating segments

In the first half of 2019, Makarony Polskie Group realized sales according to the following product groups, achieving the following revenues in this respect:

	01.01.2019-30.06.2019	01.01.2018 - 30.06.2018
Pasta	57,056	48,282
Meat and vegetable preserves	13,034	17,613
Vegetable preserves and stuffing	1,139	1,483
Fruit preserves	4,197	3,952
Other	4,670	4,682
Total	80,096	76,012

Basic information about operating segments:

H1 2019	Pasta	Meat and vegetable preserves	Vegetable preserves and stuffing	Fruit preserves	Other	Total segments
Revenues						
Sales to external customers	57,056	13,034	1,139	4,197	4,670	80,096
Sales between segments						
Total revenues of the Group	57,056	13,034	1,139	4,197	4,670	80,096
Costs						
Segment costs	43,727	11,258	872	3,404	2,362	61,623
Segments profits or losses (gross result on sales)	13,329	1,776	267	793	2,308	18,473

H1 2018	Pasta	Meat and vegetable preserves	Vegetable preserves and stuffing	Fruit preserves	Other	Total segments
Revenues						
Sales to external customers	48,282	17,613	1,483	3,952	4,682	76,012
Sales between segments						
Total revenues of the Group	48,282	17,613	1,483	3,952	4,682	76,012
Costs						
Segment costs	37,016	14,809	1,086	3,372	2,697	58,980
Segments profits or losses (gross result on sales)	11,266	2,804	397	580	1,985	17,032

The Group has applied IFRS 8 "Operating Segments". In accordance with the requirements of IFRS 8, operating segments should be identified based on internal reports on these elements, which are regularly verified by persons deciding on the allocation of resources to a given segment and assessing its financial results. In terms of assets and liabilities, the main bodies responsible for making operational decisions do not analyze data cross-sectioned into operating segments.

The sales revenues of the Makarony Polskie Group in the first half of 2019, amounted to PLN 80.1 m and were by approx. PLN 4.1 m higher than in the corresponding period of 2018.

Sales of the pasta category increased in the analyzed period by approx. PLN 8.8 m to PLN 57.1 m. The increase of approx. 18.2% was the result of good acceptance by customers of product novelties in the largest retail chains and high dynamics of sales growth in Export.

Another segment in which a positive dynamics of changes was noted is the segment of processed fruit. Sales of fruit products in the analyzed period amounted to nearly PLN 4.2 m and were higher by PLN 0.2 m, i.e. approx. 6.2% compared to 2018, which was due to the acquisition of new contracts for the production of jams under network brands and the development of dried fruit sales.

Sales of meat and vegetable products decreased in the analyzed period by approx. PLN 4.5 m to the amount of PLN 13.0 m. A decrease of approx. 26.0% (H1 2019 vs. The first half of 2018) was the result of the lack of implementation of the contract for the delivery of ready meals for the National Agricultural Support Center (in the first half of 2018 a one-off contract was implemented). In this category, the Group recorded an increase in sales under private labels and in commercial networks (+2.9 m PLN y/y), but this did not allow to fully compensate for the lack of performance of the contract for KOWR.

The segment of vegetable preserves and stuffing increased in the analyzed period by PLN 0.3 m to the amount of nearly PLN 1.1 m The decrease resulted from the limitation of orders in the field of stuffing by one of the recipients.

Revenues from sale of products, services, goods and materials - geographical structure

The sales markets of Makarony Polskie Group can be divided into the domestic market (including private label, traditional trade, modern trade and B2B and institutions) as well as exports (including sales through domestic intermediaries).

For the period	01.01.2019 - 30.06.2019	01.01.2018- 30.06.2018
Country	73,531	72,371
Exports, including:	6,565	3,641
- European Union countries	1,032	926
- other countries	5,533	2,715
Total	80,096	76,012

In the first half of 2019,, the value of sales amounted to PLN 73.53 m on the domestic market and PLN 6.57 m in export. In the corresponding period of 2018, these amounts were PLN 72.37 m and PLN 3.64 m, respectively.

Other revenues and operating costs

OTHER REVENUES

For the period	01.01.2019- 30.06.2019	01.01.2018 - 30.06.2018
State subsidies	329	287
Profit on the sale of property, plant and equipment	33	29
Reversal of impairment losses for receivables		
Reversal of impairment losses for inventories		
Sales of scrap and waste	41	48

- Inventory surplus	0	54
Return of court and bailiff fees	3	0
Compensation and complaints	6	61
Discount on purchases for 2018 - turnover made	29	22
Refund of insurance premiums	1	46
Other	48	
Total	490	547

Other revenues and unrelated income are classified to other income directly with the Group's operating activities. This category includes received subsidies, profits from the sale of property, plant and equipment, compensation received related to the reimbursement of court costs, overpaid tax liabilities, with the exception of corporate income tax and compensation received for losses in property of companies that was insured.

Other receivables also include reversals of impairment losses on receivables and inventories as well as reversal of impairment losses on property, plant and equipment and inventory surpluses on assets.

OTHER COSTS

For the period	01.01.2019 - 30.06.2019	01.01.2018 - 30.06.2018
Creation of provisions		
Receivables written down	0	95
Release of the provision for income from obtaining funding	0	67
Donations	4	8
Penalties and fines	7	57
Shortages in current assets		
Costs of repairs covered by insurance		
Court and bailiff fees, awarded costs	0	3
Advertising sponsorship	27	28
Liquidation of damaged and overdue stocks	199	128
- Impairment loss	0	18
Purchase of fixed assets from leasing		
Adjustment of social security contributions – 2015	2	
Other	0	1
Total	239	405

Other costs include costs and losses not directly related to the Group's operating activities. This category includes losses on the sale of property, plant and equipment, donations made in kind and in cash to other entities, including public benefit purpose entities and effects

resulting from concluded commercial contracts, guarantees and sureties granted to other entities.

Other costs also include the cost of write-downs on assets, unintentional shortages in current assets and losses due to liquidation of damaged and past due inventories.

Other revenues and financial costs

FINANCIAL REVENUES

For the period	01.01.2019 - 30.06.2019	01.01.2018- 30.06.2018
Interest revenue, including:	16	21
- interest on loans		
- interest on receivables	16	21
Foreign exchange profits		
Profit on sale of investments - shares		
Other		
Total	16	21

Financial revenues include income from dividends received, gained and accrued interest on late repayment of receivables, interest on investing and investment activities in various forms of financial instruments. Financial activities also include profits due to exchange differences.

FINANCIAL COSTS

For the period	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018
Interest expenses, including:	539	363
- bank loans	344	262
- factoring and leasing costs	79	100
- interest costs IFRS-16	115	
- other	1	1
Other financial costs, including:	155	168
- loss due to negative exchange rate differences	43	79
- guarantee	25	30
- discount and bank charges	87	59
- other financial costs		
Total	694	531

Financial costs are classified as costs for the use of external sources of financing, interest payable under financial leasing agreements which the Group is a party to and other financial costs. Financial activities also include losses due to exchange differences.

Data regarding the financial result and shares that were used to calculate basic and diluted earnings per share

For the period	01.01.2019 - 30.06.2019	01.01.2018- 30.06.2018
Net profit/loss per share	0.38	0.34
Book value per one share in PLN(according to data as at 30/06/2019 and data as at 31/12/2018)	8.61	8.49

For the period	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018
Net profit/loss from continuing operations attributable to shareholders of the parent	3,495	3,182
Profit/loss on discontinued operations attributable to shareholders of the parent		
Net profit/loss attributable to equity holders of the parent	3,495	3,182
Net profit/loss attributable to ordinary shareholders applied to calculate diluted profit/loss per share	not applicable	not applicable

For the period	01.01.2019 30.06.2019	01.01.2018 - 30.06.2018
Weighted average number of issued ordinary shares applied to calculate basic earnings/loss per share	9,250,071	9,250,071
Impact of dilution	not applicable	not applicable
Adjusted weighted average number of ordinary shares applied to calculate diluted profit/loss per share	not applicable	not applicable

Net profit falling per one share is calculated by dividing the net profit for the period falling to normal shareholder of the mother company by average weighed number of issued common shares present in the period.

Diluted profit falling per one share is calculated by dividing net profit in the period falling for normal shareholders of the parent company (after deducting interests on the amortizable preferred shares exchanged to common shares) per average weighed number of issued common shares present in the period (corrected by the influence of dilutive options and diluting, amortizable preferred shares exchanged to common shares).

In the parent company, in Q1 2019, there were no factors diluting the share capital.

Book value per share is the quotient of equity by the number of shares at a given balance sheet date.

Book value per share is the quotient of equity by the number of shares at a given balance sheet date.

Information on comparative changes to the consolidated financial statements for previous years regarding the estimation of the holiday provision, the creation of the provision for the deferred tax on the revaluation of land value before 31 December 2017 and the depreciation of the right of perpetual usufruct of land before 31 December 2017.

Adjustment I

The document concerns the error in estimating the holiday provision and the provision for deferred tax due to the revaluation of land value - described in the financial statements for 2018

Adjustment II

The document relates to an error made in earlier periods when calculating depreciation write downs of the land perpetual usufruct right

In 2019 Makarony Polskie SA, corrected the financial statements for previous years, due to an error made in earlier periods in the absence of calculating depreciation write-downs on the right of perpetual usufruct of land, the value of the land, realized before 31 December 2018, the amount of PLN 332 k (including PLN 307 k applies to the period to 31 December 2017) - the annual depreciation rate of 1.21%

The following transformations have been made for the statements for 2018:

Statement of comprehensive income as at 31 December 2018

FOR THE PERIOD	01.01.2018-31.12.2018-after adjustment	Adjustment II	01.01.2018-31.12.2018 before adjustment
Production costs of products and services sold	114,170	13	114,157
Costs of sale	19,715	10	19,705
General administrative costs	6,920	2	6,918
Profit (loss) from continued operations	8,320	(25)	8,345
Gross profit	7,307	(25)	7,332
Net profit (loss) from continued operations	5,805	(25)	5,830
including attributable to the parent company's shareholders	*5,805*	*(25)*	*5,830*
Non-controlling shares	0	0	0
Basic net result per share in PLN	0.63	0	0.63
Diluted net result per share in PLN	0.63	0	0.63
Other total net income/loss	0	0	0
Total net income	5,805	(25)	5,830

Total net income attributable to the shareholders of the parent company	*5,805*	*(25)*	*5,830*

Report on the financial situation as at 31 December 2018

ASSETS/LIABILITIES	01.01.2018-31.12.2018-after adjustment	Adjustment II	Adjustment I	01.01.2018-31.12.2018 before adjustment
FIXED ASSETS	**101,160**	**(332)**		**101,492**
Tangible fixed assets	84,471	(332)		84,803
TOTAL ASSETS	**145,460**	**(332)**		**145,792**
EQUITY	**78,498**	**(332)**		**78,830**
Retained profit/losses	(1,152)	(307)		(845)
Net profit/loss	5,805	(25)		5,830
TOTAL LIABILITIES	**145,460**	**(332)**	**0**	**145,792**

Cash flow statement for 2018

FOR THE PERIOD	01.01.2018-31.12.2018-after adjustment	Correction II	01.01.2018-31.12.2018 before adjustment
Cash flows from operating activities			
Profit before tax	**7,307**	**(25)**	**7,332**
Adjustments by items:	**6,730**	**25**	**6 705**
Depreciation and amortization	5,764	25	5 739

Statement of changes in equity 31 December 2018

Equity – after adjustment

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42 184	0	5,065	74,999
Distribution of profit/loss coverage	0	3 911	0	- 3 911	0
Other total income	0	0	0	0	0
Reversal of unrealized margin				7	7
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in 2018	0	0	5,805	0	5,805
Balance as at 31 December 2018	27,750	46 095	5,805	- 1,152	78,498

Equity – before adjustment

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42 184	0	5 371	75 305
Distribution of profit/loss coverage	0	3 911	0	- 3 911	0
Other total income	0	0	0	0	0
Reversal of unrealized margin				7	7
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in 2018	0	0	5 830	0	5 830
Balance as at 31 December 2018	27,750	46 095	5 830	- 846	78 829

Statement of comprehensive income as at 30 June 2018:

FOR THE PERIOD	01.01.2018-30.06.2018-after adjustment	Adjustment II	Adjustment I	01.01.2018-30.06.2018-before adjustment
Production costs of products and services sold	56,526	7		56,519
Costs of sale	9,195	5		9,190
General administrative costs	3 443	1		3,442
Profit (loss) from continued operations	4,536	(13)		4,549
Gross profit	4,026	(13)		4,039

Net profit (loss) from continued operations	3,182	(13)		3,195
including attributable to the parent company's shareholders	*3,182*	*(13)*		*3,195*
Non-controlling shares	0	0		0
Basic net result per share in PLN	0.34	0		0.35
Diluted net result per share in PLN	0.34	0		0.35
Other total net income/loss	0	0		0
Total net income	3,182	(13)		3,195
Total net income attributable to the shareholders of the parent company	*3,182*	*(13)*		*3,195*

Report on the financial situation as at 30 June 2018

ASSETS/LIABILITIES	01.01.2018-30.06.2018-after adjustment	Adjustment II	Adjustment I	01.01.2018-30.06.2018 before adjustment
FIXED ASSETS	**90,290**	**(320)**		**90,610**
Tangible fixed assets	73,514	(320)		73,834
TOTAL ASSETS	**134,122**	**(320)**		**134,442**
EQUITY	**75,875**	**(320)**	**(714)**	**76,909**
Retained profit/losses	(1,152)	(307)	(714)	(131)
Net profit/loss	3,182	(13)		3,195
LONG-TERM LIABILITIES	**14,056**		**(92)**	**14,148**
Provision for deferred income tax	3,702		(92)	3,794
SHORT-TERM LIABILITIES	**44,191**		**806**	**43,385**
Provision for retirement benefits and similar (short-term) liabilities	934		806	128
TOTAL LIABILITIES	**58,247**		**714**	**57,533**
TOTAL LIABILITIES	**134,122**	**(320)**	**0**	**134,422**

Statement of changes in cash flows as at 30 June 2018

FOR THE PERIOD	01.01.2018-30.06.2018-after adjustment	Correction II	01.01.2018-30.06.2018-before adjustment
Cash flows from operating activities			
Profit before tax	**4,026**	**(13)**	**4,039**
Adjustments by items:	**714**	**13**	**701**
Depreciation and amortization	2,888	13	2,875

Statement of changes in equity 30 June 2018

Equity – after adjustments

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42 184	0	5,065	74,999
Distribution of profit/loss coverage	0	3 911	0	- 3 911	0
Other total income	0	0	0	0	0
Reversal of unrealized margin				7	7
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in H1 2018	0	0	3,182	0	3,182
Balance as at 30 June 2018	27,750	46 095	3,182	- 1,152	75,875

Equity - before adjustment No. II

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42 184	0	5 371	75 305
Distribution of profit/loss coverage	0	3 911	0	- 3 911	0
Other total income	0	0	0	0	0
Reversal of unrealized margin				7	7
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in H1 2018	0	0	3,194	0	3,194
Balance as at 30 June 2018	27,750	46 095	3,194	- 845	76,194

Equity – after adjustment No. I

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42 184	0	5 371	75 305
Distribution of profit/loss coverage	0	3 911	0	- 3 911	0
Other total income	0	0	0	0	0
Reversal of unrealized margin				7	7
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in H1 2018	0	0	3,194	0	3,194
Balance as at 30 June 2018	27,750	46 095	3,194	- 845	76,194

Equity - before adjustment No. I

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	42 184	0	6,086	76 020
Distribution of profit/loss coverage	0	3 911	0	- 3 911	0
Other total income	0	0	0	0	0
Reversal of unrealized margin				7	7
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in H1 2018	0	0	3,194	0	3,194
Balance as at 30 June 2018	27,750	46 095	3,194	- 131	76,908

Share capital

As at 30 June 2019 the share capital of Makarony Polskie SA amounted to PLN 27 750 213 and was divided as follows:

	Type of share	Type of preference	Number of Shares in units	Nominal value of 1 share in PLN	Value of the series (issue) at nominal value in PLN k	Method of capital coverage	Date of registration	Right to dividend (from)
Series A	bearer shares	ordinary shares	3,013,250	3	9,040	cash contributions	05.07.2004	01.01.2004
Series B	bearer shares	ordinary shares	1,169,750	3	3,509	non-cash contributions	29.10.2004	01.01.2004
Series C	bearer shares	ordinary shares	3,000,000	3	9,000	cash contributions	18.04.2007	01.01.2007

Series D	bearer shares	ordinary shares	1,735,821	3	5,207	cash contributions	22.06.2007	01.01.2007
Series E	bearer shares	ordinary shares	331,250	3	994	cash contributions	11.02.2008	01.01.2008
Total			**9 250 071**		**27,750**			

Information on changes in estimates related to the consolidated financial statements

CHANGES DUE TO PROVISIONS

Changes in provisions in the first half of 2019,	Balance as at 01.01.2019	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	1,327	36	13	1,350
a) long-term	285	36		321
b) short-term	1 042	0	13	1029
Other provisions, including:	0	262		262
- other		262		262
Total	1,327	298	13	1 612

Changes in provisions in H1 2018	Balance as at 01.01.2018	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	1 145	53	22	1,176
a) long-term	190	52		242
b) short-term	955	1	22	934
Other provisions, including:	0	260		260
- other		260		260
Total	1 145	313	22	1,436

The Group companies pay the retiring employees amounts of severance payments in the amount specified by the Labor Code and internal regulations. In relation to this, the Company based on the assessment performed by actuary, creates a reserve for current amount of liabilities by virtue of severance payments.

Calculation of the provision has been made for people currently employed and does not apply to persons who will be accepted for future work. The right to retirement bonuses is available to every employee who has reached the retirement age. For persons who are already pensioners (who have received a severance payment), the provision is not created.

DEFERRED INCOME TAX PROVISION ASSETS AND PROVISIONS

Changes in provisions in the first half of 2019,	Balance as at 01.01.2019	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	393	172	136	429
Provision for deferred income tax	3 961	267	47	4,181
Asset/Provision after compensation				3 752

Changes in provisions in H1 2018	Balance as at 01.01.2018	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	508	136	207	437
Provision for deferred income tax	3 950	236	45	4,141
Asset/Provision after compensation				3,704

The current tax charge is calculated on the basis of the applicable tax laws. The application of these provisions varies the tax profit (loss) from net accounting profit (loss) before tax, due to the exclusion of non-taxable revenues and the costs of non-deductible expenses and costs and revenues that will not be subject to tax in the given period. The tax charges are calculated based on the tax rates applicable in a given financial year - currently 19% - provisions don not assume differentiation of tax rates for future periods

In terms of income tax, the Group is subject to general regulations in this area. The Group is not a tax Group, as well as does not operate in a special economic zone, which would differentiate the rules for determining tax charges in relation to general provisions in this respect. The tax year and the balance sheet year coincide with the calendar year. As at 1 January 2018, Makarony Polskie SA. chose a simplified form of paying monthly advances on corporate income tax. As at 30 June 2019, a deferred tax provision was created in the amount of PLN 214 k and in the corresponding period of 2018 in the amount of PLN 209 k as the difference between paid advances shown in the statement of comprehensive income and the actual tax resulting from the calculated tax base.

WRITE-DOWNS ON ASSETS

Changes in provisions in the first half of 2019,	Balance as at 01.01.2019	Creation	Use and release	Balance at the end of the period
Allowances for receivables	171	0	0	171
Write-downs of inventories	44	0	0	44
Write-downs of tangible fixed assets	1 579		47	1,532

Changes in provisions in H1 2018	Balance as at 01.01.2018	Creation	Use and release	Balance at the end of the period
Allowances for receivables	76	95		171
Write-downs of inventories		18		18
Write-downs of tangible fixed assets	1 674		47	1,627

The Group monitors its assets on an on-going basis; in the event of impairment, the Group makes a revaluation write-down of assets.

Long-term and short-term financial liabilities

LOAN LIABILITIES

	As at 30.06.2019	As at 31.12.2018
up to 1 year	20,599	16,139
Above one year	8 660	2,165
Total	29,259	18,304

LIABILITIES FROM FINANCE LEASING CONTRACTS

	Total present value of minimum fees	
	As at 30.06.2019	as at 31.12.2018
up to 1 year	1,045	795
within 1 to 5 years	1,525	1,622
Total	2,570	2,417

As at 30 June 2019, the Group companies have fixed assets used based on lease contracts. The carrying value of machinery and equipment, cars and other fixed assets used under finance lease agreements as at 30 June 2019 was PLN 3,718 k, and as at 31 December 2018 amounted to PLN 3,295 k.

LIABILITIES FROM FINANCE LEASING AGREEMENTS - IFRS-16

	Total present value of minimum fees	
	As at 30.06.2019	as at 31.12.2018
up to 1 year - lease	863	0
up to 1 year – Land perpetual usufruct right	4	0
within 1 to 5 years	2,524	0
in the period of above one year- Land perpetual usufruct right	1,195	0
Total	4,586	0

As at 1 January 2019, Makarony Polskie SA introduced disclosures to fixed assets due to the application of IFRS -16, property, plant and equipment used under lease contracts.

The carrying value of property, plant and equipment as at 30 June 2019 was PLN 4,550 k, including for renting premises the amount of PLN 3,356 k and the right of perpetual usufruct of land, the amount of PLN 1,194 k.

Dividends paid and proposed for payment

The Parent Company's Management Board recommended the Ordinary General Meeting of Shareholders to divide the net profit for the financial year 2018 in the amount of PLN 5,069,631.54 as follows:

- PLN 2 312 517.75 is proposed to be used to pay dividends, which means a dividend per share of PLN 0.25 gross.
- the remaining part of the profit in the amount of PLN 2,757,113.79 should be allocated to Makarony Polskie SA. Company's supplementary capital.

On 18 June 2019, the Ordinary General Assembly of Makarony Polskie SA adopted the Resolution No. 15 on payment of a dividend in the amount of PLN 2,312,517.75, that is PLN 0.25 gross per share.

The dividend day was set for 14 August 2019. The dividend was paid on 29 August 2019. There were 9,250,071 shares of the Company entitled to the dividend.

Remuneration of the parent company's Management Board members and Supervisory Board members

The total value of remuneration paid to members of the Management Board of Makarony Polskie SA in the first half of 2019 amounted to PLN 401 k, in the same period of 2018 it was PLN 329 k.

The remuneration of Members of the Supervisory Board of Makarony Polskie SA in the first half of 2019 amounted to PLN 75 k, in the same period of 2018 it amounted to PLN 90 k.

Members of the Management Board and Supervisory Board of Makarony Polskie SA did not receive remuneration in subsidiaries. The President of the Management Board of Makarony Polskie SA receives remuneration for performing the function of the President of the Management Board in MP Trade Sp. z o.o. in the first half of 2019 it was PLN 60 k, in the same period of 2018 it was PLN 48 k.

The Company did not grant loans to members of the Management Board and Supervisory Board of Makarony Polskie SA.

Settlements between related and subsidiary entities

In the first half of 2019,, Makarony Polskie Group companies did not conclude material transactions with each other under the terms other than market terms.

Within Makarony Polskie Group, individual companies conclude with each other transactions of purchase and sale of products, goods and services, There are agreements between the companies specifying the terms of cooperation, adapted to the Group's organizational structure. All transactions are performed under the market terms and conditions.

Affiliate	Sale to related entities - comprehensive income		Purchases from affiliates	
	For the period	For the period	For the period	For the period
	From 01.01 to 30.06.2019	From 01.01 to 30.06.2018	From 01.01 to 30.06.2019	From 01.01 to 30.06.2018
Parent Company - Makarony Polskie S.A.	172	390	11,857	11,320
from/to Stoczek Sp. z o.o.	146	366	11,175	10,444
from/to MP Trade Sp. z o.o.	26	24	682	876

Affiliate	Receivables from related entities		Liabilities towards affiliates	
	Per day 30.06.2019	Per day 30.06.2018	As at 30.06.2019	As at 30.06.2018
Parent Company - Makarony Polskie S.A.	2,820	197	288	1,898
- from/to Stoczek Sp. z o.o.	2,814	194	26	1,792
from/to MP Trade Sp. z o.o.	6	3	262	106

Settlements between subsidiaries

Subsidiaries	Sales between subsidiaries - total revenues		Purchases between subsidiaries	
	For the period	For the period	For the period	For the period
	From 01.01 to 30.06.2019	From 01.01 to 30.06.2018	From 01.01 to 30.06.2019	From 01.01 to 30.06.2018
Total subsidiary	2	52	52	52
- from/to Stoczek Sp. z o.o.	2	5	0	47
- from/to MP Trade Sp. z .o .o.	0	47	2	5

Subsidiaries	Mutual receivables between subsidiaries		Mutual liabilities between subsidiaries	
	Per day 30.06.2019	Per day 30.06.2018	As at 30.06.2019	As at 30.06.2018

Total subsidiary	2	57	2	57
- from/to Stoczek Sp. o.o.	2	1	0	56
from/to MP Trade Sp. z o.o.	0	56	2	1

Information on planned share issues

In Q1 2019 and until the date of publication of these statements, the Company did not issue any shares.

Authorization for the Management Board to purchase own shares of Makarony Polskie SA

On 18 June 2019, the General Meeting of Shareholders of the Company, in response to a request submitted by one of the shareholders, by the resolution No. 16, decided to authorize the Company's Management Board to purchase ordinary bearer shares of Makarony Polskie SA, with a nominal value of PLN 3.00 each, listed on the main market of the Warsaw Stock Exchange, i.e. the market of official stock exchanges.

Pursuant to the decision of the General Meeting of Shareholders, the Company is entitled to purchase its own shares, fully paid-up, with the maximum number of own shares that the Company may buy is 1,850,014 shares, with the proviso that the total nominal value of the shares purchased, along with the nominal value of other shares which have not been sold by the Company may not exceed 20% of the share capital of the Company. The shares shall be acquired in particular for the purpose of: redemption, resale or exchange.

The authorization granted covers a period of 5 years from the date of adopting the General Meeting of Shareholders Resolution, but not longer than until the reserve capital created to purchase own shares has been used.

The price of payment for one share will be from PLN 6.00 to PLN 8.52, and the total maximum amount of payment for the shares will be no more than the amount of reserve capital created for this purpose,

The date of commencement and completion of the acquisition of own shares, as well as the terms and conditions for the acquisition of own shares not specified in the General Meeting of Shareholders Resolution, the Management Board will publish, in accordance with Article 56 of the Act of 29 July 2005 on public offering (...) and in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (...),

As part of the authorization granted, the Management Board may acquire own shares only as a result of announcement of an invitation to submit share offers, which invitation will be implemented through an entity conducting brokerage activity, while the minimum number of shares in each invitation may not be lower than 300,000 units.

The General Meeting authorized the Management Board to take all factual and legal actions necessary to purchase its own shares in accordance with the adopted Resolution and to determine the other terms and conditions for the acquisition of own shares, to an extent not regulated by the Resolution.

For the purposes of the Company's acquisition of own shares, a reserve capital of PLN 12.0 m was created based on and within the scope of the authorization granted to the Management Board. The reserve capital was created by transferring PLN 12.0 m from the Company's supplementary capital.

Agreements and events material for the Group's operations

Contract for co-financing the project entitled "Establishment of the Research and Development Center of the Pasta Industry at Makarony Polskie SA"

Since April 2017, the Company has been implementing a Contract for co-financing a project entitled "Establishment of the Research and Development Center of the Pasta Industry at Makarony Polskie SA". The contract is concluded with the Ministry of Development and Finance (MIiR), and the project received a subsidy under measure 2.1 Support for investment in R&D infrastructure of enterprises, the Intelligent Development Operational Program 2014-2020.

The subject of the concluded grant agreement is the establishment of the Research and Development Center of the Pasta Industry at Makarony Polskie SA. The B&R Center will conduct work on innovative products with pro-health features that will ultimately enrich the Company's product offer as well as issues relevant to the entire pasta industry.

The Company performs the purchase of fixed assets and construction works, as part of the project. For the needs of the B&R Center, the purchase will include a modern production test line, whose parameters will reflect the conditions prevailing during the industrial production process (that line will be an asset of material value),

The total cost of the project is approx. PLN 18.6 m. The total maximum amount of expenditure eligible for support is approximately PLN 15.2 m. Co-financing amounts to approx. PLN 9.1 m.

In March 2019, the Company concluded an annex with MIiR, under which the project completion date was updated as at March 31, 2020 (earlier, the date was set for June 30, 2019). The Company's request to change the date of completion of the project implementation was dictated by changes made to the construction documentation and to the scope of construction works. Postponing the project completion date will allow the Company to fully meet its obligations and to complete the project as intended.

Terms and conditions of the Agreement do not differ from those commonly used for this type of agreements. The performance bond is a blank promissory note inserted by the Company along with a promissory note declaration.

Contract for co-financing the project entitled "Implementation of the results of research and development in the field of functional food in the Makarony Polskie SA Company."

In the period from March 2017 to April 2019, the Company has been implementing a Contract for co-financing the project entitled "Implementation of the results of research and development in the field of functional food in the Makarony Polskie SA Company." The contract was concluded with the Podkarpackie Region Board and the project received a subsidy under measure 1.4 SME support, Regional Operational Program of the Podkarpackie Region 2014-2020.

The subject of the concluded grant agreement was implementation of research and development results performed in cooperation with the scientific unit, based on the development of innovative recipes of products using raw materials that are not standard in the pasta industry. The main objective of the project is the expansion of Makarony Polskie SA on the functional food market,

As part of the project, the Company has completed the expansion of the machine park with modern machinery and production equipment, enabling the organization of individual production conditions necessary for the production of pasta with an innovative composition, including a modern pasta production line was purchased.

The total cost of the project was approx. PLN 12.3 m, and the amount of funding was approx. PLN 5.5 m.

Annexes to the investment loan agreement concluded with Santander Bank Polska SA

In January 2019, Makarony Polskie SA concluded with Santander Bank Polska SA (formerly: Bank Zachodni WBK SA), annex to the EU investment loan agreement worth PLN 8.0.0 m. The loan is intended to finance investments related to the project entitled "Implementation of the results of research and development in the field of functional food in the Makarony Polskie SA Company."

The subject of the annex included extension of the credit limit activation period to 31 March 2019 (the hitherto start-up period was until 31 December 2018) and change of the repayment schedule.

The loan will be repaid in 34 monthly installments starting from 30 April 2019, in the following amounts: 33 installments in the amount of PLN 0.1 m each and last installment 34 in the

amount of PLN 4.54 m (originally the schedule assumed repayment of the loan in 37 monthly installments payable from 31 July 2019, including: 36 installments in the amount of PLN 0.1 m each and the last 37th equalizing installment, in the amount of PLN 4.23 m).

In connection with the impact of EU funding for the project "Implementation of the results of research and development in the field of functional food in the Makarony Polskie SA Company", the loan repayment schedule shall change.

Annex to the loan contract concluded with Bank Gospodarstwa Krajowego

* In June 2018, the Company concluded with Bank Gospodarstwa Krajowego annex to the overdraft agreement with a credit limit of PLN 6.0 m.

The annex extends the repayment date of the liability from 30 June 2019 to 30 June 2020. Other material terms of the loan agreement have not changed.

In connection with the conclusion of the above-mentioned annex, the term of surety granted to Makarony Polskie SA by the subsidiary Stoczek Natura Sp. z o.o. for the overdraft agreement is valid until 30 December 2020 (previously due on 30 December 2019). The detailed conditions of the surety granted do not differ from the market standards applicable in this respect. The remuneration of Stoczek Natura Sp. z o.o. is a commission for granting the surety.

Annexes to loan contracts concluded with Bank Zachodni WBK SA

In June 2019, Makarony Polskie SA concluded with Bank Zachodni WBK SA annexes to contracts that jointly meet the criteria of a material contract. The highest-value contract was the annexed EU investment loan contract with a value of PLN 12.1 m.

The subject of the amendment was, inter alia, extension of the credit limit disbursement period and change of the installments repayment schedule. The loan will be repaid in 26 monthly installments starting from 31 January 2020, in the following amounts: 25 installments in the amount of PLN 0.14 m each and the last equalizing installment, in the amount of PLN 8.51 m. The hitherto schedule assumed repayment of the loan in 32 monthly installments payable from from 31 July 2019, in the following amounts: 31 installments in the amount of PLN 0.14 m each and the last 32nd equalizing installment, in the amount of PLN 7.65 m.

In the case of repayment of the loan from the funding received, the repayment schedule will change due to the balloon installment change. Installments of the repaid loan will be changed in such a relation to the installments specified in the original schedule, as the amount of the loan used to the loan amount.

Other material terms of the loan agreement have not changed.

Loan contracts concluded by Stoczek Natura Sp. z o.o. with Bank Gospodarstwa Krajowego

After the balance sheet date, in July 2019, the subsidiary Stoczek Natura Sp. z o.o. has concluded loan agreements with Bank Gospodarstwa Krajowego meeting the criteria of a material agreement with a total value of PLN 7.3 m.

The highest-value agreement was an investment loan agreement with a value of PLN 4.8 m with a final repayment date of 8 May 2025. The loan is intended to finance investments related to the project of implementation of innovative solutions through the modernization of the line for the production of ready meals in jars and cans and introducing new, innovative products on trays to the company's offer. As part of the project Stoczek Natura Sp. z o.o. plans to purchase fixed assets and conduct modernization of production halls.

The provisions of the loan agreement do not differ from the terms and conditions commonly used by the Bank for this type of agreements. The loan will be repaid in 54 monthly installments starting from 8 November 2020, in the following amounts: 53 installments in the amount of PLN 0.09 m each and the last 54th equalizing installment, in the amount of PLN 0.04 m. The loan interest rate was determined based on 3M WIBOR and does not differ from the standards applied in this respect by the Bank.

The investment loan is secured by:

- blank promissory note with a promissory note declaration
- contractual mortgage up to the amount of PLN 12.1 m (the amount results from the investment loan and from previously concluded: Working capital loan agreements in a revolving credit line and guarantee agreements) established on the real estate located in Stoczek Łukowski at ul. Dwernickiego 5, for which Land and Mortgage Register No. KW LU1U/00022979/2 is kept,
- transfer of receivables under the insurance contract for the above-mentioned real estate,
- registered pledge on machines and devices purchased from credit funds,
- transfer of receivables under the pledged item insurance contract,
- surety under the civil law of Makarony Polskie SA,
- authorization to the account kept in BGK bank,
- borrower's declaration of submission to enforcement by means of a notarial deed pursuant to Article 777 § 1 point 5 of the Code of Civil Procedure

Surety of Makarony Polskie SA for Stoczek Natura Sp. z o.o.

After the balance sheet date, in July 2019, Makarony Polskie SA provided guarantees for the repayment of credit obligations taken by the subsidiary Stoczek Natura Sp. z o.o. at Bank Gospodarstwa Krajowego.

Those guarantees secure the claims of Bank Gospodarstwa Krajowego against Stoczek Natura Sp. z o.o. resulting from:

- investment loan agreements with a value of PLN 4.8122 m. The loan is intended for the modernization of the production plant in Stoczek Łukowski. The suety period is 76 months and expires in November 2025.
- revolving working capital loan agreement with a limit of up to PLN 2.5 m. The loan is intended for bridge financing for EU refinancing. The surety period is 21 months and expires in April 2021.

Each of the sureties shall be valid up to the amount of the loan, including interest, commissions and any additional costs.

Information on credit and factoring agreements concluded and terminated

LONG - AND SHORT-TERM LOANS AND BORROWINGS

	30.06.2019	31.12.2018
- long-term part	8 660	10,541
- short-term part	20,599	14 170
Total	**29,259**	**24 711**

During H1 2019, Makarony Polskie SA and Stoczek Natura Sp. z o.o. were parties to loan and factoring agreements.

The status of loan and factoring agreements in effect as at 30 June 2019, for which Makarony Polskie SA was a party to the agreements, is presented in the tables below:

- Overdraft in Santander Bank Polska SA

Loan terms and conditions	
Loan contractual value	PLN 5 000 k
Loan period	18.10.2013 - 31.05.2020
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank

Loan balance	PLN 3,528 k
Repayment schedule	once on the liability maturity date
Loan collateral	– joint mortgage up to PLN 33,000 k on the following real estates: a) in KW No. RZ1Z/00076860/5 located in Rzeszow with the assignment of rights from the property insurance policy, a) in KW No. PL1P/00094893/6 located in Płock with the assignment of rights from the property insurance policy; – blank promissory note issued by the Borrower together with a promissory note declaration, – registered pledge on inventories with a value not lower than PLN 5,000 k with the assignment of rights under the registered pledge insurance policy, – surety of Stoczek Natura Sp. z o.o. company, – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

* In the second quarter of 2019, Makarony Polskie SA concluded with Santander Bank Polska SA an annex to the overdraft. Pursuant to the annex, the repayment date has been extended until 31 May 2020.

– Investment loan at Santander Bank Polska SA

Loan terms and conditions	
Loan contractual value	PLN 13,849 k
Loan period	18.10.2013 – 30.04.2020
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 6,244 k
Repayment schedule	52 monthly installments starting from 31 December 2015 in the following amounts: 52 installments in the amount of PLN 0.17 m each and the last 53rd equalizing installment
Loan collateral	– joint mortgage up to PLN 33,000 k on the following real estates: a) in KW No. RZ1Z/00076860/5 located in Rzeszow with the assignment of rights from the property insurance policy, a) in KW No. PL1P/00094893/6 located in Płock with the assignment of rights from the property insurance policy; – registered pledge on fixed assets (production lines in the plant in Rzeszow), – transfer of receivables under the pledged item insurance contract, – blank promissory note issued by the Borrower together with a promissory note declaration, – civil law surety of Stoczek Natura Sp. z o.o., – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

– EU investment loan at Santander Bank Polska SA

Loan terms and conditions	
Loan contractual value	PLN 12,121 k
Loan period	07.02.2017 - 28.02.2022

Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 3,900 k
Repayment schedule	The loan will be repaid in 26 monthly installments starting from 31 January 2020, in the following amounts: 25 installments in the amount of PLN 0.14 m each and the last equalizing installment, in the amount of PLN 8.51 m. In the case of repayment of the loan from the funding received, the repayment schedule will change due to the balloon installment change. Installments of the repaid loan will be changed in such a relation to the installments specified in the original schedule, as the amount of the loan used to the loan amount.
Loan collateral	– joint mortgage up to PLN 18,200 k on the following real estates: a) in KW No. RZ1Z/00076860/5 located in Rzeszow with the assignment of rights from the property insurance policy, a) in KW No. PL1P/00094893/6 located in Płock with the assignment of rights from the property insurance policy; – registered pledge on a semi-industrial line for tests with accessories, – transfer of receivables under the pledged item insurance contract, – blank promissory note issued by the Borrower together with a promissory note declaration, – civil law surety of Stoczek Natura Sp. z o.o., – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

In June 2019, Makarony Polskie SA concluded an amendment to the investment loan agreement with Santander Bank Polska SA. The subject of the amendment is, inter alia, extension of the credit limit disbursement period until 31 December 2019 and change of the installments repayment schedule.

– EU investment loan at Santander Bank Polska SA

Loan terms and conditions	
Loan contractual value	PLN 8,000 k
Loan period	15.09.2017 - 31.01.2022
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 6,295 k
Repayment schedule	The loan will be repaid in 34 monthly installments starting from 30 April 2019, in the following amounts: 33 installments in the amount of PLN 0.1 m each and the last 34th equalizing installment, in the amount of PLN 4.54 m. In the case of repayment of the loan from the funding received, the repayment schedule will change due to the balloon installment change. Installments of the repaid loan will be changed in such a relation to the installments specified in the original schedule, as the amount of the loan used to the loan amount.
Loan collateral	– joint mortgage up to PLN 12,000 k on the following real estates: a) in KW No. RZ1Z/00076860/5 located in Rzeszow with the assignment of rights from the property insurance policy,

	a) in KW No. PL1P/00094893/6 located in Płock with the assignment of rights from the property insurance policy; – registered pledge on the acquired line under the grant project, – transfer of receivables under the pledged item insurance contract, – blank promissory note issued by the Borrower together with a promissory note declaration, – civil surety of Stoczek Natura sp. z o.o., – assignment from the Grant Agreement – declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed.

In January 2019, Makarony Polskie SA concluded an amendment to the investment loan agreement with Santander Bank Polska SA. The subject of the amendment is, inter alia, extension of the credit limit disbursement period (extension of the period until 30 April 2019) and change of the installments repayment schedule.

– Overdraft in Bank Gospodarstwa Krajowego

Loan terms and conditions	
Loan contractual value	PLN 6 000 k
Loan period	14.06.2013 - 30.06.2020
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 5,569 k
Repayment schedule	once on the liability maturity date
Loan collateral	– joint mortgage up to PLN 16,500 k on the following real estates: a) in the Land and Mortgage Register no. CZ1C/00111425/8, located in Częstochowa along with the assignment of rights from the property insurance policy, a) in KW No. LU1U/00022979/2 located in Stoczek Łukowski with the assignment of rights from the property insurance policy; – blank promissory note issued by the Borrower together with a promissory note declaration, – authorization to a current account kept at BGK bank, – surety of Stoczek Natura Sp. z o.o., – declaration of Borrower and Guarantor on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed (up to PLN 12 m).

* Makarony Polskie SA concluded with Bank Gospodarstwa Krajowego annex to the overdraft agreement. The annex to the overdraft agreement extends the repayment date of the liability from 30 June 2019 to 30 June 2020.

– Nonrevolving overdraft in Bank Gospodarstwa Krajowego

Loan terms and conditions	
Loan contractual value	PLN 5 000 k

Loan period	30.06.2015 – 29.06.2020
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 1,000 k
Repayment schedule	20 equal, quarterly capital installments of PLN 0.25 m from 30 September 2015 to 29 June 2020.
Loan collateral	– joint mortgage up to PLN 16,500 k on the following real estates: a) in the Land and Mortgage Register no. CZ1C/00111425/8, located in Częstochowa along with the assignment of rights from the property insurance policy, a) in KW No. LU1U/00022979/2 located in Stoczek Łukowski with the assignment of rights from the property insurance policy; – blank promissory note issued by the Borrower together with a promissory note declaration, – authorization to a current account kept at BGK bank, – surety of Stoczek Natura Sp. z o.o., – transfer of receivables under the pledged item insurance contract, – declaration of Borrower and Guarantor on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed (up to PLN 4 m).

– Factoring agreement (full) in Santander Factoring Sp. z o.o.

Terms of the agreement	
Contractual value	PLN 4,500 k
Duration	Agreement concluded for an indefinite period
Interest rate	WIBOR 1M + the bank's margin that does not differ from the standards applied by the bank
Factoring balance	PLN 4,146 k
Contract collateral	– irrevocable power of attorney to the account, – blank promissory note with a promissory note declaration

– Revolving loan at Santander Bank Polska SA

In Q2 2019, Makarony Polskie SA concluded with Santander Bank Polska SA an annex to the revolving loan contract. The subject-matter of the concluded annex was the termination of the loan contract.

As at 30 June 2019, Stoczek Natura Sp. z o.o. was a party to one loan agreement and its status is presented in the table below:

– Overdraft in Bank Gospodarstwa Krajowego

Loan terms and conditions	
Loan contractual value	PLN 3 000 k
Loan period	16.11.2017 – 16.11.2019
Interest rate	WIBOR 3M + the bank's margin that does not differ from the standards applied by the bank
Loan balance	PLN 2,708 k

Repayment schedule	once on the liability maturity date
Loan collateral	– contractual mortgage up to PLN 4,500 k on real estate marked in KW No. LU1U/00022979/2 located in Stoczek Łukowski together with the assignment of rights from the property insurance policy, – authorization to a current account kept at BGK bank, – surety of Makarony Polskie SA, – registered pledge on the set of machines and devices (located in the plant in Stoczek Łukowski), – declaration of Borrower and Guarantor on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed (up to PLN 6 m).

After the balance sheet date, Stoczek Natura Sp. z o.o. concluded with Bank Gospodarstwa Krajowego loan agreements with a total value of PLN 7.3 m. The loans are intended to finance the investment related to the implementation of innovative solutions by modernizing the production line for ready meals in jars and cans and introducing new, innovative products on trays to the company's offer. As part of the project Stoczek Natura Sp. z o.o. plans to purchase fixed assets and conduct modernization of production halls.

INFORMATION ON LOANS GRANTED

As at 30 June 2019, Makarony Polskie SA granted to its subsidiary Stoczek Natura Sp. z o.o. a short-term loan in the amount of PLN 2.00 m with the repayment date falling on December 31, 2019 (one-off repayment to maturity date). The interest rate on the loan was determined based on market conditions.

In the first half of 2018, Stoczek Natura Sp. z o.o. and MP Trade Sp. z o.o. did not grant any borrowings.

Sureties and guarantees

INFORMATION ON GRANTED AND RECEIVED GUARANTIES

In the first half of 2019,, the Group companies did not grant any guarantees, and Makarony Polskie SA and Stoczek Natura Sp. z o.o. used the granted guarantees.

The list of guarantees in force at Makarony Polskie SA as at 30 June 2019 is illustrated in the table below:

Guarantor	Guarantee amount in PLN k	Validity of the guarantee	Subject of the guarantee	Collateral
Santander Bank Polska SA	1,011	to 28.12.2021	guarantee securing the Company's obligations under the agreement for sales and storing pasta,	joint mortgage up to PLN 1,517 on the following real estates: a) in KW No. RZ1Z/00076860/5 located in Rzeszow with the assignment of rights from the property insurance policy,

			under the contract concluded with Agencja Rezerw Materiałowych	a) in KW No. PL1P/00094893/6 located in Płock with the assignment of rights from the property insurance policy; - blank promissory note with a promissory note declaration
Santander Bank Polska SA	249	to 22.01.2021	guarantee securing the Company's obligations under the agreement for storing pasta, under the contract concluded with Agencja Rezerw Materiałowych	joint mortgage up to PLN 373 k on the following real estates: a) in KW No. RZ1Z/00076860/5 located in Rzeszow with the assignment of rights from the property insurance policy, a) in KW No. PL1P/00094893/6 located in Płock with the assignment of rights from the property insurance policy; - blank promissory note with a promissory note declaration

Statement of guarantees applicable in Stoczek Natura Sp. z o.o. as at 30 June2019 is shown in the table below:

Guarantor	Guarantee amount in PLN k	Validity of the guarantee	Subject of the guarantee	Collateral
Bank Gospodarstwa Krajowego	504	until 13.12.2021	guarantee securing the Company's obligations under the agreement for storing ready-made meals, under the contract concluded with Agencja Rezerw Materiałowych	- contractual mortgage up to PLN 756 k on real estate marked in KW No. LU1U/00022979/2 located in Stoczek Łukowski together with the assignment of rights from the property insurance policy, blank promissory note issued by the Customer together with a promissory note declaration, - authorization to a current account kept at BGK bank, - surety of Makarony Polskie SA
Bank Gospodarstwa Krajowego	1,549	until 15.12.2021	guarantee securing the Company's obligations under the agreement for storing ready-made meals, under the contract concluded with Agencja Rezerw Materiałowych	- contractual mortgage up to PLN 2,323 k on real estate marked in KW No. LU1U/00022979/2 located in Stoczek Łukowski together with the assignment of rights from the property insurance policy, blank promissory note issued by the Customer together with a promissory note declaration, - authorization to a current account kept at BGK bank, - surety of Makarony Polskie SA
Bank Gospodarstwa Krajowego	24	Until 25.03.2022	guarantee securing the Company's obligations under the agreement for storing preserves, under the contract concluded with Agencja Rezerw Materiałowych	blank promissory note issued by the Customer together with a promissory note declaration, - authorization to a current account kept at BGK bank,
Bank Gospodarstwa Krajowego	725	Until 31.08.2023	guarantee securing the Company's obligations under the agreement for storing preserves, under the contract concluded with Agencja Rezerw Materiałowych	- contractual mortgage up to PLN 1,088 k on real estate marked in KW No. LU1U/00022979/2 located in Stoczek Łukowski together with the assignment of rights from the property insurance policy, blank promissory note issued by the Customer together with a promissory note declaration, - authorization to a current account kept at BGK bank,

				- surety of Makarony Polskie SA; declaration on submission to enforcement made pursuant to Article 777 of the Code of Civil Procedure, in the form of a notarial deed (up to PLN 1.5 m).

INFORMATION ON GRANTED AND RECEIVED SURETIES

As at 30 June 2019 Makarony Polskie SA granted sureties to its subsidiary Stoczek Natura Sp. z o.o.:

External liabilities	Creditor name	Amount of surety in PLN k	Expiration date	Balance of the secured liabilities in PLN k as at 30.06.2019
Surety of overdraft facility in the amount of PLN 3.0 m	Bank BGK	3,000	16.05.2020	2,708
Bank guarantee in the amount of PLN 0.5 m	Bank BGK	504	13.06.2022	-
Bank guarantee in the amount of PLN 1.5 m	Bank BGK	1,549	15.06.2022	-
Bank guarantee in the amount of PLN 0.7 m	Bank BGK	725	29.02.2024	-

During the first half of the year, Makarony Polskie SA guaranteed loans to the Polish Chamber of Pasta for a total amount of PLN 2.85 m. The loans were intended to finance a 3-year information and promotion campaign "Makarony Europy", supported by the European Union and the Agricultural Market Agency. Due to the settlement and closing of loan agreements, the sureties expired.

Makarony Polskie SA received remuneration for sureties granted.

As at 30 June 2019 Stoczek Natura Sp. o.o. granted sureties to the parent Company Makarony Polskie SA, and their status as at that day is presented below:

External liabilities	Creditor name	Amount of surety in PLN k	Expiration date	Balance of the secured liabilities in PLN k as at 30.06.2019
Surety of overdraft facility in the amount of PLN 5.0 m	Santander Bank Polska SA	7,500	30.04.2023	3,528
Investment loan surety in the amount of PLN 13.8 m	Santander Bank Polska SA	30,000	30.09.2021	6,244
Non-renewable revolving overdraft of PLN 5.0 m *	Bank BGK	5 000	29.12.2020	1 000

Surety of overdraft facility in the amount of PLN 6.0 m*	Bank BGK	6,000	30.12.2020	5,569
Surety of the EU investment loan in the amount of PLN 8.0 m	Santander Bank Polska SA	8,000	applies until the subsidy is settled	6,295
Surety of the EU investment loan in the amount of PLN 12.1 m	Santander Bank Polska SA	12,121	applies until the subsidy is settled	3,900

* Stoczek Natura Sp. z o.o. concluded with Bank BGK an annex to the surety agreement for loan taken by Makarony Polskie SA. Pursuant to the annex, the validity of the liability has been extended: the surety for an overdraft agreement is valid until 30 December 2020 (the current deadline is 30 December 2019).

Stoczek Natura Sp. z o.o. received remuneration for the surety for the parent company Makarony Polskie SA.

In H1 2018, MP Trade Sp. z o.o. did not grant any sureties.

Off-balance items

Change in contingent liabilities or contingent assets that has occurred since the end of the last financial year:

Off-balance sheet items (in PLN k)	30 June 2019	31 December 2018
1. Contingent assets	4,062	3 962
- received guarantees and sureties	4,062	3 337
- collaterals on assets	0	0
- bills of exchange	0	625
2. Contingent liabilities	175,446	174,662
- for provided guarantees and warranties	0	5 025
- collaterals on property	114,905	116 517
- promissory note obligations	60,541	53 120
Total off-balance sheet items	-171,384	-170,700

The values of guarantees received, collaterals, promissory notes, mortgages and other off-balance sheet liabilities in the table above have been presented at maximum values. The statement does not include sureties between entities within the Group due to the lack of inflows on the balance of off-balance sheet items.

Material proceedings pending before a court or an authority competent for arbitration or a public administration authority

In the reporting period presented, proceedings regarding liabilities and receivables of Makarony Polskie SA or a subisdiary whose total value would account for at least 10% of equity of Makarony Polskie SA were not brought before any court, arbitration tribunal or public administration authority.

Material events after the balance sheet date

Loan contracts concluded by Stoczek Natura Sp. z o.o. with Bank Gospodarstwa Krajowego

After the balance sheet date, in July 2019, the subsidiary Stoczek Natura Sp. z o.o. has concluded loan agreements with Bank Gospodarstwa Krajowego meeting the criteria of a material agreement with a total value of PLN 7.3 m.

Surety of Makarony Polskie SA for Stoczek Natura Sp. z o.o.

After the balance sheet date, in July 2019, Makarony Polskie SA provided guarantees for the repayment of credit obligations taken by the subsidiary Stoczek Natura Sp. z o.o. at Bank Gospodarstwa Krajowego.

Detailed description note - Material contracts and events for the Group's operations.

Other material events and transactions

In the first half of 2019,, there were no material events or transactions other than those described above that required disclosure in these financial statements of the Group.

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Grażyna Kozielec
Chief Accountant

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Zenon Daniłowski
President of the Management Board

Warsaw, 19 September 2019

CONDENSED SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01/01/2019 TO 30/06/2019.

Makarony Polskie SA

Legal basis for preparation of the consolidated financial statements

Declaration of compliance and the basis for preparing the statements

The condensed financial statements of Makarony Polskie SA have been prepared on the basis of International Accounting Standards as adopted by the European Union (EU) and related interpretations announced in the form of implementing regulations of the European Commission (hereinafter referred to as "IFRS"), applicable to interim financial reporting as approved by the European Union (IAS 34 "Interim financial reporting") in accordance with Article 45 paragraph 1a of the Accounting Act (Journal of Laws of 2019, item 351, as amended) and implementing provisions issued based on it, and in accordance with the requirements set out, in the Regulation of the Minister of Finance dated 29 March 2018 on the current and periodic information disclosed by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757),published and in force at the time of preparation of these condensed, consolidated financial statements. These financial statements do not include all information and disclosures required in annual financial statements and should be read jointly with the financial statements of the Company for the year ended 31 December 2018.

Basis for valuation

The presented condensed financial statements have been prepared in accordance with the historical cost principle, with the exception of fair value measurement of some assets, i.e. assets acquired as part of the purchase transaction, Abak Sp. z o.o. and investment land.

Functional and presentation currency

The measurement currency included in these financial statements and the reporting currency of these financial statements is the Polish zloty.

Unless indicated otherwise, the financial data is denominated in PLN k.

Legal basis for preparation of the consolidated financial statements

Accounting principles applied and the basis for preparing the statements

The accounting principles used to prepare the interim condensed financial statements are consistent with those applied to the preparation of the annual financial statements for the year ended 31 December 2018 (published on 25 April 2019). The financial year of the Company is a calendar year.

Makarony Polskie SA prepares financial statements according to IAS/IFRS.

The Company's duration is not limited.

Publication and approval of the financial statements

These financial statements have been audited by an audit firm, have been approved by the Management Board of the mother company for publication on 19 September 2019.

Explanations regarding seasonality or cyclicality in relation to the Company's interim operations

The Company's operations do not show significant seasonal or cyclical trends.

Changes to the rules for preparing financial statements

In the first half of 2019,, there were no changes in the valuation principles used in preparing the financial statements.

Principles used

For the preparation of these condensed interim financial statements, accounting principles have been applied to the same extent as the principles applied in the preparation of the annual financial statements for 2018, (- note Statement of compliance with regulations), except for IFRS -16 Leasing.

In January 2016, the International Accounting Standards Board issued International Financial Reporting Standard 16 Leasing ("IFRS 16"), which replaced IAS 17 Leasing, IFRIC 4 Determining whether the contract includes leasing, SKI 15 Operating leasing - special promotional offers and SKI 27 Assessment pg transactions using the form of leasing. IFRS 16

sets out the accounting principles for leasing in terms of valuation, presentation and information disclosure.

IFRS 16 introduces a single model of the lessee's accounting and requires the lessee to recognize assets and liabilities resulting from each lease with a period exceeding 12 months, unless the underlying asset is of low value. On the date of the commencement, the lessee recognizes an asset component due to the right of use of the underlying asset and a lease liability that reflects its obligation to make lease payments.

Makarony Polskie SA is a lessee in the case of lease agreements for office and warehouse space and land perpetual usufruct right.

IFRS 16 is effective for annual periods beginning on 1 January 2019 and later. The Company did not decide to apply IFRS 16 earlier.

The Company has implemented IFRS 16 using a modified retrospective method.

Assumptions for the valuation

- valuation method: discounted future cash flows,
- marginal loan rate 3.8% per annum,
- valuation period:
  - for contracts with a specific period of validity and perpetual usufruct right up to the date of validity of the contract or law,
  - for indefinite contracts - a period of 5 years.

The effect of implementing IFRS 16 in the Company is as follows:

- Report on the financial situation:
  - right to use the components, fixed assets as at 01.01.2019: PLN 5,007.9 k
  - leasing liabilities - other financial liabilities as at 01.01.2019: PLN 5,007.9 k
- Statement of comprehensive income as at 31 June 2019:
  - increase in depreciation: PLN 458.3 k,
  - increase of interest costs: PLN 114.5 k,

Using the modified retrospective approach, the Company used the following practical simplifications:

- One discount rate was applied to leasing portfolios with sufficiently similar features.
- Lease contracts where the remaining lease period is 12 months or less from the date of application, were accounted for as short-term lease (i.e. not included in the balance sheet), despite the fact that the initial lease period from the start date could be longer than 12 months.

- Initial direct costs were not included in the valuation of assets due to the right of use as at the date of first application
- For the purpose of measuring the asset due to the right of use, knowledge acquired after the fact was used. As a result, it was valued based on prevailing estimates as at the date of first application, instead of retrospectively using estimates or judgments (such as the lease period) based on the circumstances prevailing on or after the lease commencement date.

Other new standards and interpretations that entered into force in 2019 did not have a material impact on the accounting policies applied by the Company.

Uncertainty of estimates

The basic assumptions related to the future and other key sources of uncertainties present at the balance sheet date to which the risk of balance sheet assets and liabilities is related in the following fiscal year are presented below

- depreciation rates,
- impairment of assets (including receivables),
- provisions value,
- deferred tax assets (companies recognize assets for deferred tax based on the assumption that a tax profit shall be obtained in the future allowing its utilization; deterioration of the obtained tax results in the future could cause that such assumption would be unjustified),

- valuation of assets with an indefinite useful life.

- marginal loan rate and rental period assumed for contracts with an indefinite period of time in connection with the implementation of IFRS 16.

As at the date of these statements, there are no indications of impairment of goodwill of Abak brand: The relevant tests, in accordance with the applicable rules, were made as at the end of 31 December 2018.

Assumptions about the future and adopted estimates are consistent with the assumptions and estimates adopted by the Company in the financial statements for 2018.

Going Concern

The financial statements of the Makarony Polskie SA have been prepared on the assumption that the business will be continued in the foreseeable future and not significantly reduced. The Company did not conduct operations which were discontinued in the first half of 2019,.

Events affecting assets, liabilities, equity, net result or cash flow statement that are unusual due to their nature, size or frequency

In the first half of 2019,, no such unusual events occurred.

Position of the Management Board regarding the publication of the Company's results forecasts

The Makarony Polskie did not publish financial forecasts for 2019.

Factors and risks having a material impact on the financial results in the H1 2019 and in subsequent periods

The current financial situation of the Company, its production potential and market position create opportunities for further development, however, there are many factors, especially those of an external nature, which affect an may directly or indirectly affect the financial results achieved in subsequent years. These factors have been described in the condensed consolidated financial statements of Makarony Polskie Group.

Selected financial data Makarony Polskie SA

The selected financial data in EURO was presented in accordance with the Regulation of the Minister of Finance dated 29 March 2018 on the current and periodic information disclosed by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757).

- -items of the statement of financial position have been converted at the average exchange rate announced by the National Bank of Poland as at the balance sheet date (30 June 2019, EUR 1 = PLN 4.252; 31 December 2018: EUR 1 = PLN 4.30
- items of the statement of comprehensive income and statement of cash flows have been converted at the exchange rate being the arithmetic average of the average rates set by the National Bank of Poland effective on the last day of each month, of H1 2018 = PLN 4.2880 and at the end of each month of Q1 2018 = PLN 4.2395

Selected financial data	30 June 2019 (in PLN k)	June 30, 2018 (in PLN k)	30 June 2019 (in EUR k)	June 30, 2018 (in EUR k)
Revenues from sale of products, services, goods and materials	72,804	64,196	16 979	15,142
Profit (loss) from continued operations	4,216	3,817	983	900
Gross profit (loss)	3,672	3,446	856	813
Net profit (loss) from continued operations	2,932	2,759	684	651
EBIT	4,216	3,817	983	900
EBITDA (EBIT + depreciation)	6,693	5,624	1 561	1 327
Net cash flows from operating activities	2,865	2,622	668	618
Net cash flows from investment activities	- 8,157	- 1,763	- 1,902	- 416
Net cash flows from financial activities	5,300	- 1,024	1,236	- 242
Total net cash flows	8	- 165	2	- 39
Total assets ***	145,053	132,308	34,114	30,769
Liabilities and provisions for liabilities ***	70,341	58,215	16,543	13,538
Long-term liabilities ***	25,064	21,337	5,895	4,962
Short-term liabilities ***	45,277	36,878	10,648	8,576
Equity ***	74,712	74,093	17,571	17 231
Share capital ***	27,750	27,750	6,526	6,453
Number of shares (units)	9,250,071	9,250,071	9,250,071	9,250,071
Weighted average number of shares (in units) during the current financial year	9,250,071	9,250,071	9,250,071	9,250,071
Profit/loss per ordinary share (in PLN/EUR) *	0.32	0.30	0.07	0.07
Book value per one share (in PLN/EUR)**	8.08	8.00	1.90	1.86

* Net profit/loss per ordinary share = net result/weighted average number of shares in the period
** Book value per one ordinary share = equity/number of shares at a given balance sheet date
*** Comparable data regarding the statement of financial position as at 31 December 2018

Condensed statement on total revenues of Makarony Polskie SA

Makarony Polskie SA	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Revenues from sale	**72,804**	**64,196**
Revenues from sale of other products and services	58,148	49,712
Net revenues from the sale of materials and goods	14 656	14,484
Own cost	**56,556**	**49,672**
Production costs of products and services sold	43,718	36,985
Value of goods and materials sold	12,838	12,687
Gross profit (loss) on sales	**16,248**	**14,524**
Costs of sale	9,702	8,626
General administrative costs	2,484	2,214
Other revenues	386	388
Other costs	232	255
Profit (loss) from continued operations	**4,216**	**3,817**
Financial incomes	49	49
Financial costs	593	420
Profit (loss) on business activities	**3,672**	**3,446**
Gross profit (loss)	**3,672**	**3,446**
Income tax - current part	621	574
Income tax - deferred part	119	113
Net profit (loss)	**2,932**	**2,759**
In this attributable to:		
Shareholders of the parent Company	2,932	2,759
Non-controlling shares		
Basic net result per share in PLN	0.32	0.30
Diluted net result per share in PLN	0.32	0.30
Other total net income/loss		
Total net income	**2,932**	**2,759**
Total net income attributable to:		
Shareholders of the parent Company	2,932	2,759
Non-controlling shares		

Condensed statement of other comprehensive net income - application of hedge accounting

Makarony Polskie SA	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Total net income	2,932	2,759
Profit/loss due to application of hedge accounting		
Total net income	2,932	2,759

Condensed statement of financial position of Makarony Polskie SA

ASSETS	30 June 2019	31 December 2018	June 30, 2018
FIXED ASSETS	**104,049**	**94,404**	**86,366**
Tangible fixed assets	63,711	58,573	50,461
Fixed assets – IFRS-16	4,550	0	0
Investment real estate	603	603	642
Other intangible assets	4,957	4,971	4,985
Goodwill			
Long-term financial assets, including:	30,080	30,080	30,080
Shares	30,080	30,080	30,080
Borrowings granted	0	0	0
Assets for deferred income tax	0	0	0
Other long-term assets	148	177	198
CURRENT ASSETS	**41,004**	**37,904**	**37,132**
Inventories	11,640	11,367	12,736
Short-term receivables	26,792	23,972	21,876
CIT receivables	0	0	0
Borrowings granted	2 005	2,006	2,011
Cash and cash equivalents	301	294	250
Other short-term assets	266	265	259
ASSETS FOR SALE	**0**	**0**	**0**
TOTAL ASSETS	**145,053**	**132,308**	**123,498**

LIABILITIES	30 June 2019	31 December 2018	June 30, 2018
EQUITY	**74,712**	**74,093**	**71,807**
Share capital	27,750	27,750	27,750
Supplementary capital	32,362	42,097	42,097
Reserve capital	12,000	0	0
Retained profits/losses (profit/loss from previous years)	- 332	- 799	- 799
Net profit/loss	2,932	5,045	2,759
LONG-TERM LIABILITIES	**25,064**	**21,337**	**13,681**
Provision for deferred income tax	3,486	3,367	3,457
Long-term bank loans and borrowings	8 660	10,541	2,165
Provision for pensions and similar (long-term)	265	234	195
Revenue of future periods - long-term	7,472	6,062	6,325
Long-term financial liabilities - leasing	1,462	1,133	1 539
Long-term financial liabilities - IFRS-16	3,719	0	0
SHORT-TERM LIABILITIES	**45,277**	**36,878**	**38,010**
Short-term bank loans and borrowings	17,890	11,170	15 051
Short-term financial liabilities - leasing	982	885	753
Short-term financial liabilities - IFRS-16	867	0	0
Financial liabilities due to dividends	2,313	0	2,313
Other short-term liabilities	21,571	23,456	18,422
CIT liabilities	104	171	96

Condensed statement of financial position of Makarony Polskie SA

Revenue from future periods - short-term	624	519	510
Provision for retirement and similar benefits (short-term)	664	677	605
Other short-term provisions	262	0	260
TOTAL LIABILITIES	**70,341**	**58,215**	**51,691**
TOTAL LIABILITIES	**145,053**	**132,308**	**123,498**

Condensed statement of cash flows of Makarony Polskie SA

Makarony Polskie SA	01.01.2019 30.06.2019	01.01.2018- 30.06.2018
Profit/Loss before tax	**3,672**	**3,446**
Adjustments by items:	**- 807**	**- 824**
Depreciation and amortization	2 477	1,807
Profits/losses on exchange differences	1	0
Interest expense and income	398	277
Profit/loss from investing activities	- 33	- 29
Change in provisions	279	295
Change in inventories	- 273	- 2,378
Change in receivables	- 832	1,246
Change in liabilities and accruals	- 2,135	- 1,499
Corporate income tax paid/returned	- 689	- 543
Other adjustments	0	0
Cash flows from net operating activities	**2,865**	**2,622**
Cash flows from investment activities		
Proceeds from the sale of fixed assets and intangible assets	467	29
Interest income	33	35
Expenses for the purchase of property, plant and equipment and intangible assets	- 8,657	- 827
Expenses for the purchase of financial assets	0	-1,000
Proceeds from repayment of loans	0	0
Borrowings granted	0	0
Net cash flows from investing activities	**- 8,157**	**- 1,763**
Cash flows from financial activities		
Proceeds from loans and borrowings	8,175	2,509
Repayment of loans and borrowings	- 3,337	- 2,799
Payment of liabilities under financial lease contracts	- 901	- 425
Interest paid	- 431	- 309
Other financial revenues - subsidy	1,794	0
Net cash flows from financial activities	**5,300**	**- 1,024**
Increase/decrease in cash and cash equivalents	8	- 165
Cash, cash equivalents and overdraft facilities at the beginning of the period	**294**	**415**
Foreign exchange gains/losses on the valuation of cash, cash equivalents and overdrafts	-1	0
Cash, cash equivalents and overdrafts at the end of the period	**301**	**250**

Condensed statement of changes in equity of Makarony Polskie SA

For the period from 1 January 2019 to 30 June 2019

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2019	**27,750**	**42,097**	**0**		**4,246**	**74,093**
Distribution of profit/loss coverage		2,265			- 2,265	
Profit distribution - dividend payment					- 2,313	- 2,313
Establishment of reserve capital - own shares		-12,000	12,000			
Other total income						
Net result after H1 2019				2,932		2,932
Balance as at 30 June 2019	**27,750**	**32,362**	**12,000**	**2,932**	**- 332**	**74,712**

For the period from 1 January 2018 to 31 December 2018

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2018	**27,750**	**39,161**	**0**		**4,450**	**71,361**
Distribution of profit/loss coverage		2,936			- 2,936	
Profit distribution - dividend payment					- 2,313	- 2,313
Other total income						
Net result in 2018				5,045		5,045
Balance as at 31 December 2018	**27,750**	**42,097**	**0**	**5,045**	**-799**	**74,093**

For the period from 1 January 2018 to 30 June 2018

	Share capital	Supplementary capital	Reserve capital	Current year result	Profit/loss from previous years	Total
Balance as at 1 January 2018	**27,750**	**39,161**	**0**		**4,450**	**71,361**
Distribution of profit/loss coverage		2,936			- 2,936	
Profit distribution - dividend payment					- 2,313	- 2,313
Other total income						
Net result after H1 2018				2,759		2,759
Balance as at 30 June 2018	**27,750**	**42,097**	**0**	**2,759**	**-799**	**71,807**

Condensed statement of changes in equity of Makarony Polskie SA

Additional notes

Revenues from sale of products, services, goods and materials by business segments

For management purposes, the Company is divided into business units based on the products and services offered.

	01.01.2019 - 30.06.2019	01.01.2018 – 30.06.2018
Revenues from sales of products	55,667	47,018
Proceeds from the sale of services, including	2,481	2 694
- marketing and distribution services	30	272
- production services	999	985
- for lease and storage	1,384	1,406
- for administrative and office services	66	31
- other	2	
Revenues from sale of materials	1,068	1,605
revenues from sale of goods	13,588	12,879
Total	**72,804**	**64,196**

The sales revenues of the Makarony Polskie SA in the first half of 2019, amounted to PLN 72.8 m and were by approx. PLN 8.6 m higher than in the corresponding period of 2018.

Operating segments

	01.01.2019 - 30.06.2019	01.01.2018- 30.06.2018
Pasta	57,076	48,311
Meat and vegetable preserves	8,718	8,141
Vegetable preserves and stuffing	632	655
Fruit preserves	3,829	3,758
Other	2,549	3,331
Total	**72,804**	**64,196**

Basic information about operating segments:

H1 2019	Pasta	Meat and vegetable preserves	Vegetable preserves and stuffing	Fruit preserves	Other	Total segments
Revenues						
Sales to external customers	57,076	8,718	632	3,829	2,549	72,804
Sales between segments						

Total revenues	57,076	8,718	632	3,829	2,549	72,804
Costs						
Segment costs	43,760	7,482	486	3 533	1,295	56,556
Segments profits or losses (gross result on sales)	13,316	1,236	146	296	1,254	16,248

H1 2018	Pasta	Meat and vegetable preserves	Vegetable preserves and stuffing	Fruit preserves	Other	Total segments
Revenues						
Sales to external customers	48,311	8,141	655	3,758	3,331	64,196
Sales between segments						
Total revenues	48,311	8,141	655	3,758	3,331	64,196
Costs						
Segment costs	37,060	6,989	477	3,434	1,712	49,672
Segments profits or losses (gross result on sales)	11,251	1,152	178	324	1,619	14,524

The Company has applied IFRS 8 "Operating Segments". In accordance with the requirements of IFRS 8, operating segments should be identified based on internal reports on these elements, which are regularly verified by persons deciding on the allocation of resources to a given segment and assessing its financial results. In terms of assets and liabilities, the main bodies responsible for making operational decisions do not analyze data cross-sectioned into operating segments.

The sales revenues of the Makarony Polskie SA in the first half of 2019, amounted to PLN 72.8 m and were by approx. PLN 8.6 m higher than in the corresponding period of 2018.

Sales of the pasta category increased in the analyzed period by approx. PLN 8.8 m to PLN 57.1 m. The increase of approx. 18.1% was the result of good acceptance by customers of product novelties in the largest retail chains and high dynamics of sales growth in Export.

Another segment in which a positive dynamics of changes was noted is the segment of processed fruit. Sales of fruit products in the analyzed period amounted to nearly PLN 8.7 m and were higher by PLN 0.6 m, i.e. 7.1% compared to 2018, which was caused by an increase in sales under the brands of retail chains.

In the fruit and vegetable preserves and stuffing segments, sales in the first half of 2019 were at a similar level as in the corresponding period of 2018, i.e. PLN 3.8 m and PLN 0.6 m, respectively.

Revenues from sale of products, services, goods and materials - geographical structure

For the period	01.01.2019-30.06.2019	01.01.2018 - 30.06.2018
Country	66,239	60,556
Exports, including:	6,565	3,640
- European Union countries	1,032	925
- other countries	5 533	2,715
Total	**72,804**	**64,196**

The sales markets can be divided into the domestic market (including private label, traditional trade, modern trade and B2B and institutions) as well as exports (including sales through domestic intermediaries).

In the first half of 2019,, the value of sales amounted to PLN 66.24 m on the domestic market and PLN 6.57 m in export. In the corresponding period of 2018, these amounts were PLN 60.56 m and PLN 3.64 m, respectively.

Other revenues and operating costs

OTHER REVENUES

For the period	01.01.2019-30.06.2019	01.01.2018-30.06.2018
State subsidies	307	255
Profit on the sale of property, plant and equipment	33	29
Reversal of impairment losses for receivables		
Sales of scrap and waste	36	43
Compensation and complaints	7	16
Refund of insurance premiums	1	45
Return of court and bailiff fees	2	0
Other		
Total	**386**	**388**

Other revenues and unrelated income are classified to other income directly with the Company's operating activities. This category includes received subsidies, profits from the sale of property, plant and equipment, compensation received related to the reimbursement of court costs, overpaid tax liabilities, with the exception of corporate income tax and compensation received for losses in property of companies that was insured.

Other receivables also include reversals of impairment losses on receivables and inventories as well as reversal of impairment losses on property, plant and equipment and inventory surpluses on assets.

OTHER COSTS

For the period	01.01.2019 - 30.06.2019	01.01.2018- 30.06.2018
Creation of provisions		
Receivables written down		
- Impairment loss	0	18
Donations	3	2
Contractual penalties	7	19
Release of the provision for income from obtaining funding	0	67
Adjustment of social security contributions -2015	2	
Court and bailiff fees		1
Costs of litigious proceedings	0	2
Sponsoring	21	27
Liquidation of damaged and overdue stocks	199	119
Other		
Total	**232**	**255**

Other costs include costs and losses not directly related to the Company's operating activities. This category includes losses on the sale of property, plant and equipment, donations made in kind and in cash to other entities, including public benefit purpose entities and effects resulting from concluded commercial contracts, guarantees and sureties granted to other entities.

Other costs also include the cost of write-downs on assets, unintentional shortages in current assets and losses due to liquidation of damaged and past due inventories.

Other revenues and financial costs

FINANCIAL REVENUES

For the period	01.01.2019 - 30.06.2019	01.01.2018- 30.06.2018
Interest revenue, including:	49	49
- interest on loans	33	33
- interest on receivables	16	16
Foreign exchange profits		
Profit on sale of investments - shares		
Other		

Total	**49**	**49**

Financial revenues include income from dividends received, gained and accrued interest on late repayment of receivables, interest on investing and investment activities in various forms of financial instruments. Financial activities also include profits due to exchange differences.

FINANCIAL COSTS

For the period	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Interest expenses, including:	482	310
- bank loans	290	212
- factoring and leasing costs	76	97
- interest costs IFRS-16	115	
- other	1	1
Other financial costs, including:	111	110
- loss due to negative exchange rate differences	19	49
- guarantee	6	2
- discount costs	86	59
- other financial costs		
Total	**593**	**420**

Financial costs are classified as costs for the use of external sources of financing, interest payable under financial leasing agreements which the Company is a party to and other financial costs. Financial activities also include losses due to exchange differences.

Data regarding the financial result and shares that were used to calculate basic and diluted earnings per share

For the period	01.01.2019-30.06.2019	01.01.2018 30.06.2018
Net profit/loss per share	0.32	0.30
Book value per one share in PLN(according to data as at 30/06/2019 and data as at 31/12/2018)	8.08	8.00

For the period	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Net profit/loss from continuing operations attributable to shareholders of the parent	2,932	2,759
Profit/loss on discontinued operations attributable to shareholders of the parent		
Net profit/loss attributable to equity holders of the parent	2,932	2,759
Net profit/loss attributable to ordinary shareholders applied to calculate diluted profit/loss per share	not applicable	not applicable

For the period	01.01.2019-30.06.2019	01.01.2018-30.06.2018
Weighted average number of issued ordinary shares applied to calculate basic earnings/loss per share	9 250 071	9 250 071
Impact of dilution	not applicable	not applicable
Adjusted weighted average number of ordinary shares applied to calculate diluted profit/loss per share	not applicable	not applicable

Net profit falling per one share is calculated by dividing the net profit for the period falling to normal shareholder of the mother company by average weighed number of issued common shares present in the period.

Diluted profit falling per one share is calculated by dividing net profit in the period falling for normal shareholders of the parent company (after deducting interests on the amortizable preferred shares exchanged to common shares) per average weighed number of issued common shares present in the period (corrected by the influence of dilutive options and diluting, amortizable preferred shares exchanged to common shares).

In Q1 2019, there were no factors diluting the share capital.

Book value per share is the quotient of equity by the number of shares at a given balance sheet date.

Information on changes in comparative financial statements for previous years regarding the estimation of holiday provision, provision for deferred tax on revaluation of land before 31 December 2017 and depreciation of the right of perpetual usufruct of land before 31 December 2017.

Adjustment I

The document concerns the error in estimating the holiday provision and the provision for deferred tax due to the revaluation of land value - described in the financial statements for 2018

Adjustment II

The document relates to an error made in earlier periods when calculating depreciation write downs of the land perpetual usufruct right

In 2019, the Company corrected the financial statements for previous years, due to an error made in earlier periods in the absence of calculating depreciation write-downs on the right of perpetual usufruct of land, regarding the value of the land realized before 31 December 2018, the amount of PLN 332 k (including PLN 307 k applies to the period to 31 December 2017) - the annual depreciation rate of 1.21%

The following transformations have been made for the statements for 2018:

Statement of comprehensive income as at 31 December 2018

FOR THE PERIOD	01.01.2018-31.12.2018-after adjustment	Adjustment II	01.01.2018-31.12.2018 before adjustment
Production costs of products and services sold	78,189	13	78,176
Costs of sale	18,667	10	18,657
General administrative costs	4,635	2	4,633
Profit (loss) from continued operations	7,039	(25)	7,064
Gross profit	6,291	(25)	6,316
Net profit (loss) from continued operations	5,045	(25)	5,070
including attributable to the parent company's shareholders	*5,045*	*(25)*	*5,070*
Non-controlling shares	0	0	0
Basic net result per share in PLN	0.55	0	0.55
Diluted net result per share in PLN	0.55	0	0.55
Other total net income/loss	0	0	0
Total net income	5,045	(25)	5,070
Total net income attributable to the shareholders of the parent company	*5,045*	*(25)*	*5,070*

Report on the financial situation as at 31 December 2018

ASSETS/LIABILITIES	01.01.2018-31.12.2018-after adjustment	Adjustment II	Adjustment I	01.01.2018-31.12.2018 before adjustment
FIXED ASSETS	**94,404**	**(332)**		**94,736**
Tangible fixed assets	58,573	(332)		58,905
TOTAL ASSETS	**132,308**	**(332)**		**132,640**
EQUITY	**74,093**	**(332)**		**74,425**
RETAINED PROFIT/LOSSES	**(799)**	**(307)**		**(492)**
Net profit/loss	5,045	(25)		5,070
TOTAL LIABILITIES	**132,308**	**(332)**	**0**	**132,640**

Cash flow statement for 2018

FOR THE PERIOD	01.01.2018-31.12.2018-after adjustment	Correction II	01.01.2018-31.12.2018

			before adjustment
Cash flows from operating activities			
Profit before tax	**6,291**	**(25)**	**6,316**
Adjustments by items:	**4,214**	**25**	**4,239**
Depreciation and amortization	4,616	25	3,591

Statement of changes in equity 31 December 2018

Equity – after adjustment

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	39,161	0	4,450	71,361
Distribution of profit/loss coverage	0	2,936	0	- 2,936	0
Other total income	0	0	0	0	0
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in 2018	0	0	5,045	0	5,045
Balance as at 31 December 2018	27,750	42,097	5,045	- 799	74,093

Equity – before adjustment

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	39,161	0	4,757	71,668
Distribution of profit/loss coverage	0	2,936	0	- 2,936	0
Other total income	0	0	0	0	0
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in 2018	0	0	5,070	0	5,070
Balance as at 31 December 2018	27,750	42,097	5,070	- 492	74,425

Statement of comprehensive income as at 31 June 2018:

FOR THE PERIOD	01.01.2018-30.06.2018-after adjustment	Adjustment II	Adjustment I	01.01.2018-30.06.2018-before adjustment

Production costs of products and services sold	36,985	7		36,978
Costs of sale	8,626	5		8,621
General administrative costs	2,214	1		2,213
Profit (loss) from continued operations	3,817	(13)		3,830
Gross profit	3,446	(13)		3,459
Net profit (loss) from continued operations	2,759	(13)		2 772
Including attributable to the parent company's shareholders	*2,759*	*(13)*		*2,772*
Non-controlling shares	0	0		0
Basic net result per share in PLN	0.30	0		0.30
Diluted net result per share in PLN	0.30	0		0.30
Other total net income/loss	0	0		0
Total net income	2,759	(13)		2 772
Total net income attributable to the shareholders of the parent company	*2,759*	*(13)*		*2,772*

Report on the financial situation as at 30 June 2018

ASSETS/LIABILITIES	01.01.2018-30.06.2018-after adjustment	Adjustment II	Adjustment I	01.01.2018-30.06.2018 before adjustment
FIXED ASSETS	**86,366**	**(320)**		**86,686**
Tangible fixed assets	50,461	(320)		50,781
TOTAL ASSETS	**123,498**	**(320)**		**123,818**
EQUITY	**71,807**	**(320)**	**(492)**	**72,619**
RETAINED PROFIT/LOSSES	(799)	(307)	(492)	0
Net profit/loss	2,759	(13)		2 772
LONG-TERM LIABILITIES	**13,681**		**(40)**	**13,721**
Provision for deferred income tax	3,457		(40)	3,497
SHORT-TERM LIABILITIES	**38,010**		**532**	**37,478**
Provision for retirement benefits and similar (short-term) liabilities	605		532	73
TOTAL LIABILITIES	**51,691**		**492**	**51,199**
TOTAL LIABILITIES	**123,498**	**(320)**	**0**	**123,818**

Statement of changes in cash flows as at 30 June 2018

FOR THE PERIOD	01.01.2018-30.06.2018-after adjustment	Correction II	01.01.2018-30.06.2018-before adjustment
Cash flows from operating activities			
Profit before tax	**3,446**	**(13)**	**3,459**
Adjustments by items:	**- 824**	**13**	**- 837**
Depreciation and amortization	1,807	13	1,794

Statement of changes in equity 30 June 2018

Equity – after adjustments

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	39,161	0	4,450	71,361
Distribution of profit/loss coverage	0	2,936	0	- 2,936	0

Other total income	0	0	0	0	0
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in H1 2018	0	0	2,759	0	2,759
Balance as at 30 June 2018	27,750	42,097	2,759	- 799	71,807

Equity - before adjustment No. II

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	39,161	0	4,757	71,668
Distribution of profit/loss coverage	0	2,936	0	- 2,936	0
Other total income	0	0	0	0	0
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in H1 2018	0	0	2 772	0	2 772
Balance as at 30 June 2018	27,750	42,097	2 772	- 492	72,127

Equity – after adjustment No. I

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	39,161	0	4,757	71,668
Distribution of profit/loss coverage	0	2,936	0	- 2,936	0
Other total income	0	0	0	0	0
Dividend payment	0	0	0	- 2,313	- 2,313
Net result in H1 2018	0	0	2 772	0	2 772
Balance as at 30 June 2018	27,750	42,097	2 772	- 492	72,127

Equity - before adjustment No. I

	Share capital	Supplementary capital	Current year result	Profit/loss from previous years	Total equity
Balance as at 1 January 2018	27,750	39,161	0	5,249	72,160
Distribution of profit/loss coverage	0	2,936	0	- 2,936	0
Other total income	0	0	0	0	0
Dividend payment	0	0	0	- 2,313	- 2,313

Net result in H1 2018	0	0	2 772	0	2 772
Balance as at 30 June 2018	27,750	42,097	2 772	0	72,619

Information on changes in estimates related to the separate financial statements

CHANGES DUE TO PROVISIONS

Changes in provisions in the first half of 2019,	Balance as at 01.01.2019	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	911	31	13	929
a) long-term	234	31		265
b) short-term	677		13	664
Other provisions, including:		262		262
- other		262		262
Total	911	293	13	1,191

Changes in provisions in H1 2018	Balance as at 01.01.2018	Creation	Use and release	Balance at the end of the period
For retirement and similar benefits, including:	764	40	4	800
a) long-term	155	40		195
b) short-term	609		4	605
Other provisions, including:		260		260
- other		260		260
Total	764	300	4	1 060

The Company pays the retiring employees amounts of severance payments in the amount specified by the Labor Code and internal regulations. In relation to this, the Company, based on the assessment performed by actuary, creates a reserve for current amount of liabilities by virtue of severance payments.

Calculation of the provision has been made for people currently employed and does not apply to persons who will be accepted for future work. The right to retirement bonuses is available to every employee who has reached the retirement age. For persons who are already pensioners (who have received a severance payment), the provision is not created.

DEFERRED INCOME TAX PROVISION ASSETS AND PROVISIONS

Changes in provisions in the first half of 2019,	Balance as at 01.01.2019	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	226	135	47	314
Provision for deferred income tax	3,593	255	48	3 800
Asset/Provision after compensation				3,486

Changes in provisions in H1 2018	Balance as at 01.01.2018	Creation	Use and release	Balance at the end of the period
Asset for deferred income tax	192	130	47	275
Provision for deferred income tax	3,536	236	40	3,732
Asset/Provision after compensation				3,457

The current tax charge is calculated on the basis of the applicable tax laws. The application of these provisions varies the tax profit (loss) from net accounting profit (loss) before tax, due to the exclusion of non-taxable revenues and the costs of non-deductible expenses and costs and revenues that will not be subject to tax in the given period. The tax charges are calculated based on the tax rates applicable in a given financial year - currently 19% - provisions do not assume differentiation of tax rates for future periods.

In terms of income tax, the Company is subject to general regulations in this area. The Company is not a tax Group, as well as does not operate in a special economic zone, which would differentiate the rules for determining tax charges in relation to general provisions in this respect. The tax year and the balance sheet year coincide with the calendar year. As at 1 January 2018, Makarony Polskie SA. chose a simplified form of paying monthly advances on corporate income tax. As at 30 June 2019, a deferred tax provision was created in the amount of PLN 214 k and in the corresponding period of 2018 in the amount of PLN 209 k as the difference between paid advances shown in the statement of comprehensive income and the actual tax resulting from the calculated tax base.

WRITE-DOWNS ON ASSETS

Changes in provisions in the first half of 2019,	Balance as at 01.01.2019	Creation	Use and release	Balance at the end of the period
Allowances for receivables	76	0	0	76
Write-downs of inventories	44	0		44
Write-downs of tangible fixed assets				

Changes in provisions in H1 2018	Balance as at 01.01.2018	Creation	Use and release	Balance at the end of the period
Allowances for receivables	76	0	0	76
Write-downs of inventories	0	18	0	18
Write-downs of tangible fixed assets				

The Company monitors its assets on an on-going basis; in the event of impairment, makes a revaluation write-down of assets. In the first half of 2019, there were no reasons to make an inventory write-down, in the same period the company made an inventory write-down of PLN 18 k.

Long-term and short-term financial liabilities

LOAN LIABILITIES

	As at 30.06.2019	As at 31.12.2018
up to 1 year	17,890	11,170
Above one year	8 660	10,541
Total	26,550	21,711

LIABILITIES FROM FINANCE LEASING CONTRACTS

	Total present value of minimum fees	
	As at 30.06.2019	as at 31.12.2018
up to 1 year	982	885
within 1 to 5 years	1,462	1,133
Total	2 444	2,018

As at 30 June 2019, the Group companies have fixed assets used based on lease contracts. The carrying value of machinery and equipment, cars and other fixed assets used under finance lease agreements as at 30 June 2019 was PLN 3,530 k, and as at 31 December 2018 amounted to PLN 2,928 k.

LIABILITIES FROM FINANCE LEASING AGREEMENTS - IFRS-16

	Total present value of minimum fees	
	As at 30.06.2019	as at 31.12.2018
up to 1 year - lease	863	0
up to 1 year – Land perpetual usufruct right	4	0

within 1 to 5 years	2,524	0
in the period of above one year- Land perpetual usufruct right	1,195	0
Total	4,586	0

As at 1 January 2019, Makarony Polskie SA introduced disclosures to fixed assets due to the application of IFRS -16, property, plant and equipment used under lease contracts.

The carrying value of property, plant and equipment as at 30 June 2019 was PLN 4,550 k, including for renting premises the amount of PLN 3,356 k and the right of perpetual usufruct of land, the amount of PLN 1,194 k.

OTHER FINANCIAL LIABILITIES - HEDGE ACCOUNTING

The Company has liabilities due to loans for which interest is calculated on the basis of a variable interest rate, and therefore there is a risk of an increase in these rates in relation to the conclusion of the contract. In the reporting period, the Company did not use an instrument hedging against interest rate risk.

Remuneration of the Management Board members and Supervisory Board members of Makarony Polskie SA

The total value of remuneration paid to members of the Management Board of Makarony Polskie SA in the first half of 2019 amounted to PLN 401 k, in the same period of 2018 it was PLN 329 k.

The remuneration of Members of the Supervisory Board of Makarony Polskie SA in the first half of 2019 amounted to PLN 75 k, in the same period of 2018 it amounted to PLN 90 k.

Members of the Management Board and Supervisory Board of Makarony Polskie SA did not receive remuneration in subsidiaries. The President of the Management Board of Makarony Polskie SA receives remuneration for performing the function of the President of the Management Board in MP Trade Sp. z o.o. in the first half of 2019 it was PLN 60 k, in the same period of 2018 it was PLN 48 k.

The Company did not grant loans to members of the Management Board and Supervisory Board of Makarony Polskie SA.

Settlement between affiliates

In the first half of 2019,, Makarony Polskie Company did not conclude material transactions with each other under the terms other than market terms.

Within Makarony Polskie Group, individual companies conclude with each other transactions of purchase and sale of products, goods and services, There are agreements between the companies specifying the terms of cooperation, adapted to the Group's organizational structure. All transactions are performed under the market terms and conditions.

Affiliate	Sale to related entities - comprehensive income		Purchases from affiliates	
	For the period From 01.01 to 30.06.2019	For the period From 01.01 to 30.06.2018	For the period From 01.01 to 30.06.2019	For the period From 01.01 to 30.06.2018
Parent Company - Makarony Polskie S.A.	172	390	11,857	11,320
from/to Stoczek Sp. z o.o.	146	366	11,175	10,444
from/to MP Trade Sp. z o.o.	26	24	682	876

Affiliate	Receivables from related entities		Liabilities towards affiliates	
	Per day 30.06.2019	Per day 30.06.2018	As at 30.06.2019	As at 30.06.2018
Parent Company - Makarony Polskie S.A.	2,820	197	288	1,898
- from/to Stoczek Sp. z o.o.	2,814	194	26	1,792
from/to MP Trade Sp. z o.o.	6	3	262	106

Information on planned share issues

In Q1 2019 and until the date of publication of these statements, the Company did not issue any shares.

Agreements and events material for the Company's operations

Material contracts and events for the Company's operations were described in detail in the condensed consolidated financial statements of Makarony Polskie Group.

Information on loans and borrowings taken out by Makarony Polskie SA

LOANS TAKEN OUT, INCLUDING DUE DATES

	As at 30.06.2018	As at 31.12.2017
up to 1 year	17,890	11,170
Above one year	8 660	10,541

Total	26,550	21,711

Loan contracts concluded by Makarony Polskie SA as at 30 June 2019 were described in detail in the condensed consolidated financial statements of the Makarony Polskie Group.

INFORMATION ON LOANS GRANTED

As at 30 June 2019, Makarony Polskie SA granted to its subsidiary Stoczek Natura Sp. z o.o. a short-term loan in the amount of PLN 2.00 m with the repayment date falling on December 31, 2019 (one-off repayment to maturity date). The interest rate on the loan was determined based on market conditions.

Guarantees and sureties

Information on guarantees and sureties granted and received by Makarony Polskie SA as at 30 June 2019 were described in detail in the condensed consolidated financial statements of the Makarony Polskie Group.

Off-balance items

Change in contingent liabilities or contingent assets that has occurred since the end of the last financial year:

Off-balance sheet items (in PLN k)	30 June 2019	31 December 2018
1. Contingent assets	71,881	72,199
- received guarantees and sureties	69,881	69,881
- collaterals on assets		
- bills of exchange	2,000	2,318
2. Contingent liabilities	160,829	158,413
- for provided guarantees and warranties	5,778	11,550
- collaterals on property	103,238	105,938
- promissory note obligations	51,813	40,925
Total off-balance sheet items	-88,948	-86,214

The values of guarantees received, collaterals, promissory notes, mortgages and other off-balance sheet liabilities in the table above have been presented at maximum values.

Material proceedings pending before a court or an authority competent for arbitration or a public administration authority

In the reporting period presented, proceedings regarding liabilities and receivables of Makarony Polskie SA whose total value would account for at least 10% of equity of Makarony Polskie SA were not brought before any court, arbitration tribunal or public administration authority.

Material events after the balance sheet date

Material events after the balance sheet date were described in detail in the condensed consolidated financial statements of the Makarony Polskie Group.

Other material events and transactions

In the first half of 2019,, there were no material events or transactions other than those described above that required disclosure in these financial separate statements of the Group.

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Grażyna Kozielec
Chief Accountant

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Zenon Daniłowski
President of the Management Board

Rzeszow, 19 September 2019