UNIMOT CAPITAL GROUP

Annual Report for 2019
Consolidated Statements

25th March 2020

CONTENTS

1. SELECTED FINANCIAL DATA

Selected data from the consolidated financial statements

	in PLN thousand		in EUR thousand	
	31.12.2019	Comparable data*	31.12.2019	Comparable data*
I. Net revenues on sales	4 445 420	3 370 994	1 033 386	790 033
II. Profit/loss on operating activity	68 744	727	15 980	170
III. Gross profit/(loss)	74 711	(221)	17 368	(52)
IV. Net profit/(loss) attributable to the owners of Parent Equity	60 407	110	14 042	26
V. Net profit/loss	59 923	(3 140)	13 930	(736)
VI. Net operating cash flows	23 946	(29 200)	5 567	(6 843)
VII. Net investment activity cash flows	(4 580)	(1 090)	(1 065)	(255)
VIII. Net financial activity cash flows	(17 238)	(27 317)	(4 007)	(6 402)
IX. Total net financial flows	2 128	(57 607)	495	(13 501)
X. Total assets	687 120	603 285	161 353	140 299
XI. Liabilities and provisions for liabilities	440 184	410 040	103 366	95 358
XII. Long-term liabilities	21 005	13 679	4 932	3 181
XIII. Short-term liabilities	419 179	396 361	98 433	92 177
XIV. Equity	246 936	193 245	57 987	44 941
XV. Share capital	8 198	8 198	1 925	1 907
XVI. Number of shares (in thousands of shares).	8 198	8 198	-	-
XVII. Profit/loss per one common share attributable to the owners of Parent Equity	7,37	0,01	1,71	0,00
XVIII. Diluted profit per one ordinary share attributable to the owners of Parent Equity (in PLN/EUR)**	7,37	0,01	1,71	0,00
XIX. Book value per one share (in PLN/EUR)***	30,12	23,57	7,07	5,48
XX. Diluted book value per one share (in PLN/EUR)***	30,12	23,57	7,07	5,48
XX. Declared or paid dividend per one share (in PLN/EUR)	-	1,70	-	0,40

** Data for items concerning the statements of financial condition is presented as of 31st December 2018 and for the items concerning the statements of total profits and the statements of cash flows for the period from 01.01.2018 to 31.12. 2018

** as of 31.12.2019 the number of shares used to calculate the profit per one ordinary share and the diluted profit per one ordinary share was 8 198 thousand of shares

** as of 31.12.2018 the number of shares used to calculate the profit per one ordinary share and the diluted profit per one ordinary share was 8 198 thousand of shares

*** as of 31.12.2019 the number of shares used to calculate the book value and diluted book value per share was 8 198 thousand of shares.

*** as of 31.12.2018 the number of shares used to calculate the book value and diluted book value per share was 8 198 thousand of shares

The selected financial data was converted into EUR as follows:

The items of assets and liabilities of the statements of financial position were converted into EUR according to the average exchange rate announced by the National Bank of Poland valid as of 31.12.2019 PLN/EUR 4,2585 and for the comparable data as of 31.12.2018 PLN/EUR 4,30.

The individual items on the profit and loss account and other comprehensive income and cash flows were converted into EUR according to the exchange rate which is the arithmetic mean of average National Bank of Poland rate valid on the last calendar day of each month which was respectively PLN/EUR 4,3018 (2019), PLN/EUR 4,2669 (2018).

2. ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statements of financial condition

in PLN thousand	*Note*	31.12.2019	31.12.2018
Fixed assets			
Tangible fixed assets	*4.9*	39 343	45 825
Right to use assets	*4.10*	6 153	-
INTANGIBLE ASSETS	*4.11*	18 578	18 636
Other financial assets	*4.12*	2 916	391
Derivative financial instruments	*4.22*	-	987
Other long-term liabilities	*4.15*	2 224	3 753
Client contracts assets	*4.17*	9 184	5 252
Deferred income tax assets	*4.13*	1 995	1 916
Total fixed assets		**80 393**	**76 760**
Current assets			
Inventory	*4.14*	239 258	190 500
Client contracts assets	*4.17*	1 162	2 945
Trade and other receivables	*4.15*	306 314	246 487
Other financial assets	*4.12*	3 537	141
Derivative financial instruments	*4.22*	12 123	33 190
Financial resources and their equivalents	*4.19*	38 836	47 015
Other current assets	*4.18*	5 497	6 247
Total current assets		**606 727**	**526 525**
TOTAL ASSETS		**687 120**	**603 285**

President of the Management Board | *Vice-President of the Management Board* | *Vice-President of the Management Board*

Adam Sikorski | *Robert Brzozowski* | *Marek Moroz*

Person preparing the report

Małgorzata Walnik

Consolidated statements of the financial condition should be analysed jointly with explanatory information, which constitutes an integral part of the consolidated financial statements

Consolidated statements of financial condition (continued)

in PLN thousand	*Note*	31.12.2019	31.12.2018
Equity			
Share capital	*4.20*	8 198	8 198
Other capitals	*4.20*	181 140	174 437
Exchange rate differences from foreign units conversion		(127)	-
Previous years' results and current year result		57 725	4 841
Equity of Parent Entity's owners		**246 936**	**187 476**
Non-controlling interests		-	5 769
Equity in total		**246 936**	**193 245**
Long-term liabilities			
Liabilities due to credits, loans and other debt instruments	*4.21*	13 094	10 004
Employee benefits liabilities	*4.25*	185	167
Derivative financial instruments	*4.22*	5 648	3 457
Deferred income tax reserve	*4.13*	2 078	51
Total long-term liabilities		**21 005**	**13 679**
Short-term liabilities			
Overdrafts	*4.21*	205 350	215 232
Liabilities due to credits, loans and other debt instruments	*4.21*	4 867	3 573
Derivative financial instruments	*4.22*	2 421	8 365
Employee benefits liabilities	*4.25*	435	485
Income tax liabilities		1 500	1 112
Provisions	*4.26*	-	830
Client contracts liabilities	*4.27*	3 070	13 390
Trade and other liabilities	*4.28*	201 536	153 374
Total short-term liabilities		**419 179**	**396 361**
Total liabilities		**440 184**	**410 040**
TOTAL LIABILITIES		**687 120**	**603 285**

President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*
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Consolidated statements of total revenues

in PLN thousand	***Note***	**01.01.2019 - 31.12.2019**	**01.01.2018 - 31.12.2018**
Revenues on sales	*4.1*	4 450 180	3 367 462
Profits (losses) on financial instruments hedging sales		(4 760)	3 532
Cost of sold goods, products and materials	*4.3*	(4 223 815)	(3 249 095)
Gross profit/(loss) on sales		**221 605**	**121 899**
Other operating revenues	*4.4*	2 204	2 871
Sales costs	*4.2*	(128 150)	(93 937)
Overheads	*4.2*	(26 063)	(23 431)
Other net profits/losses	*4.5*	927	464
Other operating costs	*4.6*	(1 779)	(7 139)
Profit/loss on operating activity		**68 744**	**727**
Financial revenues	*4.7*	15 168	7 530
Financial costs	*4.7*	(9 201)	(8 478)
Net financial revenues/(costs)		**5 967**	**(948)**
Share of related entities in net result		-	-
Profit/(loss) before taxation		**74 711**	**(221)**
Income tax	*4.8*	(14 788)	(2 919)
Net profit/(loss) for the financial year		**59 923**	**(3 140)**
in this attributable to			
Parent Entity's owners		60 407	110
Non-controlling interests		(484)	(3 250)
Net profit/(loss) for the financial year		**59 923**	**(3 140)**
Other total revenues that will be reclassified as profits or losses after complying with defined conditions			
Hedging instruments valuation after tax effect consideration		-	-
Other total net profits for the financial year, after taxation		-	-
Total profits for the financial year		**59 923**	**(3 140)**
in this attributable to			
Parent Entity's owners		60 407	110
Non-controlling interests		(484)	(3 250)
Total profits for the financial year		**59 923**	**(3 140)**
Profit/loss per one share attributable to owners of the Parent Equity (in PLN)		7,37	0,01
Diluted profit (loss) per one share attributable to Parent Equity's owners (in PLN)		7,37	0,01

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Consolidated statements of cash flows

in PLN thousand	*Note*	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Operating cash flows			
Profit/(loss) before taxation		**74 711**	**(221)**
Adjustments			
Tangible fixed asset amortisation	*4.9*	6 195	5 122
Intangible assets impairment	*4.11*	247	411
Loss (profit) due to exchange rate differences		297	6 567
Profit (loss) on sales of other investments		(1 073)	-
(Profit)/loss on sales of tangible fixed assets	*4.5*	(927)	(464)
Net interests, transactional costs (concerning credits and loans) and dividends		8 797	8 013
Receivables status change	*4.32*	(57 231)	3 983
Inventory status change	*4.32*	(48 834)	42 687
Client contracts assets status change	*4.17*	(2 149)	(8 197)
Client contracts liabilities status change	*4.27*	(10 320)	13 390
Trade and other short-term liabilities status change	*4.32*	48 725	(62 240)
Status change of assets/(liabilities) due to hedging instruments		18 301	(36 726)
Provisions status change	*4.32*	2 027	(3 231)
Status change of liabilities due to employee benefits	*4.25*	(32)	(67)
Goodwill impairment write-off		-	572
Intangible and legal assets impairment write-off		-	4 120
Income tax paid/returned		(14 788)	(2 919)
Net operating cash flows		**23 946**	**(29 200)**
Investment activity cash flows			
Revenues on tangible fixed assets sale		3 188	1 485
Received interests		275	239
Revenues on loans		7 774	30
Other revenues (outflows) on investment activity		(6)	-
Tangible fixed assets purchase		(1 883)	(2 488)
Intangible assets purchase		(189)	-
Loans granted		(11 214)	(105)
Other investments acquisition		(2 525)	(251)
Net investment activity cash flows		**(4 580)**	**(1 090)**
Net financial activity cash flows			
Contracting credits, loans and other debt instruments		179	25 765
Acquisition of shares in owned subsidiaries		(3 114)	-
Repayment of credits, loans and other debt instruments		(1 574)	(26 964)
Paid dividends		-	(13 936)
Payment of liabilities due to financial lease contracts		(2 731)	(3 451)
Payment of liabilities due to lease (other lease and rent contracts unrecognised before)		(1 397)	-
Paid interests and transactional costs (concerning credits and loans)		(8 601)	(8 731)
Net financial activity cash flows		**(17 238)**	**(27 317)**
Financial resources and their equivalents status change		**2 128**	**(57 607)**
Influence of exchange rate changes concerning financial resources and their equivalents		(425)	(6 567)
Financial resources and their equivalents status change		**1 703**	**(64 174)**
Financial resources and their equivalents net of overdrafts as of 1st January	*4.19*	**(168 217)**	**(104 043)**
Financial resources and their equivalents net of overdrafts as of 31st December	*4.19*	**(166 514)**	**(168 217)**

President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*
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Consolidated statements of changes in equity

in PLN thousand	Equity of Parent Entity's owners								
	Share capital	Hedge accounting capital	Other capitals (including own shares)	Exchange rate differences from foreign units conversion	Result from previous years	Current year result	**Total**	Non-controlling interests	**Total equity**
Equity as of 1st January 2018	8 198	-	163 100	-	9 299	20 705	**201 302**	9 019	**210 321**
Application effect of IFRS 15 and IFRS 9	-	-	-	-	-	-	**-**	-	**-**
Data adjusted for the influence of IFRS 15 and IFRS 9 as of 1st January 2018	8 198	-	163 100	-	9 299	20 705	**201 302**	9 019	**210 321**
Total profits for the financial year	**-**	**-**	**-**	**-**	**-**	110	**110**	(3 250)	**(3 140)**
- Net profit/(loss) for the period	-	-	-	-	-	110	**110**	(3 250)	**(3 140)**
Transactions with Parent Entity's owners recognised directly in equity									
Additional payments from and payments to the owners	-	-	-	-	-	(13 936)	**(13 936)**	-	**(13 936)**
Dividend	-	-	-	-	-	*(13 936)*	***(13 936)***	-	***(13 936)***
Adjustment of previous years' result	-	-	-	-	(4 568)	4 568	**-**	-	**-**
Profit/(loss) transfer	-	-	11 337	-	-	(11 337)	**-**	-	**-**
Equity as of 31st December 2018	**8 198**	**-**	**174 437**	**-**	**4 731**	**110**	**187 476**	**5 769**	**193 245**

in PLN thousand	Equity of Parent Entity's owners								
	Share capital	Hedge accounting capital	Other capitals (including own shares)	Exchange rate differences from foreign units conversion	Result from previous years	Current year result	**Total**	Non-controlling interests	**Total equity**
Equity as of 1st January 2019	8 198	-	174 437	-	4 731	110	**187 476**	5 769	**193 245**
Application effect of IFRS 16	-	-	-	-	-	-	**-**	-	**-**
Data adjusted for the influence of IFRS 16 as of 1st January 2019	8 198	-	174 437	-	4 731	110	**187 476**	5 769	**193 245**
Total profits for the financial year	-	-	-	-	-	60 407	**60 407**	(484)	**59 923**
- Net profit/(loss) for the period	-	-	-	-	-	60 407	**60 407**	(484)	**59 923**
Transactions with Parent Entity's owners recognised directly in equity									
Changes in ownership structure of subordinated entities	-	-	-	-	(820)	-	**(820)**	(5 285)	**(6 105)**
Components of other total revenues	-	-	-	(127)	-	-	**(127)**	-	**(127)**
Profit/(loss) transfer	-	-	6 703	-	(6 593)	(110)	**-**	-	**-**
Equity as of 31st December 2019	**8 198**	**-**	**181 140**	**(127)**	**(2 682)**	**60 407**	**246 936**	**-**	**246 936**

President of the Management Board — *Adam Sikorski*

Vice-President of the Management Board — *Robert Brzozowski*

Vice-President of the Management Board — *Marek Moroz*

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3. EXPLANATORY INFORMATION TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

3.1 INFORMATION ON THE UNIMOT CAPITAL GROUP

Unimot Spółka Akcyjna ("Unimot S.A.", "Company", "Parent equity") with its registered office in Zawadzkie, at 2A Świerklańska, is a Parent equity in the Unimot Capital Group ("Capital Group", "Group"). The Company was entered on 29th March 2011 into the Business Register of the District Court in Opole VIII Commercial Division of the National Court Register, as KRS number: 0000382244.

Unimot S.A.'s shares from 7 March 2017 have been listed on the regulated market of the Warsaw Stock Exchange.

The primary activity of the Group is retail and wholesale of gas, liquid fuels, petroleum products, electricity and development and construction of natural gas distribution network.

As of the balance sheet date and as of the date of these consolidated financial statements, the composition of the management and supervisory bodies of the Parent Equity was as follows:

Composition of the Management Board as of the balance sheet date and as of the date of these financial statements:
Adam Sikorski - President of the Management Board
Robert Brzozowski - Vice-President of the Management Board
Marek Moroz - Vice-President of the Management Board

Composition of the Supervisory Board as of the balance sheet date and as of the date of these financial statements:
Andreas Golombek – President of the Supervisory Board
Bogusław Satława - Vice-President of the Supervisory Board
Piotr Cieślak - Member of the Board
Isaac Querub - Member of the Board
Piotr Prusakiewicz - Member of the Board
Ryszard Budzik - Member of the Board
Dariusz Formela - Member of the Board

Consolidated financial statements for the financial year ending on 31st December 2019 comprise financial statements of the Parent Equity and its subsidiaries (jointly referred to as "the Group").

As of 31st December 2019 the Parent Equity Unimot S.A. owned directly and indirectly the shares of the following subsidiaries:

Name of subsidiary	The Seat	Scope of unit's basic operations	Owned shares and voting rights	Date of obtaining control
Unimot System Sp. z o.o.	Poland	gaseous fuels distribution through mains	100,00%	20.01.2014
Blue LNG Sp. z o.o.	Poland	gaseous fuels distribution through mains	100,00%	4.07.2014
Unimot Paliwa Sp. z o.o. *	Poland	liquid fuels distribution	100,00%	16.11.2015
Unimot Energia i Gaz Sp. z o.o.	Poland	electricity and liquid fuels distribution	100,00%	30.12.2015
Unimot Energia i Gaz Sp. z o.o. SK.A.	Poland	liquid fuels distribution	100,00%	30.12.2015
Tradea Sp. z o.o.	Poland	electricity distribution	100,00%	23.05.2016
Unimot Ukraine LLC	Ukraine	liquid fuels distribution	100,00%	19.04.2018
Unimot Asia LLC	China	liquid fuels distribution	100,00%	04.09.2018
Unimot Energy LLC	Ukraine	electricity distribution	100,00%	02.04.2019

** change of name of the company from Tankuj24.pl Sp. z o.o. to Unimot Paliwa Sp. z o.o. on 28.03.2019*

The following changes occurred in 2019 in the organisational structure of the Unimot Capital Group:

Acquisitions completed in 2019:

- On 27th March 2019 the Parent Entity Unimot S.A. increased the capital in Unimot Ukraine LLC acquiring 1000 new shares at EUR 100 each, as a result the share capital of this company has increased by EUR 100 thousand. The share percentage of the Parent Entity in Unimot Ukraine LLC has not changed and amounts to 100.00%.
- On 2nd April 2019 the subsidiary Tradea Sp. z o.o. established a subsidiary Unimot Energy LLC, into which it provided the share capital in the amount of EUR 100 thousand. The percentage share of Tradea Sp. z o.o. in Unimot Energy LLC amounts to 100 %.
- On 28th June 2019 the Parent Entity Unimot S.A. increased the capital in Unimot Energia i Gaz Sp. z o.o. acquiring 1000 of new shares at PLN 1000 each, as a result the share capital of this company has increased by PLN 1.0 million. The percentage share of Unimot S.A. in Unimot Energia i Gaz Sp. z o.o. has not changed and amounts to 100.00%.
- On 24th July 2019 the Parent Entity Unimot S.A. increased the capital in Unimot Energia i Gaz Sp. z o.o. acquiring 1000 of new shares at PLN 1000 each, as a result the share capital of this company has increased by PLN 1.0 million. The percentage share of Unimot S.A. in Unimot Energia i Gaz Sp. z o.o. has not changed and amounts to 100,00%
- On 30th August 2019 the Parent Entity Unimot S.A. increased the capital in Unimot Ukraine LLC acquiring 1000 of new shares at EUR 100 each, as a result the share capital of the company grew by EUR 100. The percentage share of Unimot S.A. in Unimot Ukraine LLC has not changed and amounts to 100.00%.
- On 23rd October 2019 the Parent Entity Unimot S.A. increased the capital in Tradea Sp. z o.o. acquiring 2000 of new shares at PLN 1000 each, as a result the share capital of this company has increased by PLN 2.0 million to the total amount of PLN 3.8 million. The percentage share of Unimot S.A. in Tradea Sp. z o.o. has not changed and amounts to 100,00%.
- On 24th December 2019 the Parent Entity Unimot S.A. increased the capital in Tradea Sp. z o.o. acquiring 2000 of new shares at PLN 1000 each, as a result the share capital of this company has increased by PLN 2.0 million to the total amount of PLN 5.8 million. The percentage share of Unimot S.A. in Tradea Sp. z o.o. has not changed and amounts to 100,00%.
- On 31st December the Parent Equity Unimot S.A. concluded an agreement regarding a partial disinvestment in the natural gas area, which covers a venture carried out jointly with Blue Line Engineering S.A. under the investment agreement of 12 February 2014 as amended.

Under the signed agreement Blue Line Engineering S.A. and Unimot S.A. transferred the ownership of shares in the companies:

- Blue Line Engineering S.A. transferred to Unimot S.A. owned shares in Unimot System Sp. z o.o. As a result of the conducted transaction Unimot S.A. acquired 15 676 of new shares at PLN 500 each in Unimot System Sp. z o.o. The share capital of this company has not changed. The percentage share of Unimot S.A. in Unimot System Sp. z o.o. as of 31st December 2019 amounted to 100%. The indirect share of Unimot S.A. in the share capital of Blue LNG Sp. z o.o. has changed following the abovementioned transaction and as of 31st December 2019 amounts to 100%.
- The Parent Equity Unimot S.A. transferred to Blue Line Engineering S.A. shares owned in Blue Cold Sp. z o.o. The capital of Blue Cold Sp. z o.o. has not changed. The percentage share of Unimot S.A. in Blue Cold Sp. z o.o. has changed and amounts to 0%.

Mergers completed in 2019:

- On 31st July 2019 a merger was registered in the KRS between Blue LNG Sp. z o.o. and PPGW Sp. z o.o. The merger was conducted through the transfer of all the assets of PPGW Sp. z o.o. to Blue LNG Sp. z o.o. in return for shares, which were submitted by Blue LNG Sp. z o.o. to the co-owner of PPGW Sp. z o.o. (Unimot System Sp. z o.o.). The percentage share of Unimot System Sp. z o.o. in the merged entity amounts to 100 %.

Disposals completed in 2019:

- The Parent Equity Unimot S.A. transferred to Blue Line Engineering S.A. owned shares in Blue Cold Sp. z o.o. The capital of Blue Cold Sp. z o.o. has not changed. The percentage share of Unimot S.A. in Blue Cold Sp. z o.o. has changed and amounts to 0%.

Changes after the balance sheet date:

On 20th February 2020 the subsidiary Unimot System Sp. z o.o. increased the capital in Blue Lng Sp. z o.o. acquiring 22 000 of new shares at PLN 100 each, as a result the share capital of the company has grown by PLN 2.2

million to the total amount of PLN 3.96 million. The percentage share of Unimot System Sp. z o.o. in Blue LNG Sp. z o.o. has not changed and amounts to 100%.

3.2 BASIS FOR PREPARING ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

(a) Principle of operation continuity

The consolidated financial statements as of the day and period ended on 31st December 2019 has been prepared assuming that the Unimot Group will continue its economic activity in the foreseeable future. As of the day of preparing the present consolidated financial statements the circumstances that may indicate threats to continue the operations by the Unimot Group have not been observed.

(b) Statement of conformity

The consolidated financial statements have been prepared applying accounting principles accordant with the International Financial Reporting Standards (IFRS), which comprise International Accounting Standards (IAS) and Interpretations of the Standing Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the European Union and were in force as of 31st December 2019.

The consolidated financial statements have been prepared based on the principle of historical cost, except for derivatives, financial assets available for sale measured at fair value.

The consolidated financial statements of the Capital Group that include the company as its subsidiary are prepared by Unimot Express Sp. z o.o. with the registered office in Warsaw, Al. Ks. J. Poniatowskiego 1, 03-901 Warszawa.

IFRS of the EU include all International Accounting Standards, International Financial Reporting Standards and related to them interpretations except for the specified below Standards and Interpretations, which are pending for the EU's approval or have been approved by the EU but have not entered into force yet.

Certain new standards, amendments to standards and interpretations that are in force or will enter into force for the accounting periods ending after 31st December 2019 have not been considered while preparing the present consolidated financial statements.

New standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

A. Amendments to the existing standards applied for the first time in the consolidated financial statements of the Capital Group for 2019.

a) IFRS 16 „Leasing"

IFRS 16 establishes the principles of recognising, valuating, presenting and disclosures related to lease. All the lease transactions result in lessee's right to use an asset and payment liability. Thus, IFRS 16 abolishes the classification of operating and financial lease according to IFRS 17 and introduces one model for the book recognition of lease by the lessee. The lessee is obliged to recognise:

(a) assets and liabilities for all the lease transactions concluded for the period of over 12 months, apart from a situation where the given asset's value is low; and

(b) amortisation of the leased asset independently from the interests of the lease liability in the statements of results.

On the day of lease commencement, the Group recognises an asset due to right to use the asset and lease liability. The asset due to right to use is valuated on the commencement date according to cost. On the day of lease commencement, the Group valuates the lease liability in the present value of the remaining lease charges, discounted with the marginal interest rate of the lessee on the day of first application, with the rate adopted by the Unimot Group for the duration of contracts and classes of rights to use. The discount rate applied to lease liabilities valuated as of 1st January 2019 for the Unimot Group amounted to 5%.

The Group made a decision to implement IFRS 16 since 1st January 2019 applying a simplified approach, i.e. retrospectively with a cumulative effect of the present standard's application recognised on the day of first use. The Group has not converted comparative data and the effect of the present standard's application has not resulted in an adjustment of previous years' results.

The Group has applied an adjustment of the value of the right to use assets due to lack of recognising in the preliminary valuation a leasing contract related to a lease contract of one of the petrol stations.

Following the conducted analysis, the Group recognised the following rights to use assets as of 1st January 2019 according to the breakdown into base elements of assets:

in PLN thousand	Published data 01.01.2019	Changes 01.01.2019	Data after changes 01.01.2019
TANGIBLE FIXED ASSETS	4 468	1 373	5 841

Therefore, a lease liability has been recognised in the values presented below in a breakdown into long-term and short-term lease liabilities:

in PLN thousand	Published data 01.01.2019	Changes 01.01.2019	Data after changes 01.01.2019
Long-term payments due to lease (other lease contracts unrecognised before)	3 493	970	4 463
Short-term liabilities due to lease (other lease contracts unrecognised before)	1 317	61	1 378

Therefore, the impact on the previous years' result did not occur.

b) Amendment to IFRS 9 „Financial Instruments" – Prepayment Features with Negative Compensation

Amendments to IFRS 9 do not have an impact on the present consolidated financial statements.

c) Amendments to IFRS 28 „Investments in Associates" – Long-term Interests

Amendments to IFRS 28 do not have an impact on the present consolidated financial statements.

d) Annual plan of adjustments 2015 - 2017

a) Amendments to IFRS 3 „Business Combinations" – classification of assets in a joint activity at the acquisition date,

b) Amendments to IFRS 11 „Joint Arrangements" – no classification in a joint activity at the acquisition date,

c) Amendments to IFRS 12 „Income tax" – Tax Consequences of Dividends,

d) Amendments to IFRS 23 „External Financing Cost" – Qualifying liabilities drawn especially to acquire an adjusted asset component, in the situation when actions indispensable for asset component preparation to use or sale are completed in 2019.

Amendments to the Annual plan of adjustments 2015-2017 do not have an impact on the present consolidated financial statements.

e) Amendments to IFRS 19 „Employee Benefits" – Amendments to defined benefits plans

Amendments to IFRS 19 do not have an impact on the present consolidated financial statements.

f) IFRIC 23 „Uncertainty in income tax settlement"

Amendments to IFRIC 23 do not have an impact on the present consolidated financial statements.

B. Published and approved by the IASB standards and interpretations that have not entered into force and have not been applied by the Group in advance.

In the present financial statements, the Group has not decided to apply in advance of the following published standards, interpretations or amendments to the existing standards prior their entry into force:

- Amendments of References to Conceptual Assumptions in IFRS (to be applied after 1st January 2020)

The abovementioned amendment will have no impact on the consolidated financial statements.

C. Published and unapproved by IFRS standards and interpretations that have not entered into force and have not been applied by the Group in advance.

In the present financial statements, the Group has not decided to apply in advance of the following published standards, interpretations or amendments to the existing standards prior their entry into force:

- Amendments to IFRS 3 „Business Combinations" – definition of a venture (to be applied after 1st January 2020),

- Amendments to IAS 1 and IFRS 8 – definition of the term „significant" (to be applied after 1st January 2020),

- Amendments to IFRS 9, IAS 39 and IFRS 7 – IBOR reform (to be applied after 1st January 2020),

- IFRS 17 ,,Insurance Contracts" (to be applied after 1st January 2020).

D. Standards and interpretations that will not be approved by the European Union or their implementation has been deferred:

a) Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 „Accounting Policies, Changes in Accounting Estimates and Errors" in the scope of the new definition of "significance" – as of the day of the present statements these changes have not been approved by the UE,

b) IFRS 14 „Regulatory Accruals" – by the decision of the UE this standard will not be approved,

c) Amendments to IFRS 10 and IAS regarding sale or contribution of assets between the investor and its associates or joint ventures – the approval of these amendments has been deferred.

c) Significant estimates and judgements

Preparation of the financial statements in conformity with International Financial Reporting Standards requires the Management Board of the Company to make judgments, estimates and assumptions that affect the accepted accounting principles and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and other factors that are considered reasonable under given circumstances, and their results provide the basis for professional judgment as to the book value of assets and liabilities not derived directly from other sources. The actual value may differ from the estimated value.

Judgments, estimates and underlying assumptions are subject to ongoing verification. The change in accounting estimates is recognised in the period in which the estimate is changed or in current and future periods if the change in estimate affects both the current period and future periods.

Significant judgements and assessments conducted by the Management Board with the application of International Financial Reporting Standards (IFRS) have been presented in the notes:

- note 3.2 – operation continuity principle,
- note 4.11 - test for value loss of cash flow generating centres, to which the value of companies has been allocated,
- note 4.13 – deferred tax assets and reserves and utilisation of tax losses,
- note 4.25 – employee benefits liabilities,
- note 4.29 – financial instruments valuation,
- note 4.30 – contingent liabilities.

d) Functional and presentation currency

The Company's functional currency and the presentation currency of these consolidated financial statements is Polish Zloty (PLN). The data in the consolidated financial statements are presented in Polish Zloty, rounded to the nearest thousand unless stated otherwise in specific circumstance.

3.3 DESCRIPTION OF SIGNIFICANT APPLIED ACCOUNTING PRINCIPLES

Principles of the accounting policy presented below have been applied with reference to all periods included in the consolidated financial statements.

a) Consolidation principles

Consolidated financial statements of the Group comprise assets, liabilities, equity, costs and cash flows of Parent Entity and its subsidiaries presented in such a way as if they belonged to a single entity and have been prepared on the same reporting day as the separate financial statements of the Parent Entity applying the same accounting principles with relations to similar transactions and other events that occur in similar circumstances.

Subsidiaries are consolidated with the full method. Joint ventures and investments into related entities are valuated with the use of equity method.

In order to conduct consolidation with the use of full method all items of assets, liabilities, revenues and costs of statements of the Parent Entity and its subsidiaries are aggregated, and then proper consolidation principles are applied, which comprise primarily:

- determining non-controlling share in the net profit or loss of subsidiaries for the given accounting period,

- determining and presenting separately from the Parent Entity's equity the non-controlling share in the net assets of subsidiaries,

- excluding the balance of internal settlements among the Group's entities,

- excluding revenues and cash flows connected with transactions within the Group and also all profits or losses arising within transactions in the Group.

According to the equity method at the moment of initial recognition an investment in a related entity or a joint venture is recognised according to cost and the book value is increased or decreased in order to recognise participation of the Group in profits or losses of the entity in which the investment has been made, recorded by it after the date of purchase. The share of the Group in profit or loss of the entity in which the investment has been made is recognised in profit or loss of the Group in other operating activity.

Investments in subsidiaries

Subsidiaries are entities controlled by the Parent Entity. The Parent Equity controls the subsidiary it made investments into, in case if, due to its engagement in the subsidiary it is exposed to volatile financial results or if it has the rights to volatile financial results and is able to exert influence on the level of these financial results through exercising authority over this subsidiary. While assessing the level of control, existing and potential voting rights are considered, which on the reporting day can be executed or can be subject to conversion. Financial statements of subsidiaries are considered in the consolidated financial statements starting on the day of obtaining the control of the entity until the day of its effective disposal. Non-controlling shares are presented in the consolidated statements of financial condition as equity attributable to non-controlling shares, separately from equity attributable to shareholders of the Parent Entity.

Investments in related entities

Related entities are economic entities whose operating and financial policy is substantially affected by the Group, but the Group does not control or jointly control them. A significant impact is the power that allows to participate in making decisions on financial and operating policy of the entity in which investments have been made, however, not consisting in controlling or jointly controlling the policy of this entity. The Group exerts a significant impact when it possesses directly or indirectly (e.g. through subsidiaries) 20% or more of voting rights in the entity in which investments have been made, unless it can be unequivocally proved otherwise. Consolidated financial statements include the share of the Group in profits and losses of related entities recognised with the equity method, since the moment of obtaining a significant impact until the moment of its termination.

Mergers of economic entities

Mergers of economic entities under joint control, in this acquisition of an organized part of an economic entity is recognised through aggregating particular items of assets and liabilities and revenues and losses of companies being merged according to the condition on the day of the merger. The effect of economic entities merger under the joint control does not influence the consolidated financial data. Other mergers of economic entities are settled with the use of purchase method. Application of this method involves the following activities:

- identifying the acquirer,

- establishing the day of acquisition,

- recognising and valuating all possible to identify acquired assets, adopted liabilities and all non-controlling shares in the acquired entity and

- recognising and valuating the goodwill or profit on bargain purchase.

b) Transactions in foreign currency

Transactions denominated in foreign currencies at the transaction date are recognised in the relevant functional currency using the exchange rate of the transaction date. Monetary items of assets and liabilities denominated in foreign currency are converted into the functional currency at the reporting date at the exchange rate prevailing at that date. The exchange differences arising from the settlement of foreign currency transactions and the carrying amount of monetary assets and liabilities denominated in foreign currencies are recognised in the financial result. Non-monetary items of assets and liabilities measured according to the historical cost in foreign currency are converted into the functional currency at the exchange rate prevailing on the transaction date. Non-monetary items of the statements of financial condition expressed in foreign currency measured at fair value are converted into functional currency according to the exchange rate effective on the day of estimation fair value.

Foreign exchange profits/losses arising from settling transactions in foreign currencies and carrying amount of financial assets and liabilities expressed in foreign currencies are recognised in the financial result.

c) Tangible fixed assets

Own property, plant and equipment

Tangible fixed assets include both the tangible assets, as well as the fixed assets under construction. The initial value of tangible fixed assets is determined at the purchase price or at the production cost. The acquisition price or production cost includes the purchase price of the asset (i.e. the amount payable to the seller, less the deductible taxes: on Goods and Services and Excise), legal charges (in the case of imports) and other costs directly related to the purchase and adaptation of the tangible asset for use, including transport, loading, unloading and storage costs. Rebates, discounts and other similar concessions and returns decrease the asset acquisition price.

The cost of the tangible asset includes also estimated costs of dismantling and removing it and restoring the site on which it is located, the obligation for which the Company incurs in relation to the acquisition or construction of the tangible asset.

The tangible fixed assets are measured and reported in the statements of financial condition at the end of the accounting period in the net book value, i.e. are recognised in the accounts at the acquisition cost or at reliably estimated cost of production, less amortisation and impairment loss and grants related to the assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset influence its initial value as part of the cost of that asset. The costs are capitalized when it is probable that they will result in future economic benefits and the value of those costs can be measured reliably.

Other borrowing costs are recognised as an expense in the period in which they were incurred.

If the specified tangible asset consists of separate and essential constituents of a different period of use, these assets should be treated as separate assets.

Expenditures incurred at a later date

Expenditures of the exchanged constituents of the tangible asset incurred at a later date which may be reliably estimated, and it is probable that the Group will obtain economic benefits related to the exchanged constituents of the tangible assets are capitalised. All other expenditures are recognised in the financial result as costs at the time incurred.

Depreciation

The tangible fixed assets or their significant and separate constituents, are depreciated on a straight-line basis from the date they are available for use, i.e. since the adaptation of the asset to the place and the conditions necessary for its operation, for a period corresponding to the estimated period of their use, taking account of the final value. Lands are not subject to depreciation. The Group assumes the following useful lives for each category of tangible assets:

– Buildings and structures	from 10 to 40 years
– Machinery	from 2 to 40 years
– Means of transport	from 5 to 22 years
– Other tangible fixed assets	from 1 to 30 years

The correctness of the applicable periods of use, methods of depreciation and residual value of the fixed assets shall be annually reviewed by the Group. Creation and reversal of write-downs of the tangible assets are recognised in other operating activities.

d) Constituents of the tangible fixed assets used under lease contracts

Lease contracts, under which the Group pays virtually the entire risk and draws virtually all the benefits of having constituents of the tangible fixed assets are classified as financial lease contracts. The assets acquired by way of financial lease are reported initially at fair value or the present value of the minimum lease payments, depending on which of these amounts is lower. After the initial recognition, to the assets used under financial lease contracts the accounting principles appropriate for a given group of tangible fixed assets apply.

Lease contracts not being financial lease contracts are treated as the operating lease, and the assets used in the framework of these contracts are not recognised in the statements of financial condition of the Group.

The Group recognises a contract for perpetual use of land as operating lease contract. Prepayments for the right of perpetual use of land shall be disclosed in a separate item of the statements of financial condition. Those prepayments are written off into the financial result in the period of land use.

e) Intangible assets

Goodwill

All mergers of entities, excluding the entities under common control are accounted for using the purchase method. The goodwill is calculated as the surplus of costs incurred as a result of entities merger over the share of the purchaser in the fair value of possible to identify net assets.

After the initial recognition the goodwill is disclosed at the purchase price less accumulated impairment losses. The goodwill is allocated to cash generating entities and is not depreciated but is subject to annual impairment tests. Goodwill impairment losses are not reversed in the following period.

In case of acquisitions, for which the surplus of possible to identify net assets over the purchase price have been established, the amount is directly included into the financial result.

Research and development

Expenses incurred in the research phase with a view to obtaining new scientific or technical knowledge are reported in the financial result when incurred.

Expenditures incurred on the development work of which effects are used in the development or production of new or substantially improved product shall be capitalised if the creation of a new product (or process) is technically possible and economically reasonable and the Group has technical, financial and other necessary resources to complete the development work. Costs to be capitalised include: cost of materials, wages of employees directly engaged in the development work and a reasonable portion of indirect costs directly associated with the formation of the intangible asset.

Other development costs are recognised in the financial result when incurred. The capitalized development costs are recognised as intangible assets based on their purchase price less depreciation write-offs and impairment losses.

Other intangible assets

Other intangible assets acquired by the Group are initially measured at the purchase cost or production cost and are reported in the financial statements prepared at the end of the accounting period in the net book value, i.e. minus amortisation and impairment losses together with consideration of grants related to assets.

Expenditures incurred at a later date

Subsequent expenditures on existing intangible assets are capitalized only when it increases future economic benefits to be generated by the asset. Other expenditures are recognised in the financial result when incurred.

Depreciation

Intangible property with a specified useful life are depreciated on a straight-line basis from the date they are available for use, i.e. since the adaptation of the asset to the place and the conditions necessary for its operation, for a period corresponding to the estimated period of their use. The goodwill and intangible assets of unlimited useful life are tested annually for impairment. Creation and reversal of write-downs of the intangible assets are recognised in other operating activities.

The estimated useful life of intangible property is as follows:

- Development costs	from 5 to 15 years
- Computer software	from 2 to 5 years
- Acquired property rights (concessions, licences, patents)	from 2 to 30 years
- Other intangible fixed assets	2 years

f) Investment real estate

Investment real estate is real estate held to obtain income from the lease, for the growth of their value or to both these objectives. The initial value of the investment real estate is determined at the purchase price or at the production cost. Investment real estate is depreciated on a straight-line basis for the period of their use, including their residual value. Lands are not subject to amortisation. Estimated period of usability of the investment real estate is the same as the tangible assets described in section c) above.

g) Fixed assets held for sale

Fixed assets (or components of the group intended for disposal) are classified as held for sale if their book value will be recovered through a sales transaction, which is highly likely, they are available for immediate sale and the Management Board undertakes to fulfil the sales plan of the asset (disposal group). Fixed assets or constituents of a group intended for disposal are recognised in the amount lower from their book value and fair value, less costs to sell if their book value will be recovered primarily through sale rather than through their further use.

h) Financial assets

Financial instruments

Non-derivative financial instruments

The Group does not recognise financial asset components or financial liabilities in the statements of financial condition if and only if it becomes bound under the provisions of the instrument agreement. Financial assets purchased or sold in the form of standardised purchase or sale transaction are respectively recognised or derecognised at the date of concluding the transaction or the date of its settlement.

The Group ceases to recognise a financial asset at the time of expiry of the contractual rights to receive cash flows from that asset or until, when the rights to receive cash flows from the financial asset are transferred in a transaction substantially transferring all the significant risks and rewards of their property. Each share in the transferred financial asset that is created or held by the Company is treated as an asset or liability.
The Group derecognises the financial asset component also in case a significant modification of financial asset component occurs, among others, if an annex to the financial asset agreement results in a necessity of relevant change for this asset of the accounting category.

Assets and liabilities are set off together and reported in the statements of financial position on a net basis, only if the Group has valid legal title to the set-off of certain financial assets and liabilities and intends to settle the transaction in net terms subject to the set-off of assets and financial liabilities or intends to simultaneously realize the financial assets and settle the financial obligations that are subject to the set-off.

The Group classifies financial instruments, other than derivatives financial assets into the following categories: financial assets measured at fair value through the financial result, financial assets held-to-maturity, loans and receivables and available-for-sale financial assets.

The classification of financial assets is made at their initial recognition, depending on the nature and purpose of financial assets.

The classification of a financial asset into one of the categories is made on the basis of an analysis of two equivalent criteria:

- the Group's business model of financial assets management and

- the characteristics of contractual cash flows of a financial asset.

Reclassification of financial assets takes place solely when a business model, defining the way of the management of these assets, is changed.

The derivatives embedded in financial assets (in host contracts that do not constitute derivatives and are financial assets) should not be separated – the whole of a financial asset is classified in an appropriate accounting category in accordance with the aforementioned criteria.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are the financial assets that meet both of the following conditions:

- a financial asset is held in accordance with a business model, the purpose of which is to hold financial assets in order to receive contractual cash flows and

- the conditions of an agreement concerning a financial asset give rise to cash flows at specific dates, which are solely the payment of principal amount and interest on the outstanding amount due in accordance with the guidelines of IFRS 9.

The assets in this category are recognised as fixed assets providing that their realisation date exceeds 12 months from the balance sheet date. Such assets are initially recognised at fair value increased by directly attributable transaction costs. After initial recognition they are measured at amortised cost net of impairment write-offs.

Sale of financial assets measured at amortised cost may take place on condition that specified by the Group sales principles compliance with business model criteria are adhered to, the goal of the model being maintaining financial assets to obtain cash flows resulting from the contract.

If financial assets measured at amortised cost are derecognised from the balance sheet, the Group discloses the analysis of profits or losses recognised in the statements of comprehensive income and which result from derecognizing these financial assets as well as the information concerning the reasons for derecognizing these financial assets.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are the assets that meet both of the following conditions:

- a financial asset is held in accordance with a business model, the purpose of which is to both receive contractual cash flows and to sale financial assets and

- the conditions of an agreement concerning a financial asset give rise to cash flows at specific dates, which are solely the payment of principal amount and interest on the outstanding amount due.

After initial recognition the financial assets in this category are measured at fair value and the results of the fair value change, other than impairment write-offs and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in equity. As of the date the financial assets are derecognised from the books, the accumulated value of profits or losses recognised in equity is reclassified to profit or loss of the current period.

At the time of initial recognition of investments in equities not held for trading, the Group may take advantage of the possibility to refer their fair value change to equities, however, but the selection is irrevocable and is made at the level of a single investment in an equity instrument.

If the Group designates equities to be measured at fair value through other comprehensive income, all profits and losses related to a given instrument, including foreign exchange profits and losses (except for revenues from dividend which are recognised in the statements of comprehensive income), are recognised in other comprehensive income and the Group does not have a possibility of their reclassification to the statements of comprehensive income.

The assets of this category are recognised as fixed assets, provided that their realization date exceeds 12 months from the balance sheet date.

Financial assets measured at fair value through financial result

Financial assets measured at fair value through the financial result are the assets which:

- do not meet the criteria to be classified in the categories measured at amortised cost or measured at fair value through other comprehensive income,
- were assigned to this category by Group's decision at the moment of initial recognition.

Financial assets do not meet the criteria to be classified in other categories (i.e. they are measured at fair value through the financial result), if:

- a financial asset is held in accordance with a business model, the purpose of which is not to hold financial assets in order to receive contractual cash flows (particularly when a financial asset is recognised by the Group in order to generate profit on its resale or is an equity instrument which the Group did not appoint to be measured at fair value through other comprehensive income), or

- the conditions of an agreement concerning a financial asset give rise to cash flows at specific dates, which are not solely the payment of principal amount and interest on the outstanding amount due.

Modifications of financial assets

If a financial asset is modified, which is not measured at fair value through the financial result, which does not result in derecognition of this financial asset from the balance sheet, the Group determines the new gross carrying amount of this asset after the modification and refers the change of this amount to gross carrying amount before the statements of comprehensive income was modified, as a financial assets modification result.

IFRS 9 Financial Instruments – the standard introduces: a new model of impairment of financial assets based on the concept of 'expected loss', changes in the rules of classification and measurement of financial instruments (in particular financial assets) and introduces a new approach to hedge accounting. The Group has implemented the new standard by actively involving organizational units mainly responsible for the area of accounting and financial reporting as well as risk management.

Initial measurement

At the moment of initial recognition the Group measures the component of financial assets or financial liability at its fair value, which in case of financial assets or liabilities unmeasurable at fair value through the financial result is increased or decreased of transactional costs, which can be directly attributed to the purchase or issuance of these financial assets or financial liabilities.

At the moment of the initial recognition the Group measures trade and other receivables that do not possess a significant financing component (established according to IFRS 15), in their transactional rice (according to the definition in IFRS 15).

Depreciation

An impairment write-off regarding trade receivables is created if objective evidence exists that the Group will not be able to receive all due amounts resulting from primary conditions of receivables. The incentives that the trade receivables have been impaired are: serious financial problems of the debtor, likelihood of debtor to declare bankruptcy or to be the subject of financial reorganisation, delays in payments. The amount of the write-off is the difference between the book value of the given asset component and the current value of the estimated future cash flows, discounted according to the effective interest rate. In case of trade receivables that are devoid of a significant financing element, the Group applies a simplified approach required by the IFRS 9 and measures impairment write-offs in the amount of credit losses expected in the whole life cycle of the receivable since the date of its initial recognition. The Group applies a write-offs matrix, where write-offs are calculated for trade receivables included into various age brackets and periods of being overdue.

For each reporting date the Group measures a write-off for expected credit losses for a financial instrument in the amount equal to expected credit losses in the whole life cycle, if the credit risk related to the given financial instrument has increased significantly since the initial recognition. The objective of the requirements in the scope of impairment is recognising the expected credit losses in the whole life cycle of all financial instruments, for which a significant increase of credit risk has been recorded since their initial recognition – regardless of the fact whether they have been estimated individually or collectively – considering all rational and possible to document information, including data regarding the future.

The Group measures the expected credit losses of financial instruments in the manner that takes into account:

- unencumbered and weighted with probability amount, which is established by measuring a series of possible results,
- time value of money and

- rational and possible to document information, which is available without excessive costs or efforts as of the reporting date, regarding future events, current conditions and forecasts regarding future economic conditions.

The book value of an asset component is established with the use of a write-offs account and the amount of loss is recognised in the financial result in the costs of sale. In case of irrecoverability of trade receivables a write-off is conducted. Later payments of the prior written-off receivables are recognised in the item of cost of sales in the financial result.

Financial liabilities

The Group classifies all financial liabilities as measured post initial recognition in amortised cost, excluding financial liabilities measured at fair value through financial result. Such liabilities, including derivatives being liabilities, are measured post initial recognition at fair value.

i) Inventories

Inventories, including mandatory reserves are: products, semi-finished products and work in process, goods and materials.

At the initial recognition the Group valuates inventories according to the purchase price. At the end of the accounting period the Group acting as intermediary in trade of goods under the IAS 2 par 3b conducts balance sheet measurement of inventories at fair value net of cost to sell.

The change of fair value net of cost to sell is presented in the cost of sold goods. Identified as a result of inventorying surpluses or deficiencies of inventories are recognised in the cost of sold products, goods or materials.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term bank deposits. Overdrafts that are payable on demand and form an integral part of the Group's cash management are recognised as a constituent of the cash and cash equivalents for the purpose of the statements of cash flows. The measurement and disbursement in foreign currencies are determined using the FIFO method.

k) Impairment of intangible assets

The book value of intangible assets other than the stock and deferred tax assets is assessed at each reporting date to determine whether there are indications of their impairment. In the event of such indications, the Group estimates the recoverable amount of each asset. The recoverable amount of the goodwill, intangibles with indefinite useful lives and intangible assets that are not yet usable is estimated at each reporting date.

The impairment write-off is recognised when the book value of an asset or cash generating entity exceeds its recoverable amount. The impairment write-offs are recognised in the financial result. The impairment of the cash generating entity is firstly recognised as decrease in goodwill allocated to this cash generating entity (group of entities), and then as reduction of the book value of other assets of the entity (group of entities) on the principle of proportionality.

The recoverable amount of assets or cash-generating entities is defined as the greater of their net achievable value from sales and their value in use. In estimating the value in use, future cash flows are discounted using the pre-tax interest rate, which reflects the current market value of money over time and the risk factors specific to the asset. For assets that do not generate an independent cash flow, the value in use is estimated for the smallest identifiable cash-generating entity to which the asset belongs.

A goodwill write-down from impairment is not reversed. For other assets, an impairment write-down is reversed if the estimates used to estimate the recoverable amount have changed. The impairment write-down is reversed only to the extent of the book value of the asset less any depreciation write-off that would have been recognised if the impairment loss had not been recognised.

l) Equity

Share capital

The share capital of the Parent Entity is the share capital of the Group. The share capital is reported at nominal value of shares issued in accordance with the statute and registered in the National Court Register.

Financial instruments revaluation

Financial instruments revaluation is created in connection with the cash flow hedge accounting introduced in the Parent Entity.

Other capitals

The other capitals include the spare capital and reserve capital, treasury shares. The spare capital is created from net profit write-offs in accordance with the requirements of the Commercial Companies Code. The reserve capital is created from the net profit for payment of dividends.

Dividends

The dividends are recognised as liabilities in the period when they were approved by virtue of a resolution.

Purchase of own shares

In case of the purchase of own shares, the payment amount, including direct transaction costs, adjusted by tax effects, is reported as a deduction of equity. The purchased treasury shares are recognised under other capitals. At the time of sale or reissue, the amounts obtained are recognised as an increase in equity and the surplus or deficit from the transaction is reported in equity.

m) Liabilities due to bank credits, loans and other debt instruments

At the time of the initial recognition, all bank credits, loans and debt securities are recognised at the fair value, less costs associated with obtaining a credit or loan. After the initial recognition, the interest-bearing credits, loans and debt securities are measured in accordance with the depreciated cost using the effective interest method. Any difference between the amount received (less transaction costs) and the redemption value is recognised using the effective interest method in the financial result for the duration of the contracts.

The fair value, estimated for disclosure purposes, is calculated on the basis of the present value of future cash flows for return of capital and interests, discounted at the market interest rate as of the reporting date. In the case of a financial lease, the market interest rate is estimated based on the interest rate for a similar type of leasing contracts.

n) Employee benefits

Defined Benefit Plan - Retirement Compensation

The Group recognises provisions for retirement compensations and other employee benefits on the basis of an actuarial valuation carried out at the reporting date. The valuation is carried out by an independent actuary. The basis for calculation of provisions for employee benefits is determined by internal regulations of the Group and other applicable regulations.

The value of the provisions for employee benefits is determined using actuarial techniques and the requirements of IFRS EU, and in particular of IAS 19 "Employee Benefits". The provisions are measured at the level of the present value of the Group's future employee benefits obligations. The provisions are calculated using the projected entity credit method, separately for each employee.

The basis for the calculation of the provisions attributable to the individual employees is the projected value of the benefit that the Group is required to pay under the regulations listed above. The benefit value is projected until acquisition of the benefit by the employee. The employee benefit obligation is determined on the basis of the expected increase in the value of the benefit and proportionally to the employee's expected length of service. The estimated value is then discounted at the reporting date.

Short-Term Employee Benefits

Liabilities due to short-term employee benefits are valued without discount and are recognised as expenses at the time of performance.

The Group creates a provision charged to expenses in the amount of anticipated employee payments due under short-term cash bonuses if the Group is legally or customarily obliged to make such payments on the basis of past employee services, and that obligation can be fairly estimated.

o) Provisions

The provisions are created when the entity is burdened with the present obligation (the legal or customarily expected one) resulting from past events, and it is probable that the fulfilment of this obligation will result in the necessity of the economic benefits outflow, and the amount of this obligation can be reliably estimated.

The provisions amount is verified on a regular basis during the accounting period in order to adjust them to reflect the current best estimate.

p) Trade and other liabilities

Liabilities, including trade liabilities are measured when they arise at fair value, and then at the depreciated cost using the effective interest method. Current liabilities are not discounted.

q) Revenues

Group's revenues include in particular:

- revenues on liquid fuels sales

- revenues on gas fuels sales, including gas fuels distribution

- revenues on electricity sales.

The Group recognises revenues so as to reflect the transfer of promised goods or services to the client in the amount that reflects the compensation, to which – according to the Group's expectations – it will be entitled in exchange for these goods or services.

Recognition of revenue occurs at the moment when the obligation to perform the service through transfer of the promised good or service (an asset) to the client have occurred (or in its course). The asset is transferred at the moment when the client obtains the control over this asset.

Revenues on sales of gas fuel, electricity, gas fuel distribution - uninterrupted

The Group transfers the control over a part of rendered services (consisting in supplies of gas fuel and electricity, rendering distribution services) in time, in this way fulfilling the obligation of services rendering.

On every occasion gas fuel/electricity is supplied and consumed, a part of services is subject to transfer and the obligation to render services is performed. The value of services transferred to a given moment, in relation to the remaining services promised within the contract is calculated on the basis of the result method based on given service utilization. Utilization of the service in the whole settlement period can be treated jointly, therefore the accumulated revenues from the settlement period are recognised monthly. If the Group is entitled to receive compensation from the client in the amount that directly corresponds to the value of the service previously performed by the Group to the client (e.g. contract for gas fuel supplies within which the client is charged fixed amount for each MWh), the Group recognises the revenue in the amount, which it is entitled to invoice.

The Group starts recognizing revenues once the utilization of services commences.

The volume of revenues from gas fuels/electricity sales and gas fuel distribution services results from sales documented with Vat invoices, increased by conducted estimation of supplied and not invoiced in the given period sale of electricity distribution services.

Sales estimation is conducted not less frequently than at the end of the accounting period.

Revenues on sales – supplies of goods/services settled at a given point

Revenues from supplies goods/services such as liquid fuels, connection fees, sales of property rights are recognised by the Group at a given point. Control transfer occurs when the contract between the parties is concluded and goods/services are made available to the client or given service has been performed.
In order to precisely determine the point of control transfer, the Group each time considers whether:
- The Group is currently empowered to payment for an asset,
- client holds legal title to an asset,
- the Group physically transferred an asset,
- client bears significant risk and obtains significant benefits resulting from the asset's property,

- client received an asset.

Revenues on sales – services provided continuously – passage of time

The Group transfers the control of services provided over time (e.g. licences granted) thus fulfilling obligations to provide services. Such services are provided on a continuous basis; hence a part of services is subjected to transfer at any time while providing the service.

Since the value of services passed on to the client does not differ over individual reference periods, the Group recognises revenues on provided services based on fixed monthly payments (independently of consumption).

Recognising revenues on sales in the net compensation amount (the Group as an agent)

In case of comprehensive contracts for gas fuels supplies, where the Group supplies gas fuel and renders distribution services, it is each time evaluated if the Group acts as a contracting party.

In case another entity is involved in supplies of goods or services to the client, the Group determines if the nature of Group's promise constitutes an obligation to perform the service consisting in supplying specific goods or services (in this case the Group acts as a contracting party) or outsources another entity to supply such goods or services (in this case the Group acts as intermediary). If the Group being a contracting party fulfils the obligation to perform the service, it recognises the revenues in the gross compensation amount, to which – according to the expectations – it will be entitled in exchange for transferring goods or services.

If the Group being an intermediary fulfils the obligation to perform the service, it recognises the revenues in the amount of any charge or commission, to which – according to the expectations – it will be entitled in exchange for ensuring transfer of goods or services by another entity.

Fee or commission that is due to the Group may be the net compensation amount, which the Group retains having paid the compensation to another entity in return for goods or services provided by this entity.

Under the General Distribution Agreement of gas fuel concluded with Polska Spółka Gazownictwa Sp. z o.o. the Group acts as an intermediary that collects fees in favour of other gas market participants in distribution services contracts in the scope of selected elements of the fee charged for the distribution service. As a result, the Group recognises revenues on distribution services sales in the amount net of distribution service cost charged by the Distribution Network Operator.

Contract assets

The Group recognises in the statements of financial position a component of assets under the contract being the Group's right to compensation in exchange for goods or services that the Group transferred to the client.

In this item of the statements of financial position the following are presented in particular:

- estimates of revenues from distribution and sales of electricity carried out in the given period which have not been invoiced yet;
- assets regarding carried out and provided construction works which have not been invoiced yet.

Contract liabilities

The Group recognises in the statements of financial condition contract liabilities which are the Group's obligation to transfer for the client goods or services in exchange for which the Group has received compensation (or for which compensation is due) from the client.

In this item of the statements of financial position the following are presented in particular:

- received advance compensation for services that have not been carried out by the Group yet, e.g. paid in advance subscription and trade payments for distribution, services carried out through utilisation of prepayment gas metres.

Profits (losses) on financial instruments hedging sales

Profits (losses) on financial instruments hedging sales comprise carried out transactions on derivative instruments proportionally to the sold goods.

Additionally, accounting period revenues that influence the profit or loss of the period are::

other operating revenues indirectly related with the business activity, among others:

- dissolution of unused provisions previously charged to other operating costs,
- trade receivables and other interest revenue,
- revenue from reimbursement of court costs,
- received donations,

financial revenues, which are mainly revenues related to funding of activities.

- revenues and profit from financial investments,
- revenues from dividends,
- net profits from the foreign exchange gains on financial assets,

- reversal of impairment write-off of held-to-maturity financial assets, available-for-sale financial assets, loans and shares.

r) Costs

The costs are considered to be a reasonable reduction in the economic benefits of a reliably determined value in the accounting period in the form of a decrease in the value of assets or an increase in the value of liabilities and provisions which will lead to a decrease in equity or an increase in its deficit in other way than withdrawal of owner funds.

The costs are recognised in profit or loss on the basis of the direct link between the costs incurred and the achievement of specific revenue, i.e. by applying the principle of proportionality, through prepayments and accruals of expenses and liabilities.

The cost of sold goods and materials comprises:
- cost of sold goods and materials,
- measurement to the fair value of inventories,
- the carrying amount of accruals,
- realized exchange rate differences,
- inventory shortages and surpluses,
- creating and releasing reserves for the cost of mandatory reserve maintenance.

In addition, the costs of the accounting period, affecting profit or loss of the period are:

other operating costs indirectly related with the business activity, among others:
- provisions for disputes, penalties, damages, and other costs related indirectly to the operating activities,
- interest expenses on trade payables and other using the effective interest method,
- costs of legal proceedings,
- donations given.

financial costs related with the external financing of the activities, including in particular:
- interest on bank overdrafts,
- interest on short-term and long-term loans, credits and other sources of financing.
- net losses from the foreign exchange gains on financial assets,
- impairment write-offs on held-to-maturity financial assets, available-for-sale financial assets, loans and shares.

s) Other net profit/loss

Other profit/loss net include:

- net profits/losses from disposals of tangible fixed assets and intangible assets.

t) Lease

Operating lease payments

Payments from the operating lease contracts concluded by the Group are recognised in the financial result on a straight-line basis during the lease period. Special discounts are recognised in the financial result together with the costs from leasing.

Financial lease payments

Minimum lease payments from finance lease are divided into a part constituting the financing cost and a part decreasing liability. The part constituting the financial cost is assigned to periods during the lease contract using the effective interest method.

u) Current and deferred income tax

The income tax reported in the financial result includes current and deferred part. The income tax is recognised in the financial result, excluding amounts related to items recognised in other comprehensive income or equity. Then they are recognised respectively in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the period and any adjustment to tax payable in respect of previous years.

The deferred tax is calculated using the balance sheet liability method, based on temporary differences between the value of the assets and liabilities for accounting purposes, and their estimated value for tax purposes. The deferred tax is not created on the following temporary differences: goodwill, initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit, differences relating to investments in subsidiaries to the extent that it is unlikely that they will be realized in the foreseeable future. The recognised amount of deferred tax is based on expectations as to how to implement the carrying amount of assets and liabilities, using tax rates in force or enacted at the reporting date.

The deferred tax assets are recognised to the extent to which it is probable that taxable income is reached, which will allow for the implementation of the deferred tax asset. The deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

3.4 REPORTING SEGMENTS

On the basis of the conducted analysis of the organizational structure of the Group, its internal reporting system and the functioning management model, the Management Board of the Parent Equity has defined the following operating segments. The Management Board of the Parent e\Equity analyses the activity both in the operating perspective as well as geographical one.

The Management Board of the Parent Equity has distinguished the following operating segments:

1. **Liquid fuels trade -** The Group conducts wholesale and retail sale of diesel, LPG and biofuels.
2. **Gaseous fuel trade** - The Group operates in the scope of natural gas trading (including LNG) and distribution through PPE and own distribution networks.
3. **Electricity trade** - the Group operates in the scope of electricity trade and distribution.
4. **Other activities** – this segment of Group's operations comprises, among other, the activity related to running petrol stations, sales of oils, bitumen, service and financial activity.

5. **Corporate functions** – this segment of Group's activity comprises the whole of the actions related to functioning of the companies (overheads), which cannot be attributed to particular operating segments.

Identification of operating segments has not changed, and it complies with the principles described in the consolidated financial statements as of the day and fiscal year ending on 31st December 2018. The segment „Liquid Fuels Trading" breaks down into „Diesel and Bio-fuels" and „LPG" and the segment „Other activity" breaks down into „Petrol Stations" and „Other Petroleum Products", whose name was changed from „Others". The same applies to the comparable period.

in PLN thousand **for the period 01.01.2019 - 31.12.2019**	**Liquid fuels trade**	**in this:** **Diesel and Bio-fuels**	**LPG**	**Gaseous fuels trade**	**Electricity**	**Other activity**	**in this:** **Petrol stations**	**Other petroleum products**	**Corporate functions**	**Reductions of settlements in the Group**	**Consolidated total**
Revenues from external customers	4 246 745	3 903 269	343 476	47 868	87 306	66 147	35 204	30 943	2 114	-	**4 450 180**
Profits (losses) on financial instruments hedging sales	(4 760)	(4 760)	-	-	-	-	-	-	-	-	**(4 760)**
Revenues from customers from the Group	381	-	381	10 216	43 729	1 365	154	1 211	-	(55 691)	**-**
Total revenues	**4 242 366**	**3 898 509**	**343 857**	**58 084**	**131 035**	**67 512**	**35 358**	**32 154**	**2 114**	**(55 691)**	**4 445 420**
Cost of goods, products and materials sold to external customers	(4 043 357)	(3 723 714)	(319 643)	(43 137)	(78 282)	(57 895)	(30 286)	(27 609)	(1 144)	-	**(4 223 815)**
Cost of goods, products and materials sold to customers within the Group	(381)	-	(381)	(10 180)	(43 632)	(981)	-	(981)	-	55 174	**-**
Total cost of sold goods, products and materials	**(4 043 738)**	**(3 723 714)**	**(320 024)**	**(53 317)**	**(121 914)**	**(58 876)**	**(30 286)**	**(28 590)**	**(1 144)**	**55 174**	**(4 223 815)**
Segment results	**198 628**	**174 795**	**23 833**	**4 767**	**9 121**	**8 636**	**5 072**	**3 564**	**970**	**(517)**	**221 605**
Other operating revenues	1 972	951	1 021	15	100	17	15	2	100	-	**2 204**
Sale and overheads costs	(106 101)	(89 511)	(16 590)	(6 067)	(16 641)	(11 538)	(7 558)	(3 980)	(14 678)	812	**(154 213)**
Other net profits/losses	959	441	518	-	-	-	-	-	-	(32)	**927**
Other operating costs	(215)	-	(215)	(1 465)	(40)	(59)	(59)	-	-	-	**(1 779)**
Operating activity result	**95 243**	**86 676**	**8 567**	**(2 750)**	**(7 460)**	**(2 944)**	**(2 530)**	**(414)**	**(13 608)**	**263**	**68 744**
Financial revenues	256	14	242	407	14 891	6	6	-	970	(1 362)	**15 168**
Financial costs	(7 879)	(7 534)	(345)	(1 078)	(181)	(7)	(5)	(2)	(2 665)	2 609	**(9 201)**
Income tax	-	-	-	-	-	-	-	-	-	-	**(14 788)**
Profit/(loss) for the period	**87 620**	**79 156**	**8 464**	**(3 421)**	**7 250**	**(2 945)**	**(2 529)**	**(416)**	**(15 303)**	**1 510**	**59 923**
Amortisation	**(1 518)**	**(832)**	**(686)**	**(1 938)**	**(352)**	**(869)**	**(813)**	**(56)**	**(1 765)**	**-**	**(6 442)**
EBITDA*	**96 761**	**87 508**	**9 253**	**(812)**	**7 655**	**(2 075)**	**(1 717)**	**(358)**	**(11 843)**	**263**	**89 949**

* EBITDA ratio --> defined as Earnings Before Interest, Taxes, Depreciation and Amortization

in PLN thousand for the period 01.01.2018 - 31.12.2018	Liquid fuels trade	in this: Diesel and Bio-fuels	in this: LPG	Gaseous fuels trade	Electricity	Other activity	in this: Petrol stations	in this: Other petroleum products	Corporate functions	Reductions of settlements in the Group	Consolidated total
Revenues from external customers	3 231 057	2 929 348	301 709	44 750	73 398	18 137	17 972	165	120	-	**3 367 462**
Profits (losses) on financial instruments hedging sales	3 532	3 532	-	-	-	-	-	-	-	-	**3 532**
Revenues from customers from the Group	123	123	-	7 976	8 925	-	-	-	305	(17 329)	**-**
Total revenues	**3 234 712**	**2 933 003**	**301 709**	**52 726**	**82 323**	**18 137**	**17 972**	**165**	**425**	**(17 329)**	**3 370 994**
Cost of goods, products and materials sold to external customers	(3 120 587)	(2 839 666)	(280 921)	(42 889)	(70 306)	(15 284)	(15 171)	(113)	(29)	-	**(3 249 095)**
Cost of goods, products and materials sold to customers within the Group	(108)	(108)	-	(7 916)	(8 925)	-	-	-	-	16 949	**-**
Total cost of sold goods, products and materials	**(3 120 695)**	**(2 839 774)**	**(280 921)**	**(50 805)**	**(79 231)**	**(15 284)**	**(15 171)**	**(113)**	**(29)**	**16 949**	**(3 249 095)**
Segment results	**114 017**	**93 229**	**20 788**	**1 921**	**3 092**	**2 853**	**2 801**	**52**	**396**	**(380)**	**121 899**
Other operating revenues	2 109	1 667	442	524	85	42	42	-	111	-	**2 871**
Sale and overheads costs	(92 810)	(76 936)	(15 874)	(6 394)	(5 148)	(6 029)	(5 905)	(124)	(7 547)	560	**(117 368)**
Other net profits/losses	427	45	382	(3)	10	10	25	(15)	28	(8)	**464**
Other operating costs	(366)	(300)	(66)	(5 043)	(45)	(1 009)	(1 009)	-	(676)	-	**(7 139)**
Operating activity result	**23 377**	**17 705**	**5 672**	**(8 995)**	**(2 006)**	**(4 133)**	**(4 046)**	**(87)**	**(7 688)**	**172**	**727**
Financial revenues	167	140	27	479	7 423	-	-	-	576	(1 115)	**7 530**
Financial costs	(7 940)	(7 751)	(189)	(1 219)	(89)	(7)	(7)	-	(3 841)	4 618	**(8 478)**
Income tax	-	-	-	-	-	-	-	-	-	-	**(2 919)**
Profit/(loss) for the period	**15 604**	**10 094**	**5 510**	**(9 735)**	**5 328**	**(4 140)**	**(4 053)**	**(87)**	**(10 953)**	**3 675**	**(3 140)**
Amortisation	**(1 971)**	**(980)**	**(991)**	**(2 127)**	**(160)**	**(350)**	**(345)**	**(5)**	**(925)**	**-**	**(5 533)**
EBITDA*	**25 348**	**18 685**	**6 663**	**(6 868)**	**5 413**	**(3 783)**	**(3 701)**	**(82)**	**(6 763)**	**172**	**13 519**

* EBITDA ratio --> defined as Earnings Before Interest, Taxes, Depreciation and Amortization

in PLN thousand 31.12.2019	Liquid fuels trade	in this: Diesel and Bio-fuels	LPG	Gaseous fuels trade	Electricity	Other activity	in this: PETROL STATIONS	Other petroleum products	Corporate functions	Consolidated Total
Segment assets	**514 253**	**473 343**	**40 910**	**40 866**	**65 210**	**21 876**	**16 214**	**5 662**	**44 915**	**687 120**
Segment liabilities	**338 343**	**315 339**	**23 004**	**11 456**	**40 254**	**7 883**	**6 111**	**1 772**	**42 248**	**440 184**
Main non-cash items										
Amortisation	(1 518)	(832)	(686)	(1 938)	(352)	(869)	(813)	(56)	(1 765)	**(6 442)**
Receivable revaluating write-offs	(5 152)	(4 826)	(326)	(1 371)	-	(100)	(14)	(86)	(101)	**(6 724)**
Inventories valuation to fair value	36 785	36 785	-	-	-	-	-	-	-	**36 785**
Balance sheet valuation of derivatives to fair value	(18 157)	(18 157)	-	-	-	-	-	-	-	**(18 157)**
Balance sheet valuation of currency settlements	(970)	(970)	-	-	-	-	-	-	-	**(970)**
Main non-cash items in total	**10 988**	**12 000**	**(1 012)**	**(3 309)**	**(352)**	**(969)**	**(827)**	**(142)**	**(1 866)**	**4 492**

in PLN thousand 31.12.2018	Liquid fuels trade	in this: Diesel and Bio-fuels	LPG	Gaseous fuels trade	Electricity	Other activity	in this: PETROL STATIONS	Other petroleum products	Corporate functions	Consolidated Total
Segment assets	**442 603**	**406 047**	**36 556**	**46 139**	**55 594**	**11 097**	**10 948**	**149**	**47 852**	**603 285**
Segment liabilities	**317 958**	**287 244**	**30 714**	**17 345**	**42 007**	**991**	**1 698**	**(707)**	**31 739**	**410 040**
Main non-cash items										
Amortisation	(1 971)	(980)	(991)	(2 127)	(160)	(350)	(345)	(5)	(925)	**(5 533)**
Receivable revaluating write-offs	(1 320)	(1 151)	(169)	(617)	-	(94)	(41)	(53)	(53)	**(2 084)**
Inventories valuation to fair value	(26 779)	(26 779)	-	-	-	-	-	-	-	**(26 779)**
Balance sheet valuation of derivatives to fair value	36 583	36 583	-	-	-	-	-	-	-	**36 583**
Balance sheet valuation of currency settlements	(7 383)	(7 383)	-	-	-	-	-	-	-	**(7 383)**
Main non-cash items in total	**(870)**	**290**	**(1 160)**	**(2 744)**	**(160)**	**(444)**	**(386)**	**(58)**	**(978)**	**(5 196)**

Revenues on sales - assortment breakdown

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
DIESEL AND BIO-FUELS	3 933 713	2 950 419
LPG	343 476	301 709
Gaseous fuels	47 868	44 750
Electricity	87 306	73 398
Other	33 057	718
Total	**4 445 420**	**3 370 994**

Revenues on sales - geographical division according to location of final customers

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Poland	3 607 612	2 746 504
Czech Republic	258 600	268 164
Switzerland	4 388	-
Slovakia	13 061	3 686
Hungary	39 466	5 082
Austria	42 171	-
Belgium	4 119	-
Great Britain	1 085	3 890
Denmark	-	1 490
Germany	40 111	27 707
Slovenia	-	102
The Netherlands	169 828	153 249
Estonia	70 439	352
Romania	91	1 280
Cyprus	22 059	22 209
Saudi Arabia	-	78 559
Sweden	-	162
Ukraine	25 743	3 939
Italy	-	398
France	6 450	7 983
Belarus	2	-
Taiwan	221	-
China	983	-
Bulgaria	127 166	46 238
Lithuania	11 825	-
Total	**4 445 420**	**3 370 994**

Main customers

In the period from 1st January to 31st December 2019 as well as in the comparable period none of the Group's customers exceeded 10% of consolidated revenues.

Fixed assets - geographical breakdown

The Group's tangible fixed assets are located in the territory of Poland.

Expenses on tangible fixed assets and intangible assets

in PLN thousand	**Liquid fuels trade**	**in this:**		**Gaseous fuels trade**	**Electricity**	**Other activity**	**in this:**		**Corporate functions**	**Total**
		Diesel and Bio-fuels	**LPG**				**Petrol stations**	**Other petroleum**		

								products		
31.12.2019	1 231	890	341	230	520	1 301	1 023	278	886	4 168
31.12.2018	1 043	75	968	1 163	72	1 055	1 055	-	1 417	4 750

4. ADDITIONAL EXPLANATORY NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

4.1 REVENUES ON SALES

in PLN thousand	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Revenues on services sale	4 362	2 960
Revenues on sales of goods	4 445 818	3 364 502
Profits (losses) on financial instruments hedging sales	(4 760)	3 532
Total	**4 445 420**	**3 370 994**

4.2 COST BY TYPE

in PLN thousand	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Amortisation of tangible fixed assets and intangible assets	(4 938)	(5 533)
Asset amortisation due to the right to use assets	(1 504)	-
Electricity and materials consumption	(2 792)	(3 281)
Foreign services	(108 667)	(84 218)
Taxes and charges	(1 991)	(2 238)
Remunerations	(13 274)	(14 088)
Social security and other benefits	(2 655)	(3 207)
Other cost by type	(9 314)	(8 009)
Costs by type in total	**(145 135)**	**(120 574)**
Cost of sold goods, products and materials	(4 223 815)	(3 249 095)
Change in inventories and accruals	812	4 206
Other	(9 890)	(1 000)
Cost of sold goods, products and materials and overheads	**(4 378 028)**	**(3 366 463)**

4.3 COST OF SOLD GOODS, PRODUCTS AND MATERIALS

in PLN thousand	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Cost of sold goods, products and materials	(4 237 775)	(3 210 760)
Inventories valuation to fair value	36 785	(26 779)
Balance sheet valuation of settlements	(19 127)	29 200
Exchange rate differences achieved	(3 698)	(40 756)
Total	**(4 223 815)**	**(3 249 095)**

4.4 OTHER OPERATING REVENUES

in PLN thousand	01.01.2019-30.09.2019	01.01.2018-30.09.2018
Received damages and penalties	-	526
Insurance damages received	36	309
Costs of court proceedings subject to return	53	58
Interest revenues concerning trade receivables	1 646	1 605
Other	469	373
Total	**2 204**	**2 871**

4.5 OTHER NET PROFITS/(LOSSES)

in PLN thousand	01.01.2019-31.12.2019	01.01.2018-31.12.2018

Net profit on sale of tangible fixed assets	927	464
Total	**927**	**464**

4.6 OTHER OPERATING COSTS

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Interest costs from non-financial liabilities	(74)	(238)
Impairment write-offs regarding intangible and tangible fixed assets	-	(4 120)
Goodwill impairment write-off	-	(572)
Costs of court proceedings	(113)	(94)
Contractual penalties	(278)	(102)
Donations	(169)	(31)
Stoppage cost	(1 068)	(1 682)
Accidents	-	(250)
Other	(77)	(50)
Total	**(1 779)**	**(7 139)**

4.7 NET FINANCIAL COSTS

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Financial revenues		
Profit on trading activity (electricity)	14 763	7 259
Interest on financial assets and financial commissions	405	271
Total financial revenues	**15 168**	**7 530**
Financial costs		
Bank charges and transaction costs on credits and loans	(9 181)	(8 477)
Other	(20)	(1)
Total financial costs	**(9 201)**	**(8 478)**
Net financial revenues/(costs)	**5 967**	**(948)**

4.8 INCOME TAX

Income tax recognised in the statements of total revenues

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Current income tax		
Income tax for the current year	(12 840)	(5 987)
Deferred tax		
Arising/reversing temporary differences	(1 948)	3 068
Income tax recognised in the statements of total revenues	**(14 788)**	**(2 919)**

Effective discount rate

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Profit/(loss) before taxation	**74 711**	**(221)**
Tax based on applicable tax rate	(14 195)	-
Fixed costs not being the cost of obtaining revenues	(803)	(1 588)
Temporary differences for which no asset was recognised	-	(359)
Tax losses for which no asset was recognised due to deferred income tax	-	(972)
Other	210	-
Total	**(14 788)**	**(2 919)**
Effective discount rate	**20,0%**	**19,0%**

* including in 2019: difference between the carrying amount and tax base of sold fixed assets PLN 390 thousand, agency and advertising value PLN 206 thousand, excessive shortages PLN 107 thousand, no deduction of 25% of costs PLN 34 thousand, donations PLN 17 thousand, other costs PLN 49 thousand.

* including in 2018: investment impairment write-offs PLN 671 thousand, intangible and legal assets impairment write-off PLN 184 thousand, difference between tax and balance sheet amortisation PLN 614 thousand, agency and advertising

value PLN 104 thousand.

4.9 TANGIBLE FIXED ASSETS

in PLN thousand	Land	Buildings and structures	Machinery and equipment	Means of transport	- Other tangible fixed assets	Fixed assets under construction	Total
As of 01.01.2018	**1 936**	**12 713**	**15 524**	**13 411**	**2 909**	**16 023**	**62 516**
Increase on:	**-**	**1 221**	**857**	**2 443**	**339**	**(196)**	**4 664**
- acquisition	-	375	204	-	126	1 422	**2 127**
- lease	-	-	-	2 443	-	-	**2 443**
- inventory	-	-	94	-	-	-	**94**
- transfer from fixed assets under construction	-	846	559	-	213	(1 618)	-
Reduction due to:	**-**	**-**	**(53)**	**(2 720)**	**(129)**	**(1)**	**(2 903)**
- liquidation	-	-	-	-	(18)	(1)	**(19)**
- sale	-	-	(53)	(2 720)	(111)	-	**(2 884)**
As of 31.12.2018	**1 936**	**13 934**	**16 328**	**13 134**	**3 119**	**15 826**	**64 277**

in PLN thousand	Land	Buildings and structures	Machinery and equipment	Means of transport	- Other tangible fixed assets	Fixed assets under construction	Total
As of 01.01.2019	**1 936**	**13 934**	**16 328**	**13 134**	**3 119**	**15 826**	**64 277**
Increase on:	**-**	**15 496**	**435**	**2 263**	**260**	**(14 475)**	**3 979**
- acquisition	-	54	406	231	289	963	**1 943**
- lease	-	-	-	2 032	-	-	**2 032**
- inventory	-	4	-	-	-	-	**4**
- reclassification	-	-	29	-	(29)	-	-
- transfer from fixed assets under construction	-	15 438	-	-	-	(15 438)	-
Reduction due to:	**(603)**	**(1 154)**	**(8 960)**	**(3 138)**	**(2 170)**	**-**	**(16 025)**
- sale	(603)	(1 154)	(8 960)	(3 138)	(2 170)	-	**(16 025)**
As of 31.12.2019	**1 333**	**28 276**	**7 803**	**12 259**	**1 209**	**1 351**	**52 231**

Decommitments and write-offs due to impairment

in PLN thousand	Land	Buildings and structures	Machinery and equipment	Means of transport	- Other tangible fixed assets	Fixed assets under construction	Total
As of 01.01.2019	**-**	**(3 215)**	**(8 138)**	**(6 073)**	**(1 026)**	**-**	**(18 452)**
Amortisation for the period	-	(877)	(1 705)	(1 906)	(203)	-	**(4 691)**
Reduction due to:	**-**	**1 087**	**6 159**	**2 285**	**724**	**-**	**10 255**
- sale	-	1 087	6 176	2 285	707	-	**10 255**
- reclassification	-	-	(17)	-	17	-	-
As of 31.12.2019	**-**	**(3 005)**	**(3 684)**	**(5 694)**	**(505)**	**-**	**(12 888)**

in PLN thousand	Land	Buildings and structures	Machinery and equipment	Means of transport	- Other tangible fixed assets	Fixed assets under construction	Total
Net value							
As of 01.01.2018	1 936	11 060	11 543	7 898	1 999	16 023	**50 459**
As of 31.12.2018	1 936	10 719	8 190	7 061	2 093	15 826	**45 825**
Net value							
As of 01.01.2019	1 936	10 719	8 190	7 061	2 093	15 826	**45 825**

As of 31.12.2019	1 333	25 271	4 119	6 565	704	1 351	**39 343**

Tangible fixed assets:

in PLN thousand	**31.12.2019**	**31.12.2018**
Land	1 333	1 936
Buildings and structures	25 271	10 719
Machinery and equipment	4 119	8 190
Means of transport	6 565	7 061
- Other tangible fixed assets	704	2 093
Fixed assets under construction	1 351	15 826
Total	**39 343**	**45 825**

in PLN thousand	**31.12.2019**	**31.12.2018**
Value of tangible fixed assets being security for the liabilities	27 420	22 031
Total	**27 420**	**22 031**

Leased fixed assets

The Group utilises particular machinery and production facilities as well as means of transport within financial lease contracts. In case of all contracts the Group can purchase these fixed assets at the end of the lease period at a favourable price.

As of 31.12.2019 the net carrying amount of fixed assets utilised under the valid financial lease contracts amounted to PLN 5 902 thousand for the means of transport (31.12.2018: PLN 6 612 thousand for the means of transport).

Simultaneously, the leased fixed assets constitute a hedge of lease liabilities (see note 4.23).

Hedges

As of 31.12.2019 tangible fixed assets of the carrying amount amounting to PLN 27 420 thousand (31.12.2018: PLN 22 031 thousand) constituted a hedge of bank loans, overdrafts.

4.10 RIGHT TO USE ASSETS

The Group has analysed all the contracts that could be of a lease nature and implemented IFRS 16 with an application of a simplified approach. As a result of the analysis the contracts that include lease have been distinguished. These include office space rental contracts and petrol stations lease.

As a result of the conducted analysis the Group recognised the following rights to use assets as of 1.01.2019 according to the breakdown into base assets components:

in PLN thousand	**31.12.2019**
Tangible fixed assets as of 01.01.2019	**5 841**
Acquisition in the accounting period	2 038
Value of recognised in the accounting period amortisation write-offs on the assets due to the right to use	(1 504)
Value of asset due to the right to use as of 31.12.2019, where	**6 375**
Value of asset due to the right to use as of 31.12.2019	6 153
Value of asset due to sub-rent as of 31.12.2019	222

Due to sub-rent a part of office spaces, a part of the right to use assets has been presented in the item other receivables.

in PLN thousand	**31.12.2019**
Other long-term liabilities	17
Other short-term receivables	205
Total	**222**

Revenues from sub-rental of asset components under lease contract in the accounting period amounted to PLN 128 thousand.

Therefore, a lease liability has been recognised in the values presented below in a breakdown into long-term and short-term lease liabilities:

in PLN thousand	**31.12.2019**
Long-term liabilities due to lease (other lease and rent contracts unrecognised before)	6 326
Short-term liabilities due to lease (other lease and rent contracts unrecognised before)	1 553
Value of recognised in the accounting period payments due to long-term lease liabilities	(1 208)
Value of recognised in the accounting period payments due to short-term lease liabilities	(189)
Long-term liabilities due to lease (other lease and rent contracts unrecognised before) as of 31.12.2019	**5 118**
Short-term liabilities due to lease (other lease and rent contracts unrecognised before) as of 31.12.2019	**1 364**

The cost of interests regarding lease liabilities in the accounting period amounted to PLN 260 thousand.

4.11 INTANGIBLE ASSETS

Gross value

in PLN thousand	**Goodwill**	**Development costs**	**Acquired rights**	**Software- and other**	**Total**
As of 01.01.2018	**18 454**	**1 235**	**210**	**880**	**20 779**
Increase on:	**-**	**-**	**-**	**86**	**86**
- acquisition	-	-	-	86	**86**
Reduction due to:	**(572)**	**(1 235)**	**-**	**-**	**(1 807)**
- write-off	-	(1 235)	-	-	**(1 235)**
- goodwill impairment write-off	(572)	-	-	-	**(572)**
As of 31.12.2018	**17 882**	**-**	**210**	**966**	**19 058**

in PLN thousand	**Goodwill**	**Development costs**	**Acquired rights**	**Software- and other**	**Total**
As of 01.01.2019	**17 882**	**-**	**210**	**966**	**19 058**
Increase on:	-	-	**22**	**167**	**189**
- acquisition	-	-	22	167	**189**
Reduction	-	-	-	-	-
As of 31.12.2019	**17 882**	**-**	**232**	**1 133**	**19 247**

Decommitments and write-offs due to impairment

in PLN thousand	**Goodwill**	**Development costs**	**Acquired rights**	**Software- and other**	**Total**
As of 01.01.2018	**-**	**(82)**	**-**	**(196)**	**(278)**
Amortisation for the year	**-**	**(185)**	**(42)**	**(184)**	**(411)**
Reduction due to:	**-**	**267**	**-**	**-**	**267**
- write-off	-	267	-	-	**267**
As of 31.12.2018	**-**	**-**	**(42)**	**(380)**	**(422)**

in PLN thousand	**Goodwill**	**Development costs**	**Acquired rights**	**Software- and other**	**Total**
As of 01.01.2019	-	-	**(42)**	**(380)**	**(422)**
Amortisation for the year	-	-	**(42)**	**(205)**	**(247)**
Reduction	-	-	-	-	-
As of 31.12.2019	-	-	**(84)**	**(585)**	**(669)**

in PLN thousand	Goodwill	Development costs	Acquired rights	Software- and other	Total
Net value					
As of 01.01.2018	18 454	1 153	210	684	**20 501**
As of 31.12.2018	17 882	-	168	586	**18 636**
Net value					
As of 01.01.2019	17 882	-	168	586	**18 636**
As of 31.12.2019	17 882	-	148	548	**18 578**

Leased Intangible assets

As of 31.12.2019 and 31.12.2018 there are no Intangible assets used under financial lease contracts.

Amortisation of intangible assets and impairment write-offs

Amortisation and impairment write-offs have been recognised in the financial result in the following items:

in PLN thousand	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Overheads	(247)	(411)
Other operating costs	-	(1 807)
Total	**(247)**	**(2 218)**

Impairment test for cash flow-generating units to which goodwill has been allocated

The units below have the goodwill allocated:

in PLN thousand	31.12.2019	31.12.2018
Activities relating to trading in liquefied petroleum gas LPG	**2 830**	**2 830**
Activities relating to trading in liquid fuels	**10 869**	**10 869**
Activities relating to natural gas trade in this:	**879**	**879**
- Blue LNG Sp. z o.o.	330	330
- Unimot System Sp. z o.o.	40	40
- PPGW Sp. z o.o.	7	7
- Unimot Paliwa Sp. z o.o.	57	57
- Unimot Energia i Gaz Sp. z o.o.	440	440
- Unimot Energia i Gaz Sp. z o.o. SK.A.	5	5
Activities relating to electricity trade in this:	**3 304**	**3 304**
Tradea Sp. z o.o.	3 304	3 304
Total	**17 882**	**17 882**

LPG trading activity - Fair value of a cash flow-generating unit is estimated based on the discounted cash flow method. Value calculations according to the discounted cash flow method are based on the results achieved in 2018 and 2019 and on the projected results for the years 2020-2025 drawn up by the Management Board of the Company.

Fuel trading activity - Fair value of a cash flow-generating unit is estimated based on two methods of valuation: discounted cash flow and comparative method. Value calculations according to the discounted cash flow method are based on the results achieved in 2018 and 2019 and on the projected results for the years 2020 – 2025 drawn up by the Management Board of the Company.

Activities of natural gas companies - Fair value of energy companies was calculated according to the discounted cash flow method based on the results achieved in 2018 and 2019 and on the projected results for the years 2020-2025. Cash flows were discounted with the use of consolidated data of: Unimot System Sp. z o.o., Blue LNG Sp. z o.o., and data comprising activity in the natural gas area of Unimot Energia i Gaz Sp. z o.o.
Fair value of Unimot System Sp. z o.o. and Blue LNG Sp. z o.o. was calculated according to the discounted cash flow method

prepared by independent property valuation experts: prof. Paweł Mielcarz from DCF Consulting Sp. z o.o. with the registered office in Sulejówek and property valuation expert Ewa Boguszewska Wycena Nieruchomości i Przedsiębiorstw ATEST with the registered office in Warsaw.

Activities of electricity companies - Fair value of energy companies was calculated according to the discounted cash flow method based on financial statements for 2018 and 2019 and projected results for the years 2020 - 2025. Cash flows were discounted with the use of data of Tradea Sp. z o.o. and data comprising electricity area of Unimot Energia i Gaz Sp. z o.o.

Basic assumptions used to calculate the fair value as of 31.12.2018:

in PLN thousand		Activities relating to trading in liquefied petroleum gas LPG	Activities relating to trading in fuels	Activities relating to natural gas trade in this:	Activities relating to electricity trade in this:
Discount rate	weighted average of equity and foreign capital cost	9,6 % - 10,1 %	10,0 %- 10,1 %	4,8 % - 5,4 %	12,0% – 12,6%
Equity cost		11,01%	11,01%	5,64%	12,57%
Foreign capital cost		4,21%	4,21%	4,21%	4,21%

Basic assumptions used to calculate the fair value as of 31.12.2018:

in PLN thousand		Activities relating to trading in liquefied petroleum gas LPG	Activities related to trading in liquid fuels	Activities relating to natural gas trade in this:	Activities relating to electricity trade in this:
Discount rate	weighted average of equity and foreign capital cost	9,5% - 9,8%	9,0% - 9,1 %	6,46%	11,8% – 12,2%
Equity cost		10,6%	9,3%	10,41%	12,16%
Foreign capital cost		3,80%	3,80%	3,71%	3,80%

The basis of measurement was projected by the Management Board of the Parent equity financial results of the activities associated with trading in fuels, LPG gas, natural gas and electricity in the form of a balance sheet, profit and loss account and statements of cash flows. These projections do not express certainty as to their implementation but were in accordance with the declaration of the Management Board of the Parent Equity drawn up in accordance with the best of the authors' knowledge, based on all available information, therefore, it is assumed that are sufficiently accurate and complete, so that it is possible to draw up a credible analysis and measurement.

The basic assumptions of the financial projections for the years 2020-2025 which are the basis for the measurement of the activities associated with trading in fuels, LPG, natural gas and electricity:

1) it has been assumed that tax rates will remain at the previous level and the fiscal policy and the policy of international trade and also other conditions of Group's business activity will not change;
2) legal acts that regulate the fuel market, among others, Energy Law will not change significantly;
3) there will be no significant fluctuations of the macroeconomic situation of the country and associated with it demand for liquid and gaseous fuels, with relation to the present situation;
4) reference rate and margins of banks will not change significantly,
5) operations of „black market" in the fuel industry will be limited or at least it will not expand its operation;
6) applied by the Group hedging instruments on currency rates and price of diesel oil will eliminate the exchange rate risk and prices of diesel oil.
7) legal acts that regulate the market of electricity and natural gas will not change significantly.

Detailed assumptions to financial forecasts for the years 2020-2025, being the basis to valuate the activity related to LPG trading:

1) maintaining in 2020 the sales volumes of all groups of LPG products at the similar level as in 2019;
2) maintaining in 2018 an average margin on sales of all groups of LPG products at the similar level as in 2019;
3 change of transportations costs and foreign services costs and costs of bottles production proportionally to the change in the number of sold T of LPG gas;
4) the level of other costs by type in 2020 maintained at the level of average level of these costs in 2019;
5) change of financial revenues and financial costs excluding leasing proportionally to turnover change;

6) maintaining financial costs due to leasing in 2020 at the level of average level of these costs in 2019.

Detailed assumptions to financial forecasts for the years 2020-2025, being the basis to valuate the activity related to fuel trading:

1) maintaining in 2020 the sales volumes of all groups of LPG products at the similar level as in 2019;
2) maintaining in 2020 an average margin on sales of all groups of LPG products at the similar level as in 2019;
3) change of transportations costs and foreign services costs and costs of bottles production proportionally to the change in the number of sold T of LPG gas;
3) the level of other costs by type in 2020 maintained at the level of average level of these costs in 2019;
4) change of financial revenues and financial costs excluding leasing proportionally to turnover change;
6) maintaining financial costs due to leasing in 2020 at the level of average level of these costs in 2019.

Detailed assumptions to financial forecasts for the years 2020-2025, being the basis to valuate the activity related to natural gas trade:

1) in the company Unimot System Sp. z o.o. conducting the development of natural gas distribution network in 2018 the growth of sales volumes according to the assumed plans and growth of margin on sales according to the approved new tariff rates;
2) in the company Blue LNG Sp. z o.o., conducting the activity based on regasification stations in Tuczno, Wieleń and Białowieża maintaining in 2020 sales volumes at the level as in 2019 and growth of margin on sales according to the approved new tariff rates;
3) in the company Unimot Energia i Gaz Sp. z o.o., ., conducting sales of gas to final customers, growth of sales volumes and margin on sales according to contracts signed in the years 2016-2019 for 2020.

Detailed assumptions to the financial forecasts for the years 2020-2025, being the basis to valuate the activity related to electricity trade:

1) in the company Tradea Sp. z o.o., conducting the activity in the scope of wholesale of electricity maintaining in 2018 sales volumes and average margin at the similar level as in 2019;
2) in the company Unimot Energia i Gaz Sp. z o.o., conducting sales of electricity to final customers growth of sales volumes and margin on sales according to contracts signed in the years 2016-2019 for 2020.

As of 31.12.2019 and 31.12.2018 no goodwill impairment with relation to activity connected with trading fuels, LPG gas, natural gas and electricity was observed.

4.12 OTHER FINANCIAL ASSETS

in PLN thousand	**31.12.2019**	**31.12.2018**
Long-term investments		
Loans granted	131	131
Shares in related entities not subject to consolidation	2 785	260
Total	**2 916**	**391**

in PLN thousand	**31.12.2019**	**31.12.2018**
Short-term investments		
Loans granted	3 537	97
Other	-	44
Total	**3 537**	**141**

As of 31st December 2019 and 2018 no write-offs revaluating investments value.

4.13 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Recognised assets and provisions due to deferred income tax

Deferred income tax assets and liabilities have been presented with relation to the following items

	Assets		Provisions		Net value	
in PLN thousand	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Tangible fixed assets	20	-	(1 077)	(1 413)	(1 057)	(1 413)
INTANGIBLE ASSETS	-	-	(65)	(71)	(65)	(71)
Trade and other receivables	1 250	420	(687)	(432)	563	(12)
Employee benefits liabilities	23	186	-	(390)	23	(204)
Provisions for pensions	118	124	-	-	118	124
Trade and other liabilities	1 644	277	-	-	1 644	277
Other	884	1 704	(4 409)	(747)	(3 525)	957
Tax losses subject to deduction recognised as possible to be used in future periods	2 216	2 207	-	-	2 216	2 207
Assets and provisions due to deferred income tax	**6 155**	**4 918**	**(6 238)**	**(3 053)**	**(83)**	**1 865**
Compensation	(4 160)	(3 002)	4 160	3 002		
Assets/ provisions due to deferred income tax indicted in the statements of financial condition	**1 995**	**1 916**	**(2 078)**	**(51)**		

Change of temporary differences in the period:

in PLN thousand	01.01.2019	Change recognized in the financial result	Change recognized in equity	31.12.2019
TANGIBLE FIXED ASSETS	(1 413)	356	-	(1 057)
INTANGIBLE ASSETS	(71)	6	-	(65)
Trade and other receivables	(12)	575	-	563
Employee benefits liabilities	(204)	227	-	23
Provisions for pensions	124	(6)	-	118
Trade and other liabilities	277	1 367	-	1 644
Other	957	(4 482)	-	(3 525)
Tax losses subject to deduction recognised as possible to be used in future periods	2 207	9	-	2 216
Total	**1 865**	**(1 948)**	**-**	**(83)**

in PLN thousand	01.01.2018	Change recognized in the financial result	Change recognized in equity	31.12.2018
TANGIBLE FIXED ASSETS	(1 447)	34	-	(1 413)
INTANGIBLE ASSETS	(117)	46	-	(71)
Trade and other receivables	1	(13)	-	(12)
Employee benefits liabilities	54	(258)	-	(204)
Provisions for pensions	137	(13)	-	124
Trade and other liabilities	357	(80)	-	277
Other	(2 202)	3 159	-	957
Tax losses subject to deduction recognised as possible to be used in future periods	2 014	193	-	2 207
Total	**(1 203)**	**3 068**	**-**	**1 865**

4.14 INVENTORIES

in PLN thousand	31.12.2019	31.12.2018
Materials	97	94
Goods - mandatory reserve	155 923	135 370
Goods - operating reserve	83 238	55 036
Total	**239 258**	**190 500**

Inventories valuation at fair value - level 1

in PLN thousand	31.12.2019	31.12.2018
Opening balance as of 1st January	**3 437**	**30 216**
Inventories valuation at fair value	32 999	(23 956)
Achievement in cost of sold goods	3 786	(2 823)
Closing balance as of 31st December	**40 222**	**3 437**

Inventories achievement date

in PLN thousand	31.12.2019	31.12.2018
Of period longer than 12 months since the accounting period end	-	-
Of period up to 12 months since the accounting period end	239 258	190 500
Total	**239 258**	**190 500**

4.15 OTHER LONG-TERM RECEIVABLES

in PLN thousand	31.12.2019	31.12.2018
Tendering security receivables	-	3
Other securities receivables	2 207	3 750
Other receivables	17	-
Other long-term receivables in total	**2 224**	**3 753**

4.16 TRADE AND OTHER RECEIVABLES

in PLN thousand	31.12.2019	31.12.2018
Trade receivables	220 170	203 782
Receivables due to taxes, subsidies, duties, insurance excluding income tax receivables	7 555	4 733
Trade advances	46 637	14 028
Receivables due to excise guarantee	24 792	16 535
Tendering security receivables	-	202
Other securities receivables	5 590	7 120
Other receivables	1 590	87
Total receivables	**306 314**	**246 487**

As of 31.12.2019 trade and other receivables are presented in the net value less of revaluation write-offs in the amount of PLN 6 724 thousand (31.12.2018: PLN 2 048 thousand).

As of 31.12.2019 r. receivables of the carrying amount PLN 161 149 thousand (31.12.2018: PLN 137 720 thousand) constituted a security for bank credits, credits in the current account and factoring agreement.

The amount of the aforementioned carrying values constituting a security for bank credits, credits in the current account and factoring agreement includes:

- PLN 145 865 thousand - as a security of the receivable of mBank resulting from the credit NO 23/020/15/D/LI. The cedant transfers to the Bank cash receivables (including the VAT) and associated claims arising from the relationships between the Cedant and its customers up to the amount of Cedant's debt due to granted credit and interests and other costs. The transfer of future receivables to the Bank arises when receivables being the subject of the agreement are created. The Cedant undertakes to transfer the revenues from contracts, being the subject of the cession, to the Bank's account indicated in the agreement, assigned to particular debtors.
- PLN 12 267 thousand - constitutes a security of the Liability Limit – the agreement of receivables limit NO CRD/L/35701/11 of 11 August 2011 as amended, concluded with BNP Paribas Bank Polska S.A. (operations taken over by BNP Paribas Bank Polska S.A. from Raiffeisen Bank Polska S.A.). To secure the Bank's receivable the Cedant undertakes to transfer to the Bank cash receivables and associated claims that exist or may occur in the future from the relationships with its debtors indicated in Appendix of the Agreement. Transfer of Transferred Receivables of future or conditional nature occurs the moment they arise. Upon the full satisfaction of Bank's Receivables and after the period in which Bank's receivables may arise, future or conditional ones, the Bank undertakes to transfer the Transferred Receivables back to the Cedant, unless Bank's Receivable was satisfied from the resources obtained from payments of Transferred Receivables.
- PLN 3 017 thousand – constitutes a security of the liability purchased by the Factor - Factoring agreement NO 1298/04/2014 of 18.04.2014 as amended, concluded with BNP Paribas Factor Sp. z o.o.

4.17 CLIENT CONTRACTS ASSETS

Long-term client contracts assets:

in PLN thousand	**31.12.2019**	**31.12.2018**
Client contracts assets	9 184	5 252
Total	**9 184**	**5 252**

Short-term client contracts assets:

in PLN thousand	**31.12.2019**	**31.12.2018**
Client contracts assets	1 162	2 945
Total	**1 162**	**2 945**

Client contracts assets include investment expenditures incurred by the Group for adjusting petrol stations to the AVIA brand in accordance with franchise contracts and commissions.

4.18 OTHER CURRENT ASSETS

Other current short-term assets:

in PLN thousand	**31.12.2019**	**31.12.2018**
Active accruals	5 497	6 247
Total	**5 497**	**6 247**

Active accruals include, among others, insurance costs, deferred subscriptions and costs incurred for NIT fulfilment not related to sales of goods.

4.19 FINANCIAL RESOURCES AND THEIR EQUIVALENTS

in PLN thousand	31.12.2019	31.12.2018
Financial resources in bank accounts	38 422	46 771
Restricted financial resources in bank accounts	41	27
Cash at hand	83	23
Other financial resources	290	194
Financial resources and their equivalents, value demonstrated in the statements of financial condition	**38 836**	**47 015**
Overdrafts	(205 350)	(215 232)
Financial resources and their equivalents, value demonstrated in the statements on cash flows	**(166 514)**	**(168 217)**

As of 31.12.2019 and as of 31.12.2018 cash resources and their equivalents did not hedge liabilities.

Detailed information on overdrafts has been presented in note 4.21.

4.20 EQUITY

Share capital

in PLN	31.12.2019	31.12.2018
Registered number of shares	8 197 818	8 197 818
Nominal value of one share	PLN 1	PLN 1

As of 31st December and as of 31st December 2018 the share capital of the Parent's Equity included 7 847 818 ordinary shares and 350 000 preference shares of the nominal value PLN 1 each.

The ownership structure as of 31st December 2019 has been presented in the table below:

Shareholder	Number of shares	Share in capital %	Number of votes	Share in votes at the General Meeting
Unimot Express Sp. z o.o.	3 593 625	43,84%	3 593 625	42,04%
Zemadon Limited	1 616 661	19,72%	1 966 661	23,01%
Others	2 987 532	36,44%	2 987 532	34,95%
Total	**8 197 818**	**100,00%**	**8 547 818**	**100,00%**

Other capitals

in PLN thousand	31.12.2019	31.12.2018
Supplementary capital	181 140	174 437

Supplementary capital is created by (in PLN thousand):

1. Issuance of shares above the nominal value – contribution in kind of the organised part of the enterprise in 2011 – 9 600
2. Issuance of shares above the nominal value in 2012 – 120
3. Transfer of profit in 2013 – 447
4. Issuance of shares above the nominal value – contribution in kind of the organised part of the enterprise in 2014 – 20

017

5. Transfer of profit in 2014 – 814
6. Transfer of profit in 2015 – 3 094
7. Transfer of profit in 2016 – 9 101
8. On 23rd May 2016 the Parent Equity purchased the shares of Tradea Sp. z o.o. In the share purchase agreement the parties agreed that the Second Instalment of Purchase Price will be paid through an offer and free of charge transfer of subscription warrants for shares of the Parent Equity of the following parameters: each subscription warrant will entitle to acquire one ordinary bearer share of the nominal value PLN 1 and the issuance price amounting to PLN 19.50 per one share. Therefore, the Parent Equity conducted a conditions capital increase by 166 021 shares at the nominal price of PLN 1 per one share and issuance price PLN 19.50 per one share - 3 237
9. Issuance of shares above nominal value – in February 2017 – 94 417
10. Conditional capital increase from 2016 - (166)
11. Transfer of profit in 2017 – 22 419
12. Transfer of profit in 2018 – 11 337
13. Transfer of profit in 2019 – 6 703 (resulting from the adjustment of the previous years' result 8 902 and covering the loss for 2018, -2 199)

Supplementary capital as of 31.12.2019 – 181 140

Non-controlling interests

in PLN thousand	**31.12.2019**	**31.12.2018**
Non-controlling interests	-	5 769

Covering the loss for 2018

On 4th June 2019 the Ordinary General Meeting of the Parent Equity adopted a resolution regarding covering the loss for 2018 from the unallocated previous years' profits.

Capital of non-controlling shareholders

Under the signed on 31st December 2019 disinvestment agreement with Blue Line Engineering S.A. (description in note 3.1) minority interests in the companies: Unimot System Sp. z o.o., Blue Cold Sp. z o.o and Blue LNG Sp. z o.o. were liquidated.

The Group has achieved a profit on the sale of net assets of Blue Cold Sp. z o.o. in the amount of PLN 3 508 thousand.
The Group has achieved a loss on the purchase of net assets of Unimot System Sp. z o.o. in the amount of PLN 4 581 thousand.

The table below presents information as of 31st December 2018 about these subsidiaries of the Group where a significant capital of non-controlling shareholders occurs, as well as profits and losses and other total revenues attributed to them consider non-controlling shareholders both direct subsidiaries of the Parent Equity as well as their subsidiaries.

31.12.2018

in PLN thousand	**Unimot System Sp. z o.o.**	**Blue Cold Sp. z o.o.**	**PPGW Sp. z o.o.**	**Blue LNG Sp. z o.o.**	**Total**
Percentage share in equity of non-controlling shareholders	41,26%	49,24%	41,26%	41,26%	
Fixed assets	22 705	4 302	1 550	4 446	
Current assets	9 638	253	256	573	
Long-term liabilities	(5 721)	(768)	(64)	(1 962)	
Short-term liabilities	(7 691)	(8 617)	(1 561)	(2 642)	
Net assets	**18 931**	**(4 830)**	**181**	**415**	

Interests of non-controlling shareholders	**7 811**	**(2 288)**	**75**	**171**	**5 769**
Revenues on sales	3 917	3	1 449	2 801	
Net profit/loss	(260)	(6 161)	(70)	(148)	
Other total revenues	-	-	-	-	
Profits or losses and other total revenues	(260)	(6 161)	(70)	(148)	
Net profit/(loss) attributable to non-controlling shareholders*	**(154)**	**(3 001)**	**(31)**	**(64)**	**(3 250)**
Other total revenues attributable to non-controlling shareholders	-	-	-	-	
Operating activity cash flows	(1 096)	(488)	153	293	
Investment activity cash flows	742	(15)	(48)	(180)	
Financial activity cash flows	(649)	508	19	(122)	
Total net financial flows	**(1 003)**	**5**	**124**	**(9)**	

*net profit/(loss) attributed to non-controlling shareholders is not always equal to their percentage share in subsidiaries' equity due to the percentage share change during the year.

Profit(loss) per one share

Basic profit/loss per one share

Calculation of basic profit per one share as of 31st December 2019 was made on the basis of net profit attributed to ordinary shareholders of the Parent Equity in the amount of PLN 60 407 thousand (2018: net profit PLN 110 thousand) and the weighted average of ordinary shares as of the day of preparing the consolidated financial statements in the amount of 8 198 thousand of shares. (2018: 8 198 thousand of shares).

Weighted average of shares used to calculate diluted results per one share as of 31st December 2019 amounts to 8 198 thousand of shares. (2018: 8 198 thousand of shares).

4.21 LIABILITIES DUE TO CREDITS, LOANS AND OTHER DEBT INSTRUMENTS AND OVERDRAFTS

The note presents data on Group's liabilities due to credits, loans and other debt instruments. Information regarding exchange rate risk and interest rate risk that the Group is exposed to has been presented in note 4.29.

in PLN thousand	**31.12.2019**	**31.12.2018**
Long-term liabilities		
Credits and loans secured on the assets of the Group	5 580	7 082
Financial lease liabilities	2 396	2 922
Liabilities due to lease (other lease and rent contracts unrecognised before)	5 118	-
Total long-term liabilities	**13 094**	**10 004**
Short-term liabilities		
Short-term part of credits and loans secured on the assets of the Group	1 193	1 086
Other loans	322	326
Short-term part of financial lease liabilities	1 988	2 161
Liabilities due to lease (other lease and rent contracts unrecognised before)	1 364	-
Total short-term liabilities	**4 867**	**3 573**
Overdraft	**205 350**	**215 232**

Total	223 311	228 809

Payment schedule regarding liabilities due to credits, loans and other debt instruments as of 31st December 2019 (excluding financial lease liabilities):

in PLN thousand	Total	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
Secured credits and loans	6 773	1 193	2 273	1 932	1 375
Other loans	322	322	-	-	-
Total	**7 095**	**1 515**	**2 273**	**1 932**	**1 375**

Payment schedule regarding liabilities due to credits, loans and other debt instruments as of 31st December 2018 (excluding financial lease liabilities):

in PLN thousand	Total	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
Secured credits and loans	8 168	1 086	7 082	-	-
Other loans	326	326	-	-	-
Total	**8 494**	**1 412**	**7 082**	**-**	**-**

Payment schedule of lease liabilities:

in PLN thousand	Payments due to lease	Interests	Share capital	Payments due to lease	Interests	Share capital
		31.12.2019			31.12.2018	
Up to 1 year	2 104	116	1 988	2 281	120	2 161
from 1 to 5 years	2 489	93	2 396	3 019	97	2 922
Total	**4 593**	**209**	**4 384**	**5 300**	**217**	**5 083**

Lease contracts do not foresee the necessity for contingent payments.

Payment schedule regarding lease liabilities (based on other rent and lease agreements unrecognised before):

in PLN thousand	Payments due to lease	Interests	Share capital	Payments due to lease	Interests	Share capital
		31.12.2019			31.12.2018	
Up to 1 year	1 668	304	1 364	-	-	-
from 1 to 5 years	5 960	842	5 118	-	-	-
Total	**7 628**	**1 146**	**6 482**	**-**	**-**	**-**

4.22 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments - financial assets:

in PLN thousand	**31.12.2019**	**31.12.2018**
Long-term financial assets		
Futures contracts	-	987
Total	**-**	**987**
Short-term financial assets		
Futures contracts	12 123	33 190
Total	**12 123**	**33 190**

Derivative financial instruments - financial liabilities:

in PLN thousand	**31.12.2019**	**31.12.2018**
Long-term financial liabilities		
Futures contracts	5 648	3 457
Total	**5 648**	**3 457**
Short-term financial liabilities		
Futures contracts	2 421	8 365
Total	**2 421**	**8 365**

Maturity schedule/settlement period of derivative financial instruments - financial liabilities as of 31st December 2019:

in PLN thousand	**Total**	**Up to 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**Over 5 years**
Futures contracts	8 069	2 421	5 648	-	-
Total	**8 069**	**2 421**	**5 648**	**-**	**-**

Maturity schedule/settlement period of derivative financial instruments - financial liabilities as of 31st December 2018:

in PLN thousand	**Total**	**Up to 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**Over 5 years**
Futures contracts	11 822	8 365	3 457	-	-
Total	**11 822**	**8 365**	**3 457**	**-**	**-**

4.23 CREDIT AND LOAN AGREEMENT ANALYSIS

Credit and loan agreement analysis as of 31.12.2019:

Name of financing company	Long-term-part	Short-term-part	Liability type	Date of granting	Repayment day	Securities
BNP Paribas Bank Polska S.A. (formerly Raiffeisen Bank Polska S.A.)	-	1 150	overdraft	2011-08-11	2020-06-30	a bail mortgage on real estate together with an assignment of insurance policy, registered pledge on fixed assets, an authorization to the current account and other accounts, cession of receivables
Bank Millenium S.A.	-	11 219	overdraft	2012-09-20	2020-05-21	a collective mortgage on real estate together with an assignment of insurance together a surety and declaration of submission to enforcement by Unimot Express Sp. z o.o.
mBank S.A.	-	104 750	revolving credit/overdraft	2012-10-01	2020-10-23	a collective mortgage on real estate promissory note together with promissory note agreement cession of receivables, cession of insurance policy, registered pledge on diesel oil.
mBank S.A.	-	-	revolving credit/overdraft	2012-10-01	2021-03-19	a blank promissory note and promissory note agreement, cash deposit in the amount of PLN 1.1 million, declaration of submission to enforcement.
ING Bank Śląski S.A.	-	85 185	revolving credit/overdraft	2016-03-03	2020-05-31	registered pledge on stock authorization to current account and other accounts, cession of receivables, cession of insurance policy.
BNP Paribas Bank Polska S.A.	-	-	Credit line facility/ reverse factoring	2016-09-26	2026-09-26	promissory note together with promissory note agreement, pledge or registered pledge on financed or refinanced product cession of indemnification from insurance policy, confirmed cession of receivables, silent cession of receivables, registered pledge on bank account, declaration on submission to enforcement, authorization to dispose of financial resources in all bank accounts in Bank.
BNP Paribas Bank Polska S.A. (formerly Raiffeisen Bank Polska S.A.)	-	340	overdraft	2018-01-03	2020-06-30	security through credit limit in Unimot S.A.
Bank Millennium S.A.	-	1 506	overdraft	2012-09-20	2020-05-21	security through credit limit in Unimot S.A.
Orzesko-Knurowski Bank Spółdzielczy z/s w Knurowie (Wieleń)	195	130	investment credit	2013-11-22	2022-06-20	own promissory note, contractual mortgage on real estate, cession from the policy; court registered pledge, surety of BLE SA, authorization to accounts, transfer authorization to accounts, transfer from contracts with the customers from Wieleń.
Orzesko-Knurowski Bank Spółdzielczy z/s w Knurowie (Tuczno)	145	97	investment credit	2014-04-03	2022-06-20	own promissory note, contractual mortgage on real estate, cession from the policy, court registered pledge, surety of BLE S.A., authorization to accounts, transfer from the contract with Trumpf Mauxion Chocolates.
esko-Knurowski Bank Spółdzielczy z/s w Knurowie (Białowieża)	690	166	investment credit	2016-04-08	2025-03-30	own promissory note, contractual mortgage on real estate, cession from the policy, court registered pledge, surety of Unimot System Sp. z o.o. and Unimot S.A. authorization to accounts, transfer from contracts with the customers form Białowieża.
Bank Spółdzielczy w Płońsku	850	200	investment credit	2014-05-14	2023-12-31	contractual mortgage, surety of Blue Line Engineering S.A., Unimot S.A., Quantum 6, cession of receivables, authorization to current account and other accounts, own promissory note.
Bank Gospodarstwa Krajowego	3 700	600	investment credit	2016-01-27	2024-06-30	a blank promissory note; endorsement Unimot S.A.; surety under civil law BLE; contractual mortgage up to PLN 12.760.058; register pledge on the group of future movables; transfer of receivables; transfer of receivables from the insurance contract; statement on voluntary execution pursuant to Art. 777 Unimot SA, BLE, Unimot System
BNP Paribas Factor Sp. z o.o.	-	1 200	recourse factoring	2014-04-18	Contract for an indefinite period	own promissory note, cession of receivables.
Unimot Express Sp. z o.o.	-	322	loan	2015-12-12	2020-12-31	no security
Total	**5 580**	**206 865**				

Margin on liabilities from credits, loans and other debt instruments depends on variable interest rate to which it refers. Interval analysis of margin is presented below:

- WIBOR 1M – margin in the range 0.9 – 4.0%, WIBOR 3M – margin in the range 1.5 – 6.25%,
- LIBOR 1M – margin in the range 1.1% - 2%,
- EURIBOR 1M – margin in the range 1.1% - 1.45%.

In 2019 or after the reporting date period the occurrences of failures to reimburse capital or interests did not happen.

As of 31st December 2019 there were no infringements to covenants of credit agreements held by the Group.

Lease agreement analysis as of 31.12.2019:

Name of financing company	Long-term-part	Short-term-part	Liability type	Date of granting	Repayment day	Securities
Millenium Leasing Sp. z o.o.	2 170	1 484	lease	2015-11-09	2024-08-05	Promissory note declaration
Volkswagen Leasing Sp. z o.o.	8	120	Lease	2013-08-01	2021-01-30	Promissory note declaration
PKO Leasing S.A.	125	30	Lease	2019-12-10	2022-11-01	Promissory note declaration
Volkswagen Leasing Sp. z o.o.	65	177	Lease	2013-04-13	2021-11-10	Promissory note declaration
Millenium Leasing Sp. z o.o.	28	177	Lease	2017-12-18	2020-12-31	Promissory note declaration
Total	**2 396**	**1 988**				

4.24 CHANGE OF LIABILITIES STATUS RESULTING FROM FINANCIAL ACTIVITY

in PLN thousand	As of 01.01.2019	Incurrence/repayments	Interests paid	Exchange rate differences recognised in the balance of results	Debt valuation	New financial lease agreements	As of 31.12.2019
Overdrafts	215 232	(2 108)	(7 957)	56	127	-	205 350
Bank credits	8 168	(1 161)	(234)	-	-	-	6 773
Short-term loans from related entities	326	16	(20)	-	-	-	322
Financial lease	5 083	(2 601)	(130)	-	-	2 032	4 384
Financial lease (based on other rent and lease contracts unrecognised before)*	5 841	(1 137)	(260)	-	-	2 038	6 482
Total	**234 650**	**(6 991)**	**(8 601)**	**56**	**127**	**4 070**	**223 311**

** The Group has recognised financial lease since 1st January 2019 pursuant to IFRS 16*

in PLN thousand	As of 01.01.2018	Incurrence/repayments	Interests paid	Exchange rate differences recognised in the balance of results	Debt valuation	New financial lease agreements	As of 31.12.2018
Overdrafts	140 575	103 382	(7 352)	(14 055)	(7 318)	-	215 232
Bank credits	9 368	(918)	(282)	-	-	-	8 168
Short-term loans from related entities	312	14	-	-	-	-	326
Short-term loans from other entities	-	970	(905)	(65)	-	-	-
Financial lease	6 091	(3 259)	(192)	-	-	2 443	5 083
Total	**156 346**	**100 189**	**(8 731)**	**(14 120)**	**(7 318)**	**2 443**	**228 809**

4.25 EMPLOYEE BENEFITS LIABILITIES

in PLN thousand	31.12.2019	31.12.2018
Long-term liabilities due to retirement compensation and other	185	167
Short-term liabilities due to retirement compensation and other	435	485

Total	620	652

Employee benefits

Retirement benefits liabilities have been calculated by an independent actuary based on the assumptions:

in %	31.12.2019	31.12.2018
Discount rate	2,0%	2,9%
Future wage growth	4.0%	2,0%
Inflation	2,0%	2,0%

Status change of defined benefit liability over the year:

in PLN thousand	Retirement allowances	Pension allowances	Equivalent for unused holiday leave, write-off to ZFŚS, death in service benefits	Total
As of 1st January 2018	**50**	**5**	**664**	**719**
Current employment cost	12	2	21	**35**
Interest costs	2	-	4	**6**
Actuarial profit/(loss) from change in assumptions	(3)	(1)	(54)	**(58)**
Benefits paid	(2)	-	(48)	**(50)**
As of 31.12.2018	**59**	**6**	**587**	**652**

in PLN thousand	Retirement allowances	Pension allowances	Equivalent for unused holiday leave, write-off to ZFŚS, death in service benefits	Total
As of 1st January 2019	**59**	**6**	**587**	**652**
Current employment cost	13	1	23	**37**
Interest costs	2	-	3	**5**
Actuarial profit/(loss) from change in assumptions	(5)	(1)	(9)	**(15)**
Benefits paid	-	-	(59)	**(59)**
As of 31.12.2019	**69**	**6**	**545**	**620**

Sensitivity of liabilities due to employee benefits to changes in basic assumptions:

in % as of 31.12.2019	Change in assumptions		Influence on benefits	
	Decrease	Increase	Increase/(decrease)	Increase/(decrease)
Discount rate	0,5%	0,5%	2,99%	(2,62)%
Future wage growth	0,5%	0,5%	(2,55%)	2,88%
Inflation	0,5%	0,5%	1,15%	(1,18)%

Costs regarding changes of reserves are recognised in the financial result as overheads and other costs.

4.26 SHORT-TERM PROVISIONS

Other provisions:

in PLN thousand	31.12.2019	31.12.2018
Opening balance as of 1st January	**830**	-
provisions created in the period	-	830
provisions used in the period	(830)	-
provisions released in the period	-	-
Closing balance as of 31st December	**-**	**830**

As of 31.12.2018 other provisions included reserves for potential claims from accession of the related company Blue Cold Sp. z o.o. to the repayment of credit for PSM ALFA Sp. z o.o.

4.27 CLIENT CONTRACTS LIABILITIES

Short-term:

in PLN thousand	**31.12.2019**	**31.12.2018**
a) to related entities		
Client contracts liabilities	-	-
	-	**-**
b) to other entities		
Client contracts liabilities	3 070	13 390
	3 070	**13 390**
Total	**3 070**	**13 390**

4.28 TRADE AND OTHER LIABILITIES

Short-term:

in PLN thousand	**31.12.2019**	**31.12.2018**
Trade liabilities	92 766	87 081
Liabilities due to taxes, subsidies, duties, insurance excluding the income tax liabilities	93 992	62 435
Remuneration liabilities	732	843
Accruals	13 853	2 463
Other liabilities	193	552
Total	**201 536**	**153 374**

4.29 FINANCIAL INSTRUMENTS

Financial instruments classification

Assets

in PLN thousand	Loans and receivables	Financial assets valuated at fair value through financial result	Hedging instruments	Cash resources	Total
Assets according to the statements of financial condition as of 31.12.2019					
a) Fixed assets					
Other financial assets	131	-	-	-	**131**
Other long-term liabilities	2 224	-	-	-	**2 224**
Client contracts assets	9 184	-	-	-	**9 184**
b) Current assets					
Client contracts assets	1 162	-	-	-	**1 162**
Receivables (except advances and receivables due to taxes)	252 122	-	-	-	**252 122**
Other financial assets	3 537	-	-	-	**3 537**
Derivative financial instruments	-	12 123	-	-	**12 123**
Other current assets	5 497	-	-	-	**5 497**
Financial resources and their equivalents (excluding cash at hand)	-	-	-	38 753	**38 753**
Total	**273 857**	**12 123**	**-**	**38 753**	**324 733**

in PLN thousand	Loans and receivables	Financial assets valuated at fair value through financial result	Hedging instruments	Cash resources	Total
Assets according to the statements of financial condition as of 31.12.2018					
a) Fixed assets					
Other financial assets	131	-	-	-	**131**
Derivative financial instruments	-	987	-	-	**987**
Other long-term liabilities	3 753	-	-	-	**3 753**
Client contracts assets	5 252	-	-	-	**5 252**
b) Current assets					
Client contracts assets	2 945	-	-	-	**2 945**
Receivables (except advances and receivables due to taxes)	227 726	-	-	-	**227 726**
Other financial assets	141	-	-	-	**141**
Derivative financial instruments	-	33 190	-	-	**33 190**
Other current assets	6 247	-	-	-	**6 247**
Financial resources and their equivalents (excluding cash at hand)	-	-	-	46 992	**46 992**
Total	**246 195**	**34 177**	**-**	**46 992**	**327 364**

Liabilities

in PLN thousand	Financial liabilities valuated according to amortised costs	Financial liabilities valuated at fair value through financial result	Total
Liabilities according to the statements of financial condition as of 31.12.2019			
a) Long-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	5 580	-	**5 580**
Financial lease liabilities	2 396	-	**2 396**
Liabilities due to lease (other lease and rent contracts unrecognised before)	5 118	-	**5 118**
Derivative financial instruments	-	5 648	**5 648**
b) Short-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	1 515	-	**1 515**
Overdrafts	205 350	-	**205 350**
Financial lease liabilities	1 988	-	**1 988**
Liabilities due to lease (other lease and rent contracts unrecognised before)	1 364	-	**1 364**
Derivative financial instruments	-	2 421	**2 421**
Trade and other liabilities (excluding public and legal liabilities)	107 544	-	**107 544**
Total	**330 855**	**8 069**	**338 924**

in PLN thousand	Financial liabilities valuated according to amortised costs	Financial liabilities valuated at fair value through financial result	Total
Liabilities according to the statements of financial condition as of 31.12.2018			
a) Long-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	7 082	-	**7 082**
Financial lease liabilities	2 922	-	**2 922**
Derivative financial instruments	-	3 457	**3 457**
b) Short-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	1 412	-	**1 412**
Financial lease liabilities	2 161	-	**2 161**
Overdraft	215 232	-	**215 232**
Derivative financial instruments	-	8 365	**8 365**
Trade and other liabilities (excluding public and legal liabilities)	90 939	-	**90 939**
Total	**319 748**	**11 822**	**331 570**

Loans and receivables include loans granted, trade and other receivables (net of taxes and advances) and cash and cash equivalents.

Financial liabilities measured by depreciated cost method include overdrafts, liabilities from credits, loans, and other debt instruments, trade and other liabilities (excluding tax liabilities).

Financial instruments measured at fair value

Fair value

- Details of fair value of financial instruments for which it can be estimated are as follows
- Cash and cash equivalents, short-term bank deposits, short-term bank credits and overdrafts: the carrying amount of the aforementioned instruments is close to their fair value due to the rapid maturity of these instruments.
- Trade receivables and other receivables, trade creditors and other liabilities, and prepayments and accruals: the book value of the aforementioned instruments is close to their fair value due to their short-term nature.
- Long-term liabilities from credits, loans and other debt instruments: the book value of the aforementioned instruments is close to their fair value due their versatile nature of interest.
- Liabilities towards related entities due to fixed interest rate instruments: the book value of the aforementioned instruments is close to their fair value due to the fact that the interest rate is close to market interest rate of similar risk.
- Derivatives: fair value is based on the market price resulting from listing, if it is available. If the market price resulting from the current quotation is not available for the instrument, then the fair value is determined by discounting the difference between the contract price and the current price of the instrument, taking into account the maturity of the contract. As of 31.12.2019 and 31.12.2018 derivatives applied by the Group (foreign currency FX Forward transactions and commodities Futures transactions) are estimated at fair value of Level 1, i.e. based on data coming from active market.

The main financial risks to which the Group is exposed regarding its business: market risks (including the risk of changes in currency exchange rates, the risk of changes in fair value or cash flows as a result of changes in interest rates and the risk of price changes), credit risk and liquidity risk. Understanding the threats which have their source in the Company's exposure to risk, proper organisational structure and procedures allow for better implementation of tasks. The company constantly identifies and makes the measurement of financial risk, as well as it takes measures to minimise its impact on the financial condition.

Financial risk

Financial risks the Group is exposed to within the conducted activity include:

- market risks that comprise:
  - currency exchange rate risk,
  - price risk,
  - interest rate risk .
- credit risk,
- liquidity loss risk.

Understanding the threats originating from the exposure of the Group to risks, proper organizational structure and procedures allow for better task accomplishment. The Group identifies and measures financial risk on an ongoing basis and also takes actions aimed at minimizing them and their impact on the financial condition.

Market risk

By the market risk to which the Group is exposed, the possibility of negative impact on the results of the Company resulting from changes in exchange rates, market prices of goods and interest rates, is understood.

The Group actively manages the market the risk to which it is exposed. The main objectives of the risk management process are: to limit the volatility of the financial result, to increase the likelihood of implementation of the budget assumptions, to reduce the likelihood of loss of liquidity.

All the market risk management objectives should be dealt with together, and their performance is dependent primarily on the domestic situation in the Group and market conditions.

The main technique of market risk management is hedging strategies using derivatives. contracts forward, futures). Also, natural hedging is applied. The Group applies an integrated approach to the market risk management to which it is exposed. An example are hedging transactions on commodity and currency markets that are closely associated with the contracts concluded on the market and are implemented by an existing Hedging Department of the Group. Since 2017 the Group has not been applying hedge accounting.

Exchange rate change risk

With regard to the risk of changes in the exchange rate the following types of exposure are identified:

- transactional exposure on volatility of the value of cash flows in the functional currency. The source of the transactional exposure to foreign exchange risk are contracts resulting in cash flows of which the functional currency is dependent on future levels of exchange rates of foreign currencies against the functional currency. The key source of transactional exposures to foreign exchange risk is the revenue from the sale of goods.

- the balance sheet exposure relating to the variation of the values of selected items of the statements of financial condition in the functional currency. The source of the balance sheet exposure to currency risk are the items of the statements of financial condition in foreign currencies which under applicable accounting principles are subject to conversion on the basis of the current exchange rate of a foreign currency relative to the functional currency in connection with the settlement or periodic measurement. The balance sheet exposure applies in particular to: receivables and liabilities denominated in foreign currencies, financial liabilities from debts in foreign currencies, cash in foreign currencies.

The Group applies the procedure for exchange rate hedging for calculated prices and margins of goods bought and sold in different currencies. The Group uses forward contracts and SWAPs for all asset and liability items in full subject to the exchange rate change risk. These are the simplest, but also the most effective tools allowing for the minimisation of the risk of exchange rate fluctuations since the purchase of goods until their sale for transactions in different currencies.

Group's exposure to currency risk

Data on the balance of assets and liabilities in foreign currencies as of 31.12.2019.

in PLN thousand	in EUR	in USD	Other currencies	Total
Trade and other receivables	3 391	13 423	3	**16 817**
Cash resources	515	6 774	2	**7 291**
Liabilities due to credits, loans and other debt instruments	(7 852)	(194 211)	-	**(202 063)**
Derivative financial instruments	-	4 054	-	**4 054**
Trade and other liabilities	(3 169)	(23 939)	(4)	**(27 112)**
Exposition to exchange rate risk for balances in foreign currencies	**(7 115)**	**(193 899)**	**1**	**(201 013)**

Data on the balance of assets and liabilities in foreign currencies as of 31.12.2018.

in PLN thousand	in EUR	in USD	Other currencies	Total
Trade and other receivables	3 673	9 532	-	**13 205**
Cash resources	1 140	2 866	2	**4 008**
Liabilities due to credits, loans and other debt instruments	-	(186 188)	-	**(186 188)**
Derivative financial instruments	-	22 212	-	**22 212**
Trade and other liabilities	(3 298)	(9 030)	-	**(12 328)**
Exposition to exchange rate risk for balances in foreign currencies	**1 515**	**(160 608)**	**2**	**(159 091)**

The growth of the Group's exposure to currency risk as of 31st December 2019 results primarily from increased balances of liabilities due to credits, loans and other debt instruments.

Analysis of financial instruments sensitivity denominated in foreign currencies to exchange rate change

The influence of foreign currencies exchange rate on the financial result as of 31.12.2019 by 15% has been presented below. The analysis was conducted at the assumption that all remaining variables, and interest rates in particular, remain at the same level. The analysis for the year 2018 was conducted in the same manner.

Impact of exchange rate differences on the Group's financial result due to change of exchange rate:

in PLN thousand	Change of exchange rate - impact on annual financial result Growth of exchange rate by 15 %	Decrease of exchange rate by 15 %
31.12.2019	(30 152)	30 152
31.12.2018	(23 864)	23 864

Price risk

The Group has no equity securities classified as available-for-sale or measured at fair value through the financial result, which are exposed to price risk.

The Group is exposed to the risk of price change regarding the sold fuels, mainly diesel oil, which can consequently influence the results achieved by the Group. Change in prices on the world markets has also influence on the domestic market and, therefore, upon the sale of goods would generate a loss.

The Group secures the risk of price changes of goods with appropriate hedge transactions, securing the price of a product. With this end in view, the Group uses commercially available hedging instruments, i.e. futures contracts.

Applied in the Group procedure of diesel oil price hedging assumes concluding transactions of the denomination corresponding to 100% of diesel oil amount susceptible to price change. Strategies of concluding hedging transactions correspond to price formulas applied in purchase contracts. In case the duration of the hedging transactions expires before the goods are sold their rollover is applied or commodity swaps are concluded. An analogous approach is also applied to hedge mandatory reserve of diesel oil that is not subject to current trade.

Group's exposure to price risk

Data on balances of opened derivatives transactions:

As of 31.12.2019	Amount in tonnes	Fair value in PLN thousand
Non-financial assets		
Inventories valuated according to fair value net of sales cost	109 100	239 258
Total	**109 100**	**239 258**

As of 31.12.2019	Valuation period for which instruments are concluded	Amount in tonnes	Nominal value in PLN thousand
Financial			
Futures	January 2020-July 2021	(20 300)	(38 333)
Commodity swap	January 2020-June 2020	(71 200)	(162 551)
Total		**(91 500)**	**(200 884)**
Exposure to price risk of derivatives transactions balances		**17 600**	**38 374**

As of 31.12.2018	Amount in tonnes	Fair value in PLN thousand
Non-financial assets		
Inventories valuated according to fair value net of sales cost	96 216	190 500
Total	**96 216**	**190 500**

As of 31.12.2018	**Valuation period for which instruments are concluded**	**Amount in tonnes**	**Nominal value in PLN thousand**
Financial			
Futures	January 2019-July 2021	(21 500)	(46 563)
Commodity swap	January 2019-June 2019	(62 500)	(117 299)
Total		**(84 000)**	**(163 862)**
Exposure to price risk of derivatives transactions balances		**12 216**	**26 638**

Exposure level to price risk results mainly from the level of LPG provisions, the value of which is not hedged with derivative transactions.

Sensitivity analysis of financial instruments to fuel price change

Strengthening/weakening the quotations of the base product (influencing the growth/drop of the fair value of inventories and growth/drop of the fair value of derivatives) by 15% as of 31st December 2019 would cause (drop)/growth of the financial result by the values presented below. The analysis was conducted at the assumption that all remaining variables, and interest rates in particular, remain at the same level. The analysis for the year 2018 was conducted in the same manner.

Impact of price differences on the Group's financial result:

	Profit/(loss)	
in PLN thousand	**Price growth by 15 %**	**Price decrease by 15 %**
31.12.2019	5 756	(5 756)
31.12.2018	3 996	(3 996)

Interest rate risk

The interest rate risk is a possibility of adverse influence of changes in interest rates on the Group's results. The Group in 2019 was exposed to this type of risk in connection granting of loans and use of external sources of financing.

Working with a number of financial institutions, the Group constantly monitors the level of interest rates always negotiating the margin level of a bank or other financial institution for included products subject to the interest rate. The Group acts similarly with the interest rates on loans granted by the Group.

Group's exposure to interest rate change:

in PLN thousand	**31.12.2019**	**31.12.2018**
Fixed interest rare instruments		
Financial	(322)	(326)
Total	**(322)**	**(326)**
Variable interest rare instruments		
Financial assets	-	44
Financial	(222 989)	(228 483)
Total	**(222 989)**	**(228 439)**

Interest rate change risk on fair values and cash flow

The Group has no significant interest-bearing financial assets, therefore the Group's revenue and cash flow from operating activities are largely independent of changes in market interest rates. The Group is more vulnerable to the risk of interest rates from loans and credits. The loans granted with variable interest rate expose the Group to the risk of interest rates from cash flow.

Sensitivity analysis of financial instruments with variable interest rate on changes in market interest rates

((Decrease)/increase in interest rate by 150 bp at the reporting date would increase (reduce) equity and financial result by the amount presented in the following table. The analysis was carried out at the assumption that all other variables, in particular currency exchanges, remain unchanged. The analysis for 2018 was carried out in the same manner.

Impact of interest rate change on the Group's financial result:

	Financial result	
in PLN thousand	**Growth by 1,5 %**	**Decrease by 1,5 %**
31.12.2019	(3 345)	3 345
31.12.2018	(3 427)	3 427

Credit risk

The credit risk is the possibility of incurring by the Group financial loss as a result of failure to comply with the obligations by debtors of the Group.

The credit risk is mainly associated with the following areas:
- the credit reliability of the customers with whom physical transactions for the sale of goods,
- the reliability of the credit financial institutions (banks/brokers) with which hedge transactions are concluded or who mediate in the conclusion of such transactions, as well as those in which free cash is invested,
- financial condition of the borrowers.

The credit risk is associated in particular with the following balance sheet items:
- trade receivables,
- derivative instruments,
- cash and bank deposits,
- granted loans,
- granted guarantees and warranties.

Maximum exposure to credit risk:

in PLN thousand	**31.12.2019**	**31.12.2018**
Loans and other financial assets	3 668	272
Receivables	254 346	231 479
Financial assets valuated at fair value through financial result	12 123	33 190
Financial resources and their equivalents (excluding cash at hand)	38 753	46 992
Total	**308 890**	**311 933**

As of the balance sheet date there was no significant risk concentration present. The book value of each financial asset presents a maximum exposure to credit risk.

Loans granted – estimated asset impairment

The Group has granted several educational loans for university students. The amount of the estimated impairment of these loans is negligible from the perspective of the results achieved by the Group as of 31st December 2019.

Trade receivables - asset impairment estimation

The Group has been cooperating for many years with a large number of customers, which influences the geographical distribution of trade receivables.

The Group conducts a restrictive policy of granting credit limits, which has been continued for a number of years. Through internal departments the Group conducts a continuous monitoring of balances and supervision over utilisation of credit limits. If maturity of receivables occurs the regulations of debt recovery are applied.

Receivables are hedged with insurance and other forms, such as: bank guarantees, mortgages, blocking resources on bank accounts, registered pledges on movables, acts of submission to enforcement under the art. 777 k.p.c.

The Group cooperates with the leading insurers of receivables: Atradius, Euler Hermes, Coface, KUKE. The abovementioned entities demonstrate significant financial potentials and use hedges in reinsurance treaties, which have not been communicated to change following the coronavirus pandemic. The stance of Insurers is stable and balanced, we do not observe significant deviations in the scope of limit coverage, open processes of negotiating the terms of insurance are not disturbed. The capacity of the policies of receivables insurance oscillates at the level of 80% of the receivables level. The major insurer Atradius – has not increased its interest in the petrochemical industry for years, only maintaining long-term contracts.

According to the situation as of 31st December 2019, 69,4% of the receivables were covered by insurance, 3,1% acquired from customers other forms of insurance, 27.5% of receivals remained uninsured. The last group includes renowned entities (fuel concerns) and entities not subject to insurance, such as public administration bodies or physical persons (risk diversification due to large fragmentation of receivables).

in PLN thousand	**31.12.2019**	**31.12.2018**
Trade receivables insured against credit risk - from unrelated entities	152 736	135 606

Age structure of trade receivables

Gross value

in PLN thousand	**31.12.2019**	**31.12.2018**
Not overdue	**176 888**	**144 178**
Overdue, in this:	**50 006**	**61 688**
1-30 days	37 916	38 845
31-60 days	3 086	15 209
60-180 days	1 206	2 570
181-365 days	2 461	1 441
Over 365 days	5 337	3 623
Total	**226 894**	**205 866**

Depreciation:

in PLN thousand	**31.12.2019**	**31.12.2018**
Not overdue	**(276)**	**(293)**
Overdue, in this:	**(6 448)**	**(1 791)**
1-30 days	(81)	(104)
31-60 days	(282)	(46)
60-180 days	(228)	(85)
181-365 days	(1 299)	(608)
Over 365 days	(4 558)	(948)
Total	**(6 724)**	**(2 084)**

Net value:

in PLN thousand	**31.12.2019**	**31.12.2018**
Not overdue	**176 612**	**143 885**
Overdue, in this:	**43 558**	**59 897**
1-30 days	37 835	38 741
31-60 days	2 804	15 163
60-180 days	978	2 485
181-365 days	1 162	833
Over 365 days	779	2 675
Total	**220 170**	**203 782**

Increases and decreases of write-offs revaluating trade receivables:

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Opening balance as of 1st January	**(2 084)**	**(948)**
Establishing	(6 824)	(3 042)
Utilization	246	306

Dissolution	1 938	1 600
Closing balance as of 31st December	**(6 724)**	**(2 084)**

As of 31.12.2019 trade receivables in the amount of PLN 176 612 thousand were not overdue nor impaired (31.12.2018: PLN 143 885 thousand). As of 31.12.2019 trade receivables in the amount of PLN 43 558 thousand (31.12.2018: PLN 59 897 thousand) were overdue, but not impaired. These receivables concern mainly customers whose receivables are insured or hedged and with whom the Group has been cooperating for many years.

As of 31.12.2019 trade receivables in the amount of PLN 6 724 thousand (31.12.2018: PLN 2 084 thousand) were verified as impaired receivables or recognised as potentially lost according to the IFRS 9, therefore in 2019 they were subject to a write-off in the amount of PLN 6 724 thousand (31.12.2018: PLN 2 084 thousand).

The Group expects that contractors will settle the overdue trade receivables not later than within twelve months since the end of the accounting period.

The Group estimates that the risk of failure to settle the trade receivables by the contractor in the scope of non-overdue receivables and overdue receivables subject to a write-off is low, due to effective management of merchant credits and debt collection. The Group, among others, defines limits for particular contractors and establishes hedges and is able to compensate mutual liabilities.

Cash resources – estimated asset impairment

The Group deposits its free cash resources and their equivalents exclusively in entities operating in the financial sector. The analysis of the exposure to this type of risk, conducted as of 31st December 2019 for the amount of PLN 38 463 thousand, which constitutes 99.04 % of Group's total cash resources (the remaining ones are cash resources on the way and cash in hand), demonstrated that in the prevailing part these are banks and brokers of the highest, upper medium and medium ratings, and also possessing large equities and a leading and stable market position in Poland. This credit risk is being monitored on an ongoing basis through analysis of credit ratings and limiting the concentration level of resources at particular financial institutions.

in PLN thousand	Rating Moody's	Rating Fitch	Rating S&P	31.12.2019	31.12.2018
Bank1	Baa1	BBB	BBB+	45,4%	34,8%
Bank2	Aa3	A+	A	14,6%	5,5%
Broker1	-	-	-	14,0%	-
Bank3	A2	A	-	10,5%	12,5%
Broker2	-	-	-	7,2%	39,7%
Bank4	Baa3	BBB-	-	5,2%	6,0%
Other banks	-	-	-	3,1%	1,5%

Despite concentration of credit risk connected with cash resources and deposits at one main bank and also lack of ratings for brokers, the Group estimates that due to the cooperation exclusively with renowned financial institutions as well as current monitoring of their financial results, it is not significantly susceptible to credit risk resulting from depositing financial resources in these institutions.

The value of the estimated impairment of cash resources is insignificant from the perspective of the results achieved by the Group as of 31st December 2019.

Derivatives transactions – estimated asset impairment

The Group concludes derivatives transactions in entities operating in the financial sector. The analysis of the exposure to this type of risk, conducted as of 31st December 2019 for the amount of PLN 5 565 thousand, demonstrated that in the prevailing part these are banks and brokers of the highest, upper medium and medium ratings, and also possessing large equities and a leading and stable market position in Poland. This credit risk is being monitored on an ongoing basis through analysis of credit ratings and limiting the concentration level of resources at particular financial institutions.

In order to limit cash flows and simultaneously limit credit risk the Group conducts net settlements to the level of a positive balance valuation of transactions in derivatives concluded with the given entity.

Concentration level of fair value and derivatives considering the credit evaluation of financial institutions:

in PLN thousand	Rating Moody's	Rating Fitch	Rating S&P	31.12.2019	31.12.2018
Broker1	-	-	-	72,9%	-
Bank1	A2	A	-	27,1%	92,7%
Bank2	Baa1	BBB	BBB+	-	6,2%
Other bank	-	-	-	-	1,1%

Despite concentration of credit risk connected with revaluation of transactions in derivatives at one main broker, and also lack of ratings for this broker, the Group estimates that due to the previous good cooperation with this broker, and also monitoring their financial results and other market and non-market information that demonstrate its financial condition, it is not susceptible to credit risk resulting from valuation of transactions in derivatives.

Liquidity risk

The liquidity risk is a risk of occurrence of lack of repayment possibility by the Group of its financial liabilities at their maturity. The Group takes measures to ensure a stable and effective financing of activities.

In managing the liquidity, the Group adheres to the following principles
- ensuring stable and diversified financing from external institutions,
- allocating financial surpluses to repay interest debt or investing them in secure instruments,
- credit limits for trade partners,
- collection of receivables according to their payment date, possibly issuing interest notes in case they are overdue,
- effective management of the remaining working capital components.

Analysis of financial liabilities maturity together with interest payments as of 31.12.2019:

in PLN thousand	Balance value	Contracted value of flows	up to 1 month	from 1 m to 3 m	from 3 m to 1 year	from 1 year to 5 years	over 5 years
Financial							
Financial lease liabilities	4 384	4 593	179	354	1 571	2 489	-
Liabilities due to lease (other rent and lease contracts unrecognised before)	6 482	7 628	145	279	1 244	5 960	-
Overdraft	205 350	205 350	205 350	-	-	-	-
Other interest-bearing liabilities	7 095	8 237	53	325	1 354	5 003	1 502
Derivative financial instruments	8 069	8 069	2 186	235	-	5 648	-
Trade and other liabilities (excluding tax liabilities)	107 544	107 544	107 544	-	-	-	-
Total	**338 924**	**341 421**	**315 457**	**1 193**	**4 169**	**19 100**	**1 502**

Analysis of financial liabilities maturity together with interest payments as of 31.12.2018:

in PLN thousand	Balance value	Contracted value of flows	up to 1 month	from 1 m to 3 m	from 3 m to 1 year	from 1 year to 5 years	over 5 years
Financial							
Financial lease liabilities	5 083	5 300	225	431	1 625	3 019	-
Overdrafts	215 232	215 232	215 232	-	-	-	-
Other interest-bearing liabilities	8 494	9 182	61	369	1 559	7 193	
Derivative financial instruments	11 822	11 822	140	-	8 225	3 457	-
Trade and other liabilities (excluding tax liabilities)	90 939	90 939	90 939	-	-	-	-

Total	**331 570**	**332 475**	**306 597**	**800**	**11 409**	**13 669**	**-**

Capital management

In order to maintain the ability to continue its business activities, taking into account implementation of the planned investments, the Group manages the capital in the way that ensures its future development and simultaneously maximises return on equity for the shareholders. The level of return on equity is monitored by the Group with the use of ROE ratio (net profit/equity). The level of this ratio as of 31st December 2019 amounts to 24.3 % (respectively as of 31st December 2018, -1.6 %).

Additionally, in the process of liquidity and capital management the Group also pays attention to the following ratios:

- asset coverage ratio (equity/total assets), the level of this ratio as of 31st December 2019 amounts to 35.9% (respectively as of 31st December 2018, 32.0%).
- current liquidity ratio current assets/short-term liabilities, the level of this ratio as of 31st December 2019 amounts to 1.4 (respectively as of 31st December 2018, 1.3).

In order to manage optimally its capital, maintain the liquidity and creditworthiness that allow to obtain and maintain external financing the Group in the long term strives at maintaining the asset coverage ratio at the level not lower than 20%, and current liquidity ratio at the level not lower than 1.1.

4.30 CONTINGENT LIABILITIES

The number of guarantees of the Parent Entity Unimot S.A. towards third parties, issued in the course of current activity as of 31st December 2019 and 31st December 2018 amounted to respectively PLN 30.52 million and EUR 1.7 million and PLN 61.17 million and EUR 1.45 million. These concerned mainly: civil and law guarantees connected with securing proper execution of contracts, and public and law guarantees resulting from the valid law regulations securing the correctness of conducting licensed activities in the liquid fuels sector and resulting from this activity receivables of tax, customs nature, etc.

The value of standby letters of credit issued on request of the Parent Entity Unimot S.A. as of 31st December 2019 and as of 31st December 2018 amounted respectively USD 19.4 million and USD 0 million.

The Parent Entity granted a civil surety for the liabilities of a related nonconsolidated entity in the amounts as of 31st December 2019 and as of 31st December 2018 respectively PLN 2.5 million and PLN 1.6 million.

The Parent Equity Unimot S.A. issued guarantees, civil sureties and avals for the liabilities of consolidated related entities in the amounts as of 31st December 2019 and as of 31st December 2018 respectively PLN 36.7 million and PLN 29.87 million.

The number of guarantees concerning liabilities of subsidiaries towards third parties issued in the course of the current activity as of 31st December 2019 and as of 31st December 2018 amounted to respectively PLN 21.74 million and PLN 15.24 million.

Related entities possessed sureties towards third parties as of 31st December 2019 and as of 31st December 2018 amounting to respectively PLN 13.10 million and PLN 14.15 million.

The Parent Equity Unimot S.A. granted surety for the liabilities of nonconsolidated related entities due to umbrella agreements in the amounts of PLN 3.5 million as of 31st December 2019.

4.31 RELATED ENTITIES

Definitions of related entities

The Group concludes transactions with the Parent Entity and related entities specified below.

Consolidated related entities:

- Unimot System Sp. z o.o.
- Blue LNG Sp. z o.o.
- Blue Cold Sp. z o.o.
- Unimot Paliwa Sp. z o.o.
- Unimot Energia i Gaz Sp. z o.o.
- Unimot Energia i Gaz Sp. z o.o. SK.A.
- Tradea Sp. z o.o.
- Unimot Ukraine LLC

- Unimot Asia LLC
- Unimot Energy LLC

Non-consolidated related entities:
- Unimot Express Sp. z o.o. (Parent Equity)
- Zemadon Limited (entity related to Unimot Express Sp. z o.o.)
- Ammerviel Limited (entity related to Unimot Express Sp. z o.o.)
- Unimot Truck Sp. z o.o. (entity related to Unimot Express Sp. z o.o.)

in PLN thousand	**31.12.2019**	**31.12.2018**
Short-term receivables:		
- related entities (non-consolidated)	45	79
Short-term liabilities:		
- related entities (non-consolidated)	283	196
Loans received:		
- related entities (non-consolidated)	322	326

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Revenues on sales of products		
- related entities (non-consolidated)	228	-
Revenues on services sale		
- related entities (non-consolidated)	-	214
Revenues on sales of goods and materials		
- related entities (non-consolidated)	22	340
Purchases of goods, materials and fixed assets		
- related entities (non-consolidated)	27	12
Purchases of services		
- related entities (non-consolidated)	592	598
Other revenues		
- related entities (non-consolidated)	-	-
Other costs		
- related entities (non-consolidated)	-	-
Financial revenues		
- related entities (non-consolidated)	-	-
Financial costs		
- related entities (non-consolidated)	292	150
Costs of write-offs for receivables		
- related entities (non-consolidated)	-	-
Costs of doubtful liabilities		
- related entities (non-consolidated)	-	-

Non-consolidated related units:

PZL Sędziszów S.A. (entity related to Unimot Express Sp. z o.o.)

in PLN thousand	**31.12.2019**	**31.12.2018**
Short-term receivables:		
- related entities (non-consolidated)	403	236

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Revenues on services sale		
- related entities (non-consolidated)	4	5
Revenues on sales of goods and materials		

- related entities (non-consolidated)	381	343
Purchases of goods, materials and fixed assets		
- related entities (non-consolidated)	88	-
Purchases of services		
- related entities (non-consolidated)	512	12
Other revenues		
- related entities (non-consolidated)	-	-
Other costs		
- related entities (non-consolidated)	-	-
Financial revenues		
- related entities (non-consolidated)	30	19
Financial costs		
- related entities (non-consolidated)	-	-
Costs of write-offs for receivables		
- related entities (non-consolidated)	-	-
Costs of doubtful liabilities		
- related entities (non-consolidated)	-	-

In the current accounting period no individual transactions have been identified conducted between the Companies of the Group, which would be significant due to their unusual scope and value. Transactions concluded by the Companies of the Group belong to the scope of normal, everyday business operations, conducted on market terms and principles. These transactions concerned mainly purchases of goods and materials for the needs of current operating activity (fuels, energy, rental services).

In the examined period and the comparable period, the Group granted civil sureties, avals sureties and issued guarantees for the liabilities of related entities – details in note 4.30.

4.32 EXPLANATORY NOTE TO THE STATEMENTS ON CASH FLOWS

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Change of receivable status resulting from the statements of financial condition	**(57 627)**	**3 983**
Status change of receivables due to interest receivables	100	-
Receivable status change due to the right to use assets	222	-
Status change of the receivable due to disposal of subsidiaries' shares	74	-
Change of receivable status in the statements of cash flows	**(57 231)**	**3 983**

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Inventories status change resulting from the statements of financial condition	**(48 758)**	**-**
Inventories status change due to disposal of subsidiaries' shares	(76)	-
Inventories status change in the statements of cash flows	**(48 834)**	**-**

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Provisions status change resulting from the statements of financial condition	**1 197**	**-**

Provisions status change due to disposal of subsidiaries' shares	830	-
Provisions status change in the statements of cash flows	**2 027**	**-**

in PLN thousand	**01.01.2019-31.12.2019**	**01.01.2018-31.12.2018**
Change of liabilities status resulting from the statements of financial condition	**48 550**	**(63 323)**
Status change of investment liabilities	-	832
Liabilities status change due to disposal of subsidiaries' shares	5 695	251
Liabilities status change due to purchase of subsidiaries' shares	(4 950)	-
Status change of interest liabilities	(570)	-
Liabilities status change in the statements of cash flows	**48 725**	**(62 240)**

4.33 EVENTS AFTER THE BALANCE SHEET DATE

- **Pandemic of coronavirus COVID-19.**

Estimated impact of the pandemic of coronavirus COVID-19 on the operations and financial condition of the Capital Group

The Management Board of the Parent Equity on an ongoing basis analyses the information regarding the spread of coronavirus COVID-19 in the world and in particular in Poland and the region, which results from the geographical primary scope of operations of the UNIMOT Capital Group. The greatest importance the Management Board attributes to the information provided by the Polish government, National Bank of Poland and other main national state institutions.

Based on the currently available information the Management Board of the Parent Equity does not perceive a threat in the continuity of supplies to customers in relation to our primary products, i.e. diesel oil, bio-fuels, LPG, electricity and other petroleum products. Access to fuels, apart from food and medicines, seems to be of key importance to the national authorities and the society. The Group is a leading importer of both diesel oil as well as LPG and bitumen and is prepared to further operation in these segments. So far our suppliers have not signalled limitations in the export of the abovementioned products.

At the moment, due to a dynamically changing environment, the Management Board of the Parent Equity is unable to determine accurately the ultimate impact of the pandemic of coronavirus COVID-19 and restrictions introduced by the Polish government and the European Union on the operations and the prospects of the UNIMOT Capital Group. The scope of this impact depends primarily on the duration of the pandemic in our region, which has a direct impact on trade limitations and the supply-demand changes, which in turn is of key importance for the operations of commercial companies.

However, the Management Board of the Parent Equity, assuming a negative impact on sales in the short run, estimates that in the subsequent months the pandemic will have an insignificant, yet negative impact on the primary business, that is diesel oil trade. The Group may also become a beneficiary of market changes which are occurring or will occur as a consequence of the spread of the coronavirus COVID-19 pandemic and restrictions imposed by the authorities.

The first occurring result is a decrease in oil prices following the “price war” between Saudi Arabia and Russia. This occurrence has a positive impact on our operations. The Group runs a policy of 100% hedging against price risks, thus their rapid changes do not influence our results. However, lower purchase prices improve financial liquidity of the Group reducing its exposition to bank credits. Lower value of sold fuels limits liabilities of contractors at simultaneous release of trade credits, which offers a possibility to increase sales.

Growing *contango* on the diesel market decreases the cost of mandatory reserve. Falling prices of CO_2 emission allowances in turn decrease the cost of NRT fulfilment (decreasing the emission level of import mix).

Additionally, the costs of our activity also depend on terms of bank credits – in the current situation capital costs are falling following a decrease of interest rates by the American FED.

Agreeing with available market analyses the Management Board of the Parent Equity expects a decrease in demand for fuels in Poland – however, it seems that it will overleap the seasonal peak of prosperity. Additionally, on the one hand a surplus of product will appear on the European market, which will result in a drop of purchase prices, on the other hand inability to sell some of the fuels by domestic producers (e.g. JET, LPG, petrol) will result in a necessity to limit the processing of crude oil, which will also translate into a decreased production of other fuels, including diesel oil. In the opinion of the Management Board continued decrease in consumption of fuels and simultaneous supply pressure of oil and ready products will create a favourable market environment for the Group in the months to come.

With this in view the Management Board of the Parent Equity assumes a short-term drop of fuel sales (drop in demand for diesel oil, bio-fuels, LPG and partially bitumen among final customers) – especially in the period second half of March-June 2020, but in the long-term the sales should correspond with the initial assumptions. At the same time the Management Board does not expect a decrease of margins – as the falling key coefficients of the import costs provide a sort of a margin cushion necessary to compete for clients in the lower-demand environment.

The Group conducts a restrictive policy of granting credit limits, which has been continued for a number of years. Through internal departments the Group conducts a continuous monitoring of balances and supervision over utilisation of credit limits. If maturity of receivables occurs the regulations of debt recovery are applied.

Receivables are hedged with insurance and other forms, such as: bank guarantees, mortgages, blocking resources on bank accounts, registered pledges on movables, acts of submission to enforcement under the art. 777 k.p.c.

The Group cooperates with the leading insurers of receivables: Atradius, Euler Hermes, Coface, KUKE. The abovementioned entities demonstrate significant financial potentials and use hedges in reinsurance treaties, which have not been communicated to change following the coronavirus pandemic. The stance of Insurers is stable and balanced, we do not observe significant deviations in the scope of limit coverage, open processes of negotiating the terms of insurance are not disturbed. The capacity of the policies of receivables insurance oscillates at the level of 80% of the receivables level. The major insurer Atradius – has not increased its interest in the petrochemical industry for years, only maintaining long-term contracts.

According to the situation as of 31st December 2019, 69,4% of the receivables were covered by insurance, 3,1% acquired from customers other forms of insurance, 27.5% of receivals remained uninsured. The last group includes renowned entities (fuel concerns) and entities not subject to insurance, such as public administration bodies or physical persons (risk diversification due to large fragmentation of receivables).

The Management Board of the Parent Equity estimated that the Consolidated Adjusted EBITDA may in the period second half of March-June 2020 be lower than expected. At the same time the Management Board stresses the fact that the period January-February 2020 was very successful for the Group and the volumes and preliminary financial results for this period are significantly higher than the forecasts assumed.

Presently, the Management Board of the Parent Equity does not change the forecasts of the Consolidated Adjusted EBITDA for 2020.

Additionally, the Management Board of the Company assures that no significant acquisitions are planned in the coming quarters.

According to the dividend policy a payment of dividend is planned in the amount of 30% of net profit of Unimot S.A. Another analysis and a possible adjustment of recommendations as to the amount of the dividend will be undertaken by the Management Board of the Parent Equity a week prior the Ordinary General Meeting of the Company's Shareholders.

- **Security on subsidiaries' shares**

On 18th March 2020 the Issuer submitted an application of entry into the pledge register a registered pledge on the shares of subsidiaries (100% of shares in subsidiaries Tradea Sp. z o.o., Unimot Energia i Gaz Sp. z o.o. and Unimot Paliwa Sp. z o.o.), so as to secure potential recourse of the majority shareholder Unimot Express Sp. z o.o. towards the Issuer.

The pledge is supposed to be entered in relation to mortgages on the property of Unimot Express Sp. z o.o. as a security for one of the credit limits granted to the Issuer and Tradea sp. z o.o. by one of the banks. Recourse may arise in case Unimot

Express Sp. z o.o. satisfies the claims of the bank with regard to the abovementioned credit. The amount of the credit limit is PLN 59 million and the maximum value of the security on the shares of subsidiaries amounts to PLN 51 million in total.

Zawadzkie, 25th March 2019

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Adam Sikorski
President of the Management Board of Unimot S.A.

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Robert Brzozowski
Vice-President of the Management Board of Unimot S.A.

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Marek Moroz
Vice-President of the Management Board of Unimot S.A.

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Małgorzata Walnik
Person preparing the report