UNIMOT CAPITAL GROUP

CONNSOLIDATED ANNUAL REPORT FOR 2017

21st March 2018

CONNSOLIDATED ANNUAL REPORT

4.17 Assessment of the feasibility of investment objectives, including capital investments, compared to the size of resources owned, taking into account possible changes in the structure of financing of this activity

4.18 Assessment of factors and abnormal events influencing the activity result for the fiscal year, with the determination of the degree of the influence of these factors or abnormal events on the achieved result

4.19 Characteristics of external and internal factors relevant for the development of the enterprise of the Capital Group and a description of the development prospects of the Capital Group's activity at least until the end of the fiscal year following the fiscal year for which the financial statement posted in the annual report is prepared, taking into account the elements of the market strategy developed by the Issuer

4.20 Changes in the basic principles of management of the Issuer's business and his Capital Group

4.21 Any contracts concluded between the Capital Group's companies and managers, providing for compensation in the event of their resignation or dismissal from occupied position without valid reason or if their recalling or dismissal is due to the connection of the issuer by acquisition

4.22 The value of remuneration, awards or benefits, including those resulting from incentives or bonus programs based on the capital of the Capital Group, including programs based on senior bonds, convertible bonds, subscription warrants (in money, kind or any other form), paid, payable or potentially payable, separately for each manager, supervisor or member of the administrative body of the issuer in the issuer's company, regardless of whether they were properly included in the costs or whether it resulted from profit sharing; where the issuer is a parent, a significant investor, a partner of interdependent entity or respectively an entity being a party of a joint contractual arrangement - information about wages and awards received for functions served in authorities of the subordinates separately;

4.23 Information about all commitments arising from pensions and benefits of a similar nature for former managers, supervisors or former members of the administrative bodies and about the commitments entered into in connection with those pensions, with an indication of the total value for each body category; if the correct information has been presented in the financial statement

4.24 Determination of the total number and nominal value of all the shares of the Issuer and shares respectively in related parties of the Issuer held by the managers and supervisors of the Issuer (for each person separately)

4.25 Information about known to the Issuer contracts (including concluded after the balance sheet date), as a result of which the changes of proportion of shares held by existing shareholders and bondholders may arise in the future

4.26 Information about the employee share scheme control system

4.27 Information about:

a) the date of conclusion of the contract by the Issuer, with the entity authorized to audit financial statements, to audit or review the financial statements or consolidated financial statements and the period for which this contract has been concluded for 2017 and 2016

b) the remuneration of the entity authorized to audit financial statements, paid or payable for the fiscal year, separately for:
– annual financial statement audit,
– other certifying services, including review of a financial statement,
– tax consultancy services
– other services

4.28 Indication of the proceedings pending before a court, the competent authority for the arbitrary proceedings or public administration body, taking into account the information in the field of:

a) proceedings concerning the obligations or receivables of the Issuer or his subsidiary the value of which is at least 10% of the equity of the Issuer, with the designation of: the subject of the proceedings, the extent of the value in dispute, the date of initiation of the proceedings, the parties of the initiated proceedings and the position of the Issuer,

a) b) two or more proceedings relating to liabilities and receivables of which the total value is at least 10% of the equity of the Issuer, with the determination of the total value of proceedings separately in the group of liabilities and receivables together with the position of the Issuer in this matter and, for the largest proceedings of the group of liabilities and the group of receivables - with an indication of their subject matter, the value of the subject matter of the dispute, the date of the initiation of the proceeding and the parties thereto

4.29 Description of relevant risk factors and threats, identifying the extent to which the Capital Group is exposed

4.30 Statement of the Management Board on the Corporate Governance

Dear Sirs,

The year 2017, despite the demanding external environment, can be considered a successful for the UNIMOT Capital Group. First of all, UNIMOT S.A. joined the group of companies listed on the main floor of the Warsaw Stock Exchange. This was the result of hard work and great involvement of the whole team of UNIMOT S.A., under the direction of the President of the Management Board - Mr Robert Brzozowski. Therefore, it is my great satisfaction to present to you the statement that summarizes the past year in the UNIMOT Capital Group.

In 2017 the Group achieved revenues on sales at the level of PLN 3,01 billion, compared to PLN 2,52 billion in 2016. The growth of revenues by over 19% yoy occurred mainly through the growth of wholesale of diesel oil, bio-fuels and LPG. The Group achieved EBITDA profit at the level of PLN 38,4 million, that is by 14% less than a year ago. However, the achieved by the Group net profit amounted PLN 22,4 million, compared to PLN 29,6 million of net profit for the year 2016. The decrease of the net profit by 24% compared to the previous year was caused mainly by lower margins in wholesale of diesel oil, and also growth of costs, mainly the costs connected with achievement of the National Indicative Target on stocks and mandatory reserve of diesel oil. Due to imprecise regulations, the Company decided to interpret them in a conservative way and incur higher costs, which however were of one-off nature. After adjusting the EBITDA level with this item, it amounts PLN 43,3 million, which is actually a worse result than a year ago, but considering the very demanding external environment we are satisfied with it. This is even more satisfying as the growth of the scale of Group's operation and preparing its further dynamic development in 2018 caused growth of employment, and the dynamic development of AVIA brand fuel stations, implementation of Tankuj24 application and development of own network of natural gas distribution generate additional fixed costs.

It is worth stressing that in the past year UNIMOT achieved adopted for this investment period issuance goals. Launched in May 2017 Tankuj24 application for online purchases of fuels soon gained popularity and at the end of the year this service was offered at 100 fuel stations in Poland. Even more dynamic was the project of introducing to the market the network of fuel stations of AVIA franchise. The Company opened as many as 15 stations under this brand, and thus, ranked AVIA the 3rd brand in Poland among most dynamically developing networks of fuel stations.

At the end of the past year I was entrusted by the Supervisory Board of the Company to take the position of the President of the Management Board of UNIMOT S.A. on 1st January 2018. It is a great challenge to lead such a dynamically developing enterprise, but at the same time it is a commitment to ensure it a high and stable position in the fuel and energy industry. Together with the whole Management Board I decided to start directing the UNIMOT Group with developing a strategy of further development in the next 3 years. Currently we are continuing intensive works on defining the most perspective directions of development, analysis of chances and market capabilities, which we want to transform into specific goals. The most important points of the strategy will certainly include development of the AVIA fuel stations, as well as strengthening the position of the leading independent importer of fuel products, who provides its offer to a wide range of customers and takes part in public tenders; and finally, a wider opening to trading other products from the offer, i.e. natural gas and electricity. We also consider development of international operation. I will make you acquainted with the details of these plans when the development strategy is announced, that is in the 2nd quarter of the current year.

I would like to thank very warmly you, our Shareholders, for your confidence you place in the UNIMOT company. I would like to assure you that the Management Board of UNIMOT S.A. and the Management Personnel of the whole UNIMOT Group will do their best to achieve even better financial results in the current year and share the achieved profit with you.

Yours faithfully,
Maciej Szozda
President of the Management Board of UNIMOT S.A.

2. SELECTED FINANCIAL DATA

Selected data from the consolidated financial statement

	in PLN thousand		in EUR thousand	
	31.12.2017	Comparative data*	31.12.2017	Comparative data*
I. Net revenues on sales of products, goods and materials	3 009 249	2 518 950	708 943	575 668
II. Profit on operating activity	33 507	40 946	7 894	9 358
III. Gross profit	27 611	37 538	6 505	8 579
IV. Net profit attributable to the owners of Parent Entity	23 630	30 379	5 567	6 943
V. Net profit	22 440	29 643	5 287	6 774
VI. Net operating cash flows	20 117	(140 937)	4 739	(32 209)
VII. Net investment activity cash flows	(3 014)	(9 894)	(710)	(2 261)
VIII. Net financial activity cash flows	50 204	4 662	11 828	1 065
IX. Total net financial flows	67 307	(146 169)	15 857	(33 405)
X. Total assets	618 520	580 291	148 294	131 169
XI. Liabilities and provisions for liabilities	417 101	484 371	100 003	109 487
XII. Long-term liabilities	23 218	37 275	5 567	8 426
XIII. Short-term liabilities	393 883	447 096	94 436	101 061
XIV. Equity	201 419	95 920	48 291	21 682
XV. Share capital	8 198	5 832	1 966	1 318
XVI. Number of shares (in thousands of shares).	8 198	5 832	-	-
XVII. Profit/loss per one common share attributable to the owners of Parent Entity	3,06	5,21	0,72	1,19
XVIII. Diluted profit per one ordinary share attributable to the owners of Parent Entity (in PLN/EUR)**	3,06	5,21	0,72	1,19
XIX. Book value per one share (in PLN/EUR)***	24,57	16,45	5,79	3,76
XX. Diluted book value per one share (in PLN/EUR)***	24,57	16,45	5,79	3,76
XX. Declared or paid dividend per one share (in PLN/EUR)	1,20	0,68	0,28	0,24

* Data for items concerning the statement on financial situation are presented as of 31st December 2016, and for the items concerning the statement on total profits and the statement on cash flows for the period from 1st January 2016 to 31st December 2016.

** as of 31.12.2017 the number of shares used to calculate the profit per one ordinary share and the diluted profit per one ordinary share was 7 731 thousand of shares

** as of 31.12.2016 the number of shares used to calculate the profit per one ordinary share and the diluted profit per one ordinary share was 5 832 thousand of shares

*** as of 31.12.2017 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 31.12.2016 the number of shares used to calculate the profit per one ordinary share and the diluted profit per one ordinary share was 5 832 thousand of shares

Selected financial data has been converted to EUR as follows:

Assets and liabilities items of the statement on financial situation have been converted to EUR according to the average exchange rate announced by the National Bank of Poland valid as of 31.12.2017 PLN/EUR 4,1709 and for the comparative data as of 31.12.2016 PLN/EUR 4,4240.

Particular items concerning the profit and loss balance and other total profits and cash flows have been calculated according to the exchange rate being an arithmetical average of average NBP exchange rates valid at the last calendar day of particular months, which amounted PLN/EUR 4,2447 (2017), PLN/EUR 4,3757 (2016).

3. ANNUAL CONSOLIDATED FINANCIAL STATEMENT

Consolidated statement on financial condition

in PLN thousand	***Note***	**31.12.2017**	**31.12.2016**
Fixed assets			
TANGIBLE FIXED ASSETS	*3.14*	50 459	52 041
INTANGIBLE ASSETS	*3.15*	20 501	18 761
Other financial assets	*3.16*	391	62
Other long-term liabilities	*3.19*	7 078	8 615
Deferred income tax assets	*3.17*	2 079	2 210
Other assets	*3.20*	-	189
Total fixed assets		**80 508**	**81 878**
Current assets			
Inventory	*3.18*	233 187	233 523
Trade and other receivables	*3.19*	245 948	210 688
Other financial assets	*3.16*	222	417
Derivative financial instruments	*3.25*	14 842	4 594
Income tax receivables	*3.13*	1 662	48
Financial resources and their equivalents	*3.21*	36 532	47 953
Other current assets	*3.20*	5 619	1 190
Total current assets		**538 012**	**498 413**
TOTAL ASSETS		**618 520**	**580 291**

President of the Management Board	*Vice-President of the Management Board*
Maciej Szozda	*Robert Brzozowski*
Vice-President of the Management Board	*Member of the Management Board*
Marcin Zawisza	*Michał Parkitny*

Person preparing the report

Małgorzata Walnik

Consolidated statement on the financial condition should be analysed jointly with explanatory information, which constitute an integral part of the consolidated financial statement

Consolidated statement on financial condition (continued)

in PLN thousand	***Note***	**31.12.2017**	**31.12.2016**
Equity			
Share capital	*3.22*	8 198	5 832
Hedge accounting capital	*3.22*	-	3 721
Other capitals	*3.22*	163 100	46 430
Previous years' results and current year result	*3.22*	21 102	29 605
Equity of Parent Entity's owners		**192 400**	**85 588**
Non-controlling interests	*3.22*	9 019	10 332
Equity in total		**201 419**	**95 920**
Long-term liabilities			
Liabilities due to loans and other debt instruments	*3.24*	11 674	37 117
Employee benefits liabilities	*3.28*	184	131
Derivative financial instruments	*3.25*	10 166	-
Deferred income tax reserve	*3.17*	1 194	27
Total long-term liabilities		**23 218**	**37 275**
Short-term liabilities			
Credits in the current account	*3.24*	140 575	204 492
Liabilities due to credits, loans and other debt instruments	*3.24*	4 097	9 604
Derivative financial instruments	*3.25*	19 047	7 160
Employee benefits liabilities	*3.28*	535	381
Income tax liabilities		106	1 181
Provisions	*3.29*	11 820	14 601
Trade and other liabilities	*3.30*	217 703	209 677
Total short-term liabilities		**393 883**	**447 096**
Total liabilities		**417 101**	**484 371**
TOTAL LIABILITIES		**618 520**	**580 291**

President of the Management Board

Vice-President of the Management Board

Maciej Szozda	*Robert Brzozowski*
Vice-President of the Management Board	*Member of the Management Board*
Marcin Zawisza	*Michał Parkitny*
Person preparing the report	
Małgorzata Walnik	

Consolidated statement on the financial condition should be analysed jointly with explanatory information, which constitute an integral part of the consolidated financial statement

Consolidated statement on total revenues

in PLN thousand	***Note***	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Revenues from sales	*3.6*	3 005 002	2 531 575
Profits (losses) from financial instruments hedging sale		4 247	(12 625)
Cost of sold goods, products and materials	*3.6*	(2 860 234)	(2 394 308)
Gross profit from sales		**149 015**	**124 642**
Other operating revenues	*3.9*	2 201	1 158
Costs of sale	*3.7*	(95 629)	(71 891)
Overheads	*3.7*	(19 849)	(10 995)
Other net profits/losses	*3.10*	(10)	(23)
Other operating costs	*3.11*	(2 221)	(1 945)
Profit on operating activity		**33 507**	**40 946**
Financial revenues	*3.12*	211	262
Financial costs	*3.12*	(6 107)	(3 670)
Net financial costs		**(5 896)**	**(3 408)**
Share of related entities in net result		-	-
Profit before taxation		**27 611**	**37 538**
Income tax	*3.13*	(5 171)	(7 895)
Net profit for the financial year		**22 440**	**29 643**
in this attributable to			
Parent Entity's owners		23 630	30 379
Non-controlling interests		(1 190)	(736)
Net profit for the financial year		**22 440**	**29 643**
Consolidated statement on total revenues			
Other total revenues that will be reclassified as profits or losses after complying with defined conditions			
Hedging instruments valuation after tax effect consideration		(3 721)	3 721
Other total net profits for the financial year, after taxation		**(3 721)**	**3 721**
Total profits for the financial year		**18 719**	**33 364**

in this attributable to		
Parent Entity's owners	19 909	34 100
Non-controlling interests	(1 190)	(736)
Total profits for the financial year	**18 719**	**33 364**
Profit per one share attributable to Parent Entity's owners (in PLN)	**3,06**	**5,21**
Diluted profit (loss) per one share attributable to Parent Entity's owners (in PLN)	**3,06**	**5,21**

President of the Management Board	*Vice-President of the Management Board*
Maciej Szozda	*Robert Brzozowski*
Vice-President of the Management Board	*Member of the Management Board*
Marcin Zawisza	*Michał Parkitny*

Person preparing the report

Małgorzata Walnik

Consolidated statement on the financial condition should be analysed jointly with explanatory information, which constitute an integral part of the consolidated financial statement

Consolidated statement on cash flows

in PLN thousand	***Note***	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Operating cash flows			
Profit before taxation		**27 611**	**37 538**
Adjustments by items:			
Amortisation of tangible fixed assets	*3.14*	4 675	3 667
Intangible assets impairment	*3.15*	198	48
Loss (profit) due to exchange rate differences		13 586	(2 492)
Profit on sales of other investments		-	(112)
(Profit)/loss on sale of tangible fixed assets		10	23
Net interests, transactional costs (concerning credits and loans) and the dividend		4 955	3 586
Receivables status change	*3.36*	(38 573)	(108 835)
Inventory status change	*3.36*	336	(188 987)
Trade and other short-term liabilities status change	*3.36*	6 686	110 787
Change of state of assets/(liabilities) due to hedging instruments		7 211	6 351
provisions status change	*3.36*	(1 614)	5 211
Status change of liabilities due to employee benefits		207	173
Income tax paid/returned		(5 171)	(7 895)
Net operating cash flows		**20 117**	**(140 937)**

Investment activity cash flows			
Revenues from the sale of tangible fixed assets		248	620
Received interests		197	84
Revenues from loans		14	1
Other revenues (outflows) from investment activity		274	917
Purchase of tangible fixed assets		(1 798)	(10 537)
Purchase of intangible assets		(1 778)	(310)
Granted loans		(138)	(30)
Other investments acquisition		(33)	(639)
Net investment activity cash flows		**(3 014)**	**(9 894)**
Net financial activity cash flows			
Net revenues from the issuance of shares		99 000	-
Contracting credits, loans and other debt instruments		35 859	30 563
Purchases of shares of possessed subsidiaries		-	(1 495)
Repayment of credits, loans and other debt instruments		(63 873)	(14 363)
Paid dividends		(9 837)	(3 967)
Payment of liabilities due to financial lease contracts		(3 053)	(2 530)
Paid interests and transactional costs (concerning credits and loans)		(5 510)	(3 546)
Other financial expenses - costs of shares issuance		(2 382)	-
Net financial activity cash flows		**50 204**	**4 662**

Status change of financial resources and their equivalents		**67 307**	**(146 169)**
Influence of exchange rate changes concerning financial resources and their equivalents		(14 811)	3 569
Status change of financial resources and their equivalents		**52 496**	**(142 600)**
Financial resources and their equivalents net of credits in the current account as of 1st January	*3.21*	**(156 539)**	**(13 939)**
Financial resources and their equivalents net of credits in the current account as of 31st December	*3.21*	**(104 043)**	**(156 539)**

President of the Management Board

Vice-President of the Management Board

Maciej Szozda

Robert Brzozowski

Vice-President of the Management Board

Member of the Management Board

Marcin Zawisza

Michał Parkitny

Person preparing the report

Małgorzata Walnik

Consolidated statement on the financial condition should be analysed jointly with explanatory information, which constitute an integral part of the consolidated financial statement

Consolidated statement on changes in equity

	Equity of Parent Entity's owners						
in PLN thousand	Share capital	Capital from financial instruments revaluation	Other capitals (including own shares)	Previous years' profits and current year results	**Total**	Non-controlling interests	**Total equity**
Equity as of 1st January 2016	**5 832**	**-**	**34 092**	**12 744**	**52 668**	**10 618**	**63 286**
Total profits for the financial year	**-**	**3 721**	**-**	**30 379**	**34 100**	**(736)**	**33 364**
- Net profit for the period	-	-	-	*30 379*	***30 379***	*(736)*	***29 643***
- Other total revenues for the financial year	-	*3 721*	-	-	***3 721***	-	***3 721***
Transactions with Parent Entity's owners recognized directly in equity							
Additional payments from and payments to the owners	-	-	-	(3 967)	**(3 967)**	-	**(3 967)**
Dividend	-	-	-	*(3 967)*	***(3 967)***	-	***(3 967)***

Changes in ownership structure of subordinated entities	-	-	-	(450)	**(450)**	450	**-**
Other	-	-	3 237	-	**3 237**	-	**3 237**
Profit transfer	-	-	9 101	(9 101)	**-**	-	**-**
Equity as of 31st December 2016	**5 832**	**3 721**	**46 430**	**29 605**	**85 588**	**10 332**	**95 920**
Equity as of 1st January 2017	**5 832**	**3 721**	**46 430**	**29 605**	**85 588**	**10 332**	**95 920**
Total profits for the financial year	**-**	**(3 721)**	**-**	**23 630**	**19 909**	**(1 190)**	**18 719**
- Net profit for the period	*-*	*-*	*-*	*23 630*	***23 630***	*(1 190)*	***22 440***
- Other total revenues for the financial year	*-*	*(3 721)*	*-*	*-*	***(3 721)***	*-*	***(3 721)***
Transactions with Parent Entity's owners recognized directly in equity							
Additional payments from and payments to the owners	2 366	-	94 251	(9 837)	**86 780**	-	**86 780**
Dividend	*-*	*-*	*-*	*(9 837)*	***(9 837)***	*-*	***(9 837)***
Issuance of shares	*2 366*		*(166)*	*-*	***2 200***	*-*	***2 200***
Issuance of shares above the nominal value	*-*	*-*	*94 417*	*-*	***94 417***	*-*	***94 417***
Changes in ownership structure of subordinated entities	-	-	-	123	**123**	(123)	**-**
Profit transfer	-	-	22 419	(22 419)	**-**	-	**-**
Equity as of 31st December 2017	**8 198**	**-**	**163 100**	**21 102**	**192 400**	**9 019**	**201 419**

President of the Management Board

Vice-President of the Management Board

Maciej Szozda

Robert Brzozowski

Vice-President of the Management Board

Member of the Management Board

Marcin Zawisza

Michał Parkitny

Person preparing the report

Małgorzata Walnik

Consolidated statement on changes in equity should be analysed jointly with explanatory information, which constitute an integral part of the consolidated financial statement

3.1 Explanatory information to the consolidated financial statement

a) Information about the Group

Unimot Spółka Akcyjna ("Unimot S.A.", "Company", "Parent equity") with its registered office in Zawadzkie, at ul. Świerklańska 2A 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 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 date of this consolidated financial statements, the composition of the management and supervisory bodies of the Parent equity is as follows:

As of the balance day date 31st December 2017 the composition of the Parent Entity Management Board's was as follows:

Robert Brzozowski – President of the Management Board

Marcin Zawisza – Vice-President of the Management Board

Michał Parkitny – Member of the Management Board

On 11th December 2017 the Supervisory Board of the Company nominated Mr Maciej Szozda since 1st January 2018 the President of the Management Board. Simultaneously, the Supervisory Board appointed the former President of the Board – Mr Robert Brzozowski since 1st January 2018 to the position of the Vice-President of the Board

As of the date of this consolidated financial statements, the composition of the Management Board of the Parent entity is as follows:

Maciej Szozda – President of the Management Board

Robert Brzozowski – Vice-President of the Management Board

Marcin Zawisza – Vice-President of the Management Board

Michał Parkitny – Member of the Board

The composition of the Supervisory Board as of the date of this consolidated financial statements:

Adam Sikorski – President of the Supervisory Board

Piotr Cieślak – Member of the Board

Isaac Querub - Member of the Board

Bogusław Satława - Member of the Board

Piotr Prusakiewicz - Member of the Board

Ryszard Budzik - Member of the Board

Consolidated financial statement for the financial year ending on 31st December 2017 comprises the financial statement of the Parent equity and its subsidiaries (hence called „the Group").

As of 31st December 2017, the Parent Entity 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	distribution of gas fuels through mains	58.74%	20.01.2014
Blue Cold Sp. z o.o.	Poland	gas fuels production	50.76%	29.04.2014
Polskie Przedsiębiorstwo Gazownicze Warszawa Sp. z o.o. (PPGW Sp. z o.o.)	Poland	distribution of gas fuels through mains	58.74%	26.03.2014
Blue LNG Sp. z o.o.	Poland	distribution of gas fuels through mains	58.74%	04.07.2014
Tankuj24.pl 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
EnergoGas Sp. z o.o. S.K.A.	Poland	liquid fuels distribution	100,00%	30.12.2015
Tradea Sp. z o.o.	Poland	electricity distribution	100,00%	23.05.2016

** change of name of Energogas Sp. z o.o. to Unimot Energia i Gaz Sp. z o.o. on 08.02.2018.*

In 2017 the following changes took place in the Unimot Capital Group:

1. On 31st January 2017 the Parent Entity Unimot S.A. made the capital increase by 6000 of new shares PLN 500 each in Unimot System Sp. z o.o., as a result of which the share capital of Unimot System Sp. z o.o. grew by PLN 3 million. The percentage share of Unimot S.A. in Unimot System Sp. z o.o. grew from 51,00% to 58,74%.
2. On 15th June 2017 the Parent Entity Unimot S.A. made the capital increase by 1300 of new shares PLN 1000 each in Tradea Sp. z o.o., as a result of which the share capital of Tradea Sp. z o.o. grew by PLN 1,3 million. The percentage share of Unimot S.A. in Tradea Sp. z o.o. has not changed and amounts 100,00%.
3. On 26th July 2017 the Parent Entity Unimot S.A. made the capital increase by 600 of new shares PLN 1000 each in Energia i Gaz Sp. z o.o., as a result of which the share capital of this company grew by PLN 0,6 million. The percentage share of Unimot S.A. in Unimot Energia i Gaz Sp. z o.o. has not changed and amounts 100,00%.

4. On 9th November 2017 the Parent Entity Unimot S.A. made the capital increase by 600 of new shares PLN 1000 each in Unimot Energia i Gaz Sp. z o.o., as a result of which the share capital grew by PLN 0,6 million. The percentage share of Unimot S.A. in Unimot Energia i Gaz Sp. z o.o. has not changed and amounts 100,00%.

b) Basis for the preparation of the consolidated financial statement

(i) Going concern

The consolidated financial statement as of and for the financial year ending on 31 December 2017 has been drawn up on the assumption of continuation of economic activity of the Unimot Group in the foreseeable future. As of the date of this financial statement preparation the Management Board of Unimot S.A. does not find existence of circumstances indicating that the continuance of the activity by the Group in the next reporting period is threatened.

(ii) Statement of conformity

The consolidated financial statement was prepared according to the accounting principles compliant with the International Financial Reporting Standards (IFRS), covering International Accounting Standards (IAS) and the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) approved by the European Union (UE) and valid as of 31 December 2017.

The consolidated financial statement was prepared on the basis of historic cost principle, except for derivatives of financial instruments, available-for-sale financial assets and investment real estate measured at fair value by the financial result.

The consolidated financial statement of the Capital Group to which the Company belongs, as the subsidiary prepares Unimot Express Sp. z o.o. with its registered office in Warsaw, ul. Al. Ks. J. Poniatowskiego 1, 03-901 Warszawa.

The IFRS EU contain all International Accounting Standards, International Financial Reporting Standards and related Interpretations, in addition to the following Standards and Interpretations, which are awaiting approval by the European.

Union and Standards and Interpretations which have been approved by the European Union but not yet entered into force.

Certain new standards, changes to the standards and interpretations that apply or will apply for reporting periods ending after 31 December 2017, were not included to draw up this consolidated financial statement. In addition to IFRS 9 Financial Instruments, it is not envisaged that new standards and changes to the currently applicable standards could have a significant impact on the consolidated financial statement of the Company.

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

A. Amendments to the existing standards applied for the first time in the financial statement of the Capital Group for 2017.

The following amendments to the existing standards and interpretations issued by International Accounting Standards Board (IASB) and approved to be applied in the EU shall enter into force for the first time in the financial statement of the Group for 2017:

- *Changes to IAS 7 Cash flow statement* – Initiative in relation to disclosures – approved in the EU on 6 November 2017 (applicable to annual periods beginning on or after 1 January 2017). The amended standard requires disclosure of information from the entities that will enable users of the financial statement to assess the changes of entity's debt. (i.e. changes of the drawn loans and borrowings)
- *Changes to IAS 12 Income Taxes* – Recognition of deferred income tax assets from unrealised loss – approved in the EU on 6 November 2017 (applicable to annual periods beginning on or after 1 January 2017). Changes to IAS 12 explain the means of recognition of deferred income tax assets in relation to debt instruments measured at fair value. The change of the standard had no significant impact on the present consolidated financial statement.

B. Certain new standards, amendments to standards and interpretations which are not yet effective for reporting periods ending on 31 December 2017, have not been taken into account in the preparation of the present consolidated financial statement.

- 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 valuation of financial instruments (in particular financial assets) and introduces a new approach to hedge accounting. The Group implements a new standard by actively involving organisational units mainly responsible for the area of accounting and financial reporting as well as risk management.

  The Group assumes that introducing a new model of impairment based on the concept of expected credit losses (ECL), will have an impact on the total amount of write-offs.

IFRS 9 Standard, unlike IAS 39, does not require the identification of impairment indicators to estimate the losses. Instead, the entities are obliged to constantly estimate credit losses from the moment of the recognition of a given asset until its derecognition.

At the moment of acquisition or granting a financial asset, the Group is obliged to maintain the write-off in the amount of 12-month ECL. In case of a significant increase of credit risk until the initial recognition of an asset in a balance sheet, it is necessary to calculate losses in a lifetime horizon (so called 2nd basket). Such an approach means that the expected credit losses will be recognized earlier, which will eventually increase the amount of write-offs and thereby affect the financial result. The exception to this rule are trade receivables and assets due to contracts resulting from transactions which are within the scope of IFRS 15. For these categories of assets, the Group may choose a simplified approach in which write-offs are estimated in a lifetime horizon from the time of initial recognition of exposure in books of accounts.

The expected influence of IFRS 9, with regard to Impairment, on the financial situation of the Group

New requirements for determining amounts of write-offs will mainly concern the following types of financial assets in the Group's balance sheet.

1. Trade receivables.

2. Granted loans and acquired bonds.

The Group estimates that the total impact of IFRS 9 at the level of impairment write-offs will not significantly affect the value of impairment write-offs as at 1 January 2018.

It should be stressed that, at the moment of implementing the standard IFRS 9, one-time charge resulting from adopting new solutions will not be recognised in the financial result and will be presented in retained earnings.

The Management of the Parent Company is assessing a potential effect of applying IFRS 9 on the financial statement of the Group and the aforementioned conclusions may therefore be amended.

- IFRS 15 Revenue from contracts with customers and Amendments to IFRS 15 The revenue from the contracts with clients (applicable to annual periods beginning on 1 January 2018).

This standard contains the rules which shall replace most of the detailed guidance on revenue recognition currently existing in IFRS

IFRS 15 contains new requirements, regarding qualitative and quantitative disclosures, intended to enable the users of financial statements to understand nature, amount, the moment of recognition and uncertainty with regard to revenues and cash flows from the contracts with clients.

The amendments to IFRS 15 specify how the contractual obligation should be identified. It also explains how to determine whether the Group acts on its own behalf or as an agent providing goods and services and specify whether the revenue from granting the license should be recognised on a one-off basis or spread over time.

Besides, the amendments contain two additional simplifications relating to implementing the standard.

In accordance with a new standard, the Group will use a five-step model to determine the moment of recognition of revenue and its amount. The model assumes that the revenue should be recognised when (or to the extent in which) the entities transfer the control of the goods or services to a client and in the amount to which the entity will be entitled due to supply of goods or rendering services.

Depending on meeting certain criteria, the revenue shall be recognised:

- in time, in the manner that depicts execution of the agreement by the unit or
- one-off, at the moment when the control over goods or services is transferred onto the customer.

On the basis of the analysis conducted so far, the following areas, which may potentially affect the amount of income recognised.

- Being the intermediary in gas distribution services. In the case of gas distribution services offered to customers under comprehensive agreements, the Group assessed that it acts as an intermediary in providing these services as its obligation to provide the service consists in ensuring that the goods or services are delivered by another entity. The potential presentation adjustment which reduces income and operating costs (without influence on the result) was estimated at PLN 5635 thousand.
- Allocation of transaction price. The difference in allocating the price will occur in case of contracts when a counterpart buys LPG and electrical energy at the same time. The Group offers a special price for another product, which is 10% lower from the standard price. It means that the allocation of contractual remuneration on the basis of individual sales prices.

Such settlement will result in allocating another price to particular contractual obligations (energy gas) than it results from the transactional price specified in the contract. The potential adjustment will not significantly influence the amount of revenues recognized with regard to currently valid principles.

– Pre-payments for gas. Until the delivery the received pre-payment will constitute a liability due to contract with customers. In connection with a limited number of customers to whom the service based on pre-payment is offered this change will not significantly influence the amount of revenues recognized by the Group.

– Presentation of revenues from electricity sales purchased in own auctioning transactions. The Group conducts the transactions of purchasing and sale of auctioning commodities (electricity) independently. Revenues from such a transaction conducted in order to achieve a result in connection with a change of price do not constitute revenues from contracts with customers in the understanding of IFRS 15. The Group will present these revenues in the item Other revenues. A potential presentation adjustment (not influencing the result) was estimated at the level of PLN 57 434 thousand.

The Management of the Parent Entity is assessing a potential effect of applying IFRS 15 on the consolidated financial statement of the Group and the aforementioned conclusions may therefore be amended.

- IFRS 16 indicates that the lessee recognises the right to use an element of assets or lease liability. The right to use an element of assets is treated similarly to other non-financial assets and properly amortised. Lease liabilities are initially valuated in the current value of lease charges due to in the period of lease net of the rate included in the lease, if establishing it is not difficult. If establishing this rate is not easy the lessee applies the extreme percentage rate. The lease of lessee is classified as financial lease if basically the whole risk and benefits due to being in possession of said assets are transferred. Otherwise the lease is classified as an operating lease.

  The Group has started analysing the impact of IFRS 16 on a financial statement and at the date of publication of the financial statement for the financial year 2017 and, in view of many changes, is not able to determine how this standard will affect the amounts and disclosures presented in the financial statement. The Group has catalogued the contracts which will be covered by the new standard and is preparing to implement a global system which will be used to manage them and measure the influence on a financial statement. The Group has adopted a partly retrospective approach with simplifications to transition to a new standard. The expected influence of adopting a new standard concerns an increase in fixed assets and liabilities due to recognising the right to use with a simultaneous impact on financial ratios of operating profit, financial costs and net liabilities. The Group intends to introduce the new standard from 1 January 2019.

- Changes to IFRS 4 Insurance Contracts - Use of IFRS 9 Financial Instruments together with IFRS 4 Insurance Instruments – approved in the EU on 3 November 2017 (applicable to annual periods beginning on or after 1 January 2018 or when using IFRS 9 "Financial Instruments" for the first time), The changes to the standard will not have an impact on the consolidated financial statement since the Group does not have insurance operations.

C. New standards and <u>changes</u> to the existing standards issued by The International Accounting Standards Board, but not yet approved to be applied in the EU.

- The IFRS, as approved by the EU, do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, changes to standards and a new interpretation which had not been approved by the EU as at the date of publication of this consolidated financial statement (the below mentioned dates of entry into force refer to standards in the full version);

- IFRS 14 Regulatory Deferral Accounts (applicable to annual periods beginning on or after 1 January 2016) - The European Commission has decided not to initiate the process of approval of this provisional standard for use within the EU until issue of the final version of IFRS 14;

- IFRS 17 Insurance contracts (applicable to annual periods beginning on or after 1 January 2021);

- Changes to IFRS 2 Share-based Payments - Classification and Valuation of Share-based Payments (applicable to annual periods beginning on or after 1 January 2018);

- Changes to IFRS 9 Financial Instruments – The characteristics of a prepayment option with negative compensation (applicable to annual periods beginning on or after 1 January 2019);

- Changes to IFRS 10 Consolidated Financial Statements, and IAS 28 Investments in affiliates and Joint Ventures - Sale or contribution of assets between the investor and his associate or joint venture and the subsequent changes (date of entry into force of the changes has been postponed until the end of the research on equity method);

- Changes to IAS 28 Investments in affiliates and Joint Ventures – Long-term shares in affiliates and joint ventures (applicable to annual periods beginning on or after 1 January 2019),

- -Changes to IAS 40 Investment Property - Transfer of Investment Real Estate (applicable to annual periods beginning on or after 1 January 2018),
- Changes to various standards Amendments to IFRS (2014-2016 cycle) - changes made within a procedure of introducing annual amendments to IFRS (IFRS 1, IFRS 12, and IAS 28) generally aimed at eliminating inconsistencies and clarifying the vocabulary (amendments to IFRS 12 are applicable to annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are applicable to annual periods beginning on or after 1 January 2018;
- Changes to various standards Amendments to IFRS (2015-2017 cycle) - changes made within a procedure of introducing annual amendments to IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) generally aimed at eliminating inconsistencies and clarifying the vocabulary (applicable to annual periods beginning on or after 1 January 2019).
- Interpretation IFRIC 22 Foreign Currency Transactions and Advance Considerations (applicable to annual periods beginning on or after 1 January 2018).
- Interpretation IFRIC 23 Uncertainty in income tax settlement (applicable to annual periods beginning on or after 1 January 2019)

According to Group's estimates, the above mentioned new standards, amendments to the existing standards and interpretations would not have had a significant impact on the consolidated financial statement if they had been applied as at the balance-sheet date.

c) Significant estimates and judgments

Preparation of the financial statement 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.

The Management Board of the Parent Entity on the basis of the conducted judgement believes that the Parent Entity is a mediatory in trading goods, as the goods are purchased mainly to be further sold in a short time period and on sales of which the Parent Entity intends to generate a margin. The Parent Entity according to the Law of 16th February 2007 on petroleum provisions, petroleum products and natural gas and principles of conduct in the situation of threat to fuel security of the country and disturbances on the oil market (i.e. Dz. U. z 2017 r. poz. 1210 z późn. zm.) is obliged to maintain mandatory reserves. The Parent Entity may fulfil this obligation either through maintaining own product or on the basis of a stock ticket. The form of fulfilling this obligation is at the discretion of the Management Board of the Parent Entity.

The change in the way of maintaining the mandatory reserve of own product to a stock ticket can be applied relatively quickly. The decision on the form of fulfilling this obligation is conditioned by economic reasons and may be subject to change anytime. The Parent Entity is able to dispose the possessed mandatory reserve in a short period of time, and the decision about such a disposal depends on market conditions and transaction profitability. Moreover, the maintained mandatory reserve is a typical commercial product, on sales of which the Parent Entity intends to generate a margin. In connection with the aforementioned the Management Board of the Parent Entity decided beginning since 2017 to change the accounting policy in the scope of provisions valuation in fair value net of sales costs.

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 1b – operation continuity principle
- note 3.15- test for value loss of cash flow generating centres, to which the value of companies has been allocated
- note 3.17– deferred tax assets and reserves and utilization of tax losses
- note 3.28 – employee benefits liabilities
- note 3.29 i 3.32 – reserves and contingent liabilities
- note 3.31 – financial instruments valuation

d) Functional and presentation currency

The Company's functional currency and the presentation currency of this consolidated financial statement 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.

3.2 Change of accounting principles concerning stock valuation

In 2017 the Management of the Parent Company, in accordance with the assessment presented in Note 1, item c), changed accounting principles concerning the way of stock valuation. The Parent Company acting as an intermediary in trade in goods could, in accordance with IAS 2, paragraph 3b, take advantage of the possibility of stock valuation at fair value less costs to sell. Due to the fact that inventory, subjected to major price fluctuations, is a very important element of balance sheet of the Parent Company, there is an absolute need to enter into hedging transactions. Only preserving a symmetry of valuations of: actual transactions (inventory) and unreal transactions (hedging) allows to appropriately determine the value of inventory and the financial result of the Parent Company. The Parent Company may, in an easy and transparent way, without additional assumptions or conditions, establish an accurate financial result by measuring the inventory at fair value, on the one hand, and showing hedging transactions, on the other hand.

Any mismatch or inefficiency will be reflected in the financial result of the Parent Company in the relevant period.

In 2016 the Parent Company used, for diesel, hedge accounting of its fair value and cash flows against foreign exchange and price change risks.

Hedging for accounting purposes consist in proportional mutual compensation of results achieved as a result of change to fair value or cash flows, resulting from the hedging instrument and the hedged item. The Parent Entity made use of neutral hedges through application of hedge accounting towards credits denominated in USD, liabilities in USD, and also loans in USD, determining them as instruments hedging against risk of currency exchange rate change connected with future revenues of the Parent Entity on sales of diesel oil. Other hedging instruments applied by the Parent Entity were forward foreign exchange transactions and futures transactions hedging the volatility of diesel oil price on the markets. Concluding hedging transactions complied with the procedures in force at the Parent Entity. The Parent Entity made use of derivatives exclusively in order to hedge the conducted operating activity.

Efficiency of hedging means the level at which changes to the fair value or cash flows connected with the hedged item are compensated with changes to the fair value or cash flows connected with the hedging instruments.

In hedge accounting of cash flows the profits and losses resulting from the changes in the valuation of the hedging instrument in the scope in which they constitute an effective hedge are referred to the capital form revaluation and the result on the ineffective part of the hedge is included to the current period result.

In hedge accounting of fair value, the profits and losses resulting the change in valuation of hedged items are included into the current period result.

Due to the change in the manner of inventories valuation at fair value in 2017 in order to ensure data comparability the Group conducted the valuation at fair value of inventories presented as of 31.12.2016. The Parent Entity making use of the ability to valuate inventories at fair value obtained the same financial result as when applying hedge accounting but achieved it by involving lesser resources and saving time and resources.

3.3 Conversion of comparable data

The Group has made the below presentation changes in the comparable data for 2016 in connection with the change of inventories valuation at fair value and the Group decided that the changed presentation would provide information that would be more useful for the users of the financial statement.

The Group has distinguished in the statement on the financial condition in a separate item: value of derivative financial instruments – financial assets in the amount of PLN 4 594 thousand and financial liabilities in the amount of PLN 7 160 thousand. Form the item „Provisions" The Group moved provisions for costs in the amount of PLN 71 thousand to the item „Trade and other liabilities" and presented income tax liabilities in the amount of PLN 275 thousand in the item "Income tax liabilities".

In the statement on total revenues the Group has made presentation changes and so: in the cost of sold goods it included inventories valuation to fair value in the amount of PLN 25 566 thousand, balance valuation of settlements in the amount of PLN 10 932 thousand (loss), achieved exchange rate differences in the amount of PLN 24 632 thousand (loss), which previously were presented in the item "Other net profits/(losses)". The Group has also moved the amount of PLN 999 thousand from the item „Profits/(losses) from financial instruments hedging sales" to the item „Other net profits/(losses)".

In the statement on cash flows due to the change of presenting derivative financial instruments, provisions for costs and income tax liabilities the Group has made the changes in the items „Status change of short-term liabilities due to deliveries and services and other" in the amount of PLN 7 344 thousand, in the item „Status change of assets/(liabilities) due to derivative instruments" in the amount of PLN 6 351 thousand, in the item "Provisions" in the amount of PLN 718 thousand, in the item "Liability change" in the amount of PLN 275 thousand and additionally the Group has moved from investment activity to financial activity purchases of shares in already owned subsidiaries in the amount of PLN 1 495 thousand.

Consolidated statement on financial condition 2016

in PLN thousand	Published data	Presentation changes	Data after presentation changes
Fixed assets			
TANGIBLE FIXED ASSETS	52 041	-	52 041
INTANGIBLE ASSETS	18 761	-	18 761
Other financial assets	62	-	62
Other long-term liabilities	8 615	-	8 615
Deferred income tax assets	2 210	-	2 210
Other assets	189	-	189
Total fixed assets	**81 878**	**-**	**81 878**
Current assets			
Inventory	233 523	-	233 523
Trade and other receivables	210 688	-	210 688
Other financial assets	5 011	(4 594)	417
Derivative financial instruments	-	4 594	4 594
Income tax receivables	323	(275)	48
Financial resources and their equivalents	47 953	-	47 953
Other current assets	1 190	-	1 190
Total current assets	**498 688**	**(275)**	**498 413**
TOTAL ASSETS	**580 566**	**(275)**	**580 291**

Consolidated statement on financial condition 2016 (continued)

in PLN thousand	Published data	Presentation changes	Data after presentation changes
Equity			
Share capital	5 832	-	5 832
Hedge accounting capital	3 721	-	3 721
Other capitals	46 430	-	46 430
Previous years' results and current year result	29 605	-	29 605
Equity of Parent Entity's owners	**85 588**	**-**	**85 588**
Non-controlling interests	10 332	-	10 332
Equity in total	**95 920**	**-**	**95 920**
Long-term liabilities			
Liabilities due to credits, loans and other debt instruments	37 117	-	37 117
Employee benefits liabilities	131	-	131
Derivative financial instruments	-	-	-
Deferred income tax reserve	27	-	27
Total long-term liabilities	**37 275**	**-**	**37 275**
Short-term liabilities			
Credits in the current account	204 492	-	204 492
Liabilities due to credits, loans and other debt instruments	16 764	(7 160)	9 604
Derivative financial instruments	-	7 160	7 160
Employee benefits liabilities	381	-	381
Income tax liabilities	1 456	(275)	1 181
Provisions	14 672	(71)	14 601
Trade and other liabilities	209 606	71	209 677
Total short-term liabilities	**447 371**	**(275)**	**447 096**
Total liabilities	**484 646**	**(275)**	**484 371**

TOTAL LIABILITIES	**580 566**	**(275)**	**580 291**

Consolidated statement on total revenues 2016

in PLN thousand	Published data	Presentation changes	Data after presentation changes
Revenues from sales	2 531 575	-	2 531 575
Profits (losses) from financial instruments hedging sale	(13 624)	999	(12 625)
Cost of sold goods, products and materials	(2 384 310)	(9 998)	(2 394 308)
Gross profit from sales	**133 641**	**(8 999)**	**124 642**
Other operating revenues	1 158	-	1 158
Costs of sale	(71 891)	-	(71 891)
Overheads	(10 995)	-	(10 995)
Other net profits/losses	(9 022)	8 999	(23)
Other operating costs	(1 945)	-	(1 945)
Profit on operating activity	**40 946**	**-**	**40 946**
Financial revenues	262	-	262
Financial costs	(3 670)	-	(3 670)
Net financial costs	**(3 408)**	**-**	**(3 408)**
Share of related entities in net result	-	-	-
Profit before taxation	**37 538**	**-**	**37 538**
Income tax	(7 895)	-	(7 895)
Net profit for the financial year	**29 643**	**-**	**29 643**
in this attributable to			
Parent Entity's owners	30 379	-	30 379
Non-controlling interests	(736)	-	(736)
Net profit for the financial year	**29 643**	**-**	**29 643**
Consolidated statement on total revenues			
Other total revenues that will be reclassified as profits or losses after complying with defined conditions			
Hedging instruments valuation after tax effect consideration	3 721	-	3 721
Other total net profits for the financial year, after taxation	**3 721**	**-**	**3 721**
Total profits for the financial year	**33 364**	**-**	**33 364**
in this attributable to			
Parent Entity's owners	34 100	-	34 100
Non-controlling interests	(736)	-	(736)
Total profits for the financial year	**33 364**	**-**	**33 364**
Profit per one share attributable to Parent Entity's owners (in PLN)	**5,21**	**-**	**5,21**
Diluted profit (loss) per one share attributable to Parent Entity's owners (in PLN)	**5,21**	**-**	**5,21**

Consolidated statement on cash flows 2016

in PLN thousand	Published data	Presentation changes	Data after presentation changes
Operating cash flows			
Profit before taxation	**37 538**	**-**	**37 538**
Adjustments by items:			-
Amortisation of tangible fixed assets	3 667	-	3 667
Intangible assets impairment	48	-	48
Loss (profit) due to exchange rate differences	(2 492)	-	(2 492)
Profit on sales of other investments	(112)	-	(112)

(Profit)/loss on sale of tangible fixed assets	23	-	23
Net interests, transactional costs (concerning credits and loans) and the dividend	3 586	-	3 586
Receivables status change	(109 110)	275	(108 835)
Inventory status change	(188 987)	-	(188 987)
Trade and other short-term liabilities status change	118 131	(7 344)	110 787
Change of state of assets/(liabilities) due to hedging instruments	-	6 351	6 351
provisions status change	4 493	718	5 211
Status change of liabilities due to employee benefits	173	-	173
Income tax paid/returned	(7 895)	-	(7 895)
Net operating cash flows	**(140 937)**	**-**	**(140 937)**
Investment activity cash flows			
Revenues from the sale of tangible fixed assets	620	-	620
Received interests	84	-	84
Revenues from loans	1	-	1
Other revenues (outflows) from investment activity	917	-	917
Purchase of tangible fixed assets	(10 537)	-	(10 537)
Purchase of intangible assets	(310)	-	(310)
Purchases of shares of possessed subsidiaries	(1 495)	1 495	-
Granted loans	(30)	-	(30)
Other investments acquisition	(639)	-	(639)
Net investment activity cash flows	**(11 389)**	**1 495**	**(9 894)**

Net financial activity cash flows			
Contracting credits, loans and other debt instruments	30 563	-	30 563
Purchases of shares of possessed subsidiaries	-	(1 495)	(1 495)
Repayment of credits, loans and other debt instruments	(14 363)	-	(14 363)
Paid dividends	(3 967)	-	(3 967)
Payment of liabilities due to financial lease contracts	(2 530)	-	(2 530)
Paid interests and transactional costs (concerning credits and loans)	(3 546)	-	(3 546)
Net financial activity cash flows	**6 157**	**(1 495)**	**4 662**
Status change of financial resources and their equivalents	**(146 169)**	**-**	**(146 169)**
Influence of exchange rate changes concerning financial resources and their equivalents	3 569	-	3 569
Status change of financial resources and their equivalents	**(142 600)**	**-**	**(142 600)**
Financial resources and their equivalents net of credits in the current account as of 1st January	**(13 939)**	**-**	**(13 939)**
Financial resources and their equivalents net of credits in the current account as of 31st December	**(156 539)**	**-**	**(156 539)**

3.4 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 statement.

a) Consolidation principles

Consolidated financial statement of the Group comprises 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 statement 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 recognized according to cost and the book value is increased or decreased in order to recognize 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 recognized in profit or loss of the Group in other operating activity.

Investments in subsidiaries

Subsidiaries are entities controlled by the Parent Entity. The control occurs if the Parent Entity is able to manage directly or indirectly the financial and operating policy of the given entity, in order to benefit from its activity. 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 statement 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 statement on financial situation 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 statement includes the share of the Group in profits and losses of related entities recognized 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 recognized 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,
- recognizing and valuating all possible to identify acquired assets, adopted liabilities and all non-controlling shares in the acquired entity and
- recognizing 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 balance sheet valuation 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 statement of financial situation 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 on financial liabilities, including lease liabilities, are recognised in the financial income/expenses. Other foreign exchange profits/losses are recognised in other net profits/losses.

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 statement of financial situation at the end of the reporting 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 Company will obtain economic benefits related to the exchanged constituents of the tangible assets are capitalized. 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 Company 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 Company. 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

Leasing contracts, under which the Company 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.

Leasing 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 statement of financial situation of the Company.

The Company 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 statement of financial situation. 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 capitalized if the creation of a new product (or process) is technically possible and economically reasonable and the Company has technical, financial and other necessary resources to complete the development work. Costs to be capitalized 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 Company are initially measured at the purchase cost or production cost and are reported in the financial statement prepared at the end of the reporting 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

Loans, receivables and deposits are recognised as they arise. All other financial assets (including assets measured at fair value through the financial result) are recognised on the day of the transaction which is the date when the Group becomes a party to the mutual commitment regarding the given financial instrument.

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.

Assets and liabilities are set off together and reported in the statement 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.

Held-to-maturity financial assets

Held-to-maturity financial assets are assets with a specific value and the date of redemption which the Group has the intent and ability to keep to the maturity date. Held-to-maturity investments are measured at depreciated cost using the effective interest method.

Assets in this category are recognised as fixed assets, provided that their exercise date exceeds 12 months from the date of reporting.

Financial assets at fair value through the financial result

Financial assets acquired by the Group in order to generate a profit in a short period of time are classified as financial assets measured at fair value through the financial result. These instruments are measured at fair value without transaction costs, taking into account the market value of the instrument at the reporting date. Changes in the fair value are directly in the financial result under the item "other net profits/(losses)". Assets in this category are recognised as current assets, provided that the Management Board of the Group has a definite intent to realize them within 12 months from the date of reporting.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus directly attributable transaction costs. After the initial recognition they are measured according to the depreciated costs after deduction of the impairment losses.

Impairment loss of trade receivables is formed on the basis of individual analysis taking into account the value of owned security. Premises indicating that the trade receivables have lost their value are, among others: serious financial difficulties of debtor, delay in payments, probability that the debtor will declare bankruptcy. The allowance amount is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate.

The book value of the asset is determined using the allowance account, and the amount of the loss is recognised in the financial result in selling expenses. In the case of uncollectible trade receivables, it is written off. Subsequent repayment of previously written-off receivables is recognised in the item of sales costs in the financial result.

Available-for-sale financial assets

Available-for-sale financial assets include other than derivative financial assets designated as AFS or unclassified to neither of the above categories. Available-for-sale financial assets are initially recognised at fair value plus direct transaction costs.

After the initial recognition, available-for-sale financial assets are measured at fair value, and the effects of changes in the fair value, other than impairment losses and foreign exchange differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to the financial result of the current period.

Fair value of financial assets

Investments in debt instruments and equities

The fair value of financial assets measured to fair value through result, held-to-maturity investments and available-for-sale financial assets is estimated on the basis of the market value at the reporting date (if there is an active market). The fair value of held-to-maturity investments is estimated only for the disclosures.

Financial derivatives

The Company uses financial derivative instruments to hedge its exposure to foreign exchange and interest rate risks. Financial derivatives are recognised as trade instruments at fair value; the adherent transaction costs are recognised in the financial result when incurred. After the initial recognition, the Company valuates the financial derivatives at fair value, profits and losses arising from changes in fair value are recognised immediately in the financial result. The fair value of the swap contracts is quoted as the market price on the reporting date, which is the present value of the future price.

Financial Assets Impairment

At the end of each reporting period, the Group assesses whether there is any objective indication that a financial asset may be impaired or there is a reversal of an impairment write-offs of any asset or the cash-generating entity. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

The impairment in relation to financial assets measured at depreciated cost is estimated as the difference between the book value and the present value of future cash flows discounted using the original effective interest rate. Short-term receivables are not discounted. The impairment write-off in relation to the available-for-sale financial assets is measured by reference to their current fair value.

The book value of each financial asset with individually significant value is assessed at each reporting date to determine whether there are indications of their impairment. Other financial assets are assessed for impairment collectively, grouped according to similar level of credit risk.

The impairment write-offs are recognised in the financial result. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative losses that had been recognised directly in equity are recognised in the financial result even though the financial asset has not been derecognised.

Impairment write-offs are reversed if the subsequent increase in recoverable amount can be objectively attributed to an event after the date of recognition of impairment loss. Impairment write-offs relating to investments in equity instruments classified as available for sale are not reversed through the financial result. If the fair value of debt instruments classified as available for sale increases and its increase can be objectively attributed to an event after the recognition of the impairment, the previously recognised impairment loss is reversed with the amount of the reversal reported in the financial result.

Fair value determination

The accounting and disclosure policies adopted by the Group require the determination of fair value of financial assets and liabilities. Information on assumptions and methods adopted for determining the fair value is presented in the explanatory notes.

i) Inventory

The inventory, including the mandatory inventory are products, half-finished products and work-in-progress, goods and materials. The goods are measured at the initial recognition at acquisition cost. However, at the end of the reporting period the Group acting as an agent in sales of goods conducts a balancing evaluation of inventories according to the fair value net of sales costs, according to the judgement presented in note 1 (c).

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 Company's cash management are recognised as a constituent of the cash and cash equivalents for the purpose of the statement of cash flows. The valuation 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 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 reporting 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

The revenue includes the fair value of the payment received or payable in respect of the sale of products, services, goods and materials in the ordinary operating activities of the Group. The revenue is reported net without tax on goods and services, after taking into account returns, rebates and discounts and after eliminating sales in the Group.

Sales revenue is adjusted for the result from the settlement of derivative instruments.

Sale of products, goods and materials

The sales revenue for products, goods and materials is deemed achieved when:

a) the entity has transferred to the buyer the significant risk and benefits of ownership of products, goods and materials,
b) the entity retains neither continuing managerial involvement to the degree usually associated with relation to inventory with possessed ownership rights nor effective control over the products, goods and materials sold,
c) the amount of revenue can be measured reliably,
d) it is likely that the entity will receive the economic benefits of the transaction and
e) the costs incurred or to be incurred by the economic entity in respect of the transaction can be measured reliably.

Rendering services

Service sales revenue are deemed realised when:

a) the amount of revenue can be measured reliably,
b) it is likely that the entity will receive the economic benefits of the transaction,
c) the stage of completion of the transaction at the end of the reporting period can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

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, reporting 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 reporting 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,
- valuation to the fair value of inventories,
- the carrying value 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 reporting 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 includes:

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

t) Leasing

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 utilized

3.5 Operating Segments Reporting

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 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 TGE and own distribution networks.

.

3. Electricity trade - the Group operates in the scope of electricity trade and distribution.
4. Other activities - this segment of the Group's activities include activities related to running fuel stations, service activities, financial and other.
5. Corporate functions – this segment of Group’s activity comprises the whole of the actions related to functioning of the companies (total management costs), 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 statement as of the day and fiscal year ending on 31st December 2016. Extensions have only been made to the segment „Liquid fuels trading” for „Diesel and Bio-fuels” and “LPG”, and also the segment “Other activity” to “Fuel stations” and “Others”.

Verification of breakdown keys has also been made, which allocate total management costs in such a way that they better reflect results of particular segments. The segment „Corporate functions" has been nomenclature replaced with „Unallocated activity".

Principles of preparing the statement on total revenues in breakdown into types of activity

The Group keeps accounting records that allow for separate calculation of revenues, costs and the financial result of particular types of operations.

The Group has distinguished directly the revenues on sales, own cost of sold products, materials and services and sales costs associated with particular types of conducted activity.

A part of the Group's total management cost has been proportionally allocated with the use of a revenue key, i.e. the share of obtained revenues from particular types of activity in total revenues.

Principles of preparing the statement on financial condition in breakdown into types of activity

The Group has directly distinguished: tangible assets, provisions, trade receivables and trade and other liabilities, other receivables and liabilities, liabilities due to credits, loans and other debt instruments and derivative financial instruments associated with particular types of activity conducted by the Group.

Corporate functions comprise other activity that cannot be allocated to any of the aforementioned types of activity, i.e. fixed assets, tangible fixed assets, intangible assets, receivables, cash resources, goodwill, liabilities due to credits, loans, tax liabilities, provisions, deferred tax assets.

Operating segments

in PLN thousand	Liquid fuels trade	in this:		Gaseous fuels trade	Electricity	Other activity	in this:		Corporate functions	Eliminating settlements in the Group	Consolidated
for the period 01.01.2017 - 31.12.2017		Diesel and Bio-fuels	LPG				FUEL STATIONS	Other			
Revenues from external customers	2 857 805	2 605 782	252 023	31 890	97 678	17 607	16 647	960	22	-	**3 005 002**
Profits (losses) from financial instruments hedging sales	4 247	4 247	-	-	-	-	-	-	-	-	**4 247**
Revenues from customers from the Group	71	71	-	5 852	9 870	282	-	282	-	(16 075)	-
Total revenues	**2 862 123**	**2 610 100**	**252 023**	**37 742**	**107 548**	**17 889**	**16 647**	**1 242**	**22**	**(16 075)**	**3 009 249**
Cost of goods, products and materials sold to external customers	(2 722 309)	(2 492 481)	(229 828)	(29 235)	(92 514)	(16 176)	(15 239)	(937)	-	-	**(2 860 234)**
Cost of goods, products and materials sold to customers from the Group	(58)	(58)	-	(5 797)	(9 869)	-	-	-	-	15 724	-
Total cost of sold goods, products and materials	**(2 722 367)**	**(2 492 539)**	**(229 828)**	**(35 032)**	**(102 383)**	**(16 176)**	**(15 239)**	**(937)**	**-**	**15 724**	**(2 860 234)**
Segment results	**139 756**	**117 561**	**22 195**	**2 709**	**5 166**	**1 713**	**1 408**	**305**	**22**	**(351)**	**149 015**
Other operating revenues	1 947	1 432	515	71	14	111	110	1	58	-	**2 201**
Costs of sale and overheads	(94 772)	(79 935)	(14 837)	(6 355)	(3 701)	(5 452)	(5 241)	(211)	(5 566)	368	**(115 478)**
Other net profits/losses	-	-	-	-	11	-	-	-	(21)	-	**(10)**
Other operating costs	(263)	(242)	(21)	(1 845)	(20)	(23)	(23)	-	(94)	24	**(2 221)**
Operating activity result	**46 668**	**38 816**	**7 852**	**(5 419)**	**1 469**	**(3 651)**	**(3 746)**	**95**	**(5 601)**	**41**	**33 507**

Net financial costs	(5 496)	(5 184)	(312)	(465)	(11)	(6)	(5)	(1)	148	(66)	**(5 896)**
Income tax	-			-	-	-			-	-	**(5 171)**
Profit for the period	**41 172**	**33 632**	**7 540**	**(5 884)**	**1 458**	**(3 657)**	**(3 751)**	**94**	**(5 453)**	**(25)**	**22 440**
Amortisation	**(2 012)**	**(975)**	**(1 037)**	**(1 978)**	**(91)**	**(185)**	**(179)**	**(6)**	**(607)**	**-**	**(4 873)**
EBIDTA	**48 680**	**39 791**	**8 889**	**(3 441)**	**1 560**	**(3 466)**	**(3 567)**	**101**	**(4 994)**	**41**	**38 380**

in PLN thousand		**in this:**					**in this:**				
for the period 01.01.2016 - 31.12.2016	**Liquid fuels trade**	**Diesel and Bio-fuels**	**LPG**	**Gaseous fuels trade**	**Electricity**	**Other activity**	**FUEL STATIONS**	**Other**	**Corporate functions**	**Eliminating settlements in the Group**	**Consolidated**
Revenues from external customers	2 471 213	2 278 416	192 797	22 081	20 320	17 100	15 601	1 499	861	-	**2 531 575**
Profits (losses) from financial instruments hedging sales	(12 625)	(12 625)	-	-	-	-	-	-	-	-	**(12 625)**
Revenues from customers from the Group	194	194	-	3 801	131	95	-	95	-	(4 221)	**-**
Total revenues	**2 458 782**	**2 265 985**	**192 797**	**25 882**	**20 451**	**17 195**	**15 601**	**1 594**	**861**	**(4 221)**	**2 518 950**
Cost of goods, products and materials sold to external customers	(2 341 050)	(2 158 219)	(182 831)	(18 374)	(19 008)	(15 387)	(14 173)	(1 214)	-	-	**(2 393 819)**
Cost of goods, products and materials sold to customers from the Group	(18)	(18)	-	(4 464)	(69)	-	-	-	-	4 062	**(489)**
Total cost of sold goods, products and materials	**(2 341 068)**	**(2 158 237)**	**(182 831)**	**(22 838)**	**(19 077)**	**(15 387)**	**(14 173)**	**(1 214)**	**-**	**4 062**	**(2 394 308)**
Segment results	**117 714**	**107 748**	**9 966**	**3 044**	**1 374**	**1 808**	**1 428**	**380**	**861**	**(159)**	**124 642**
Other operating revenues	1 062	762	300	28	1	29	25	4	118	(80)	**1 158**
Costs of sale and overheads	(71 900)	(58 932)	(12 968)	(4 765)	(958)	(1 705)	(1 432)	(273)	(3 717)	159	**(82 886)**
Other net profits/losses	-	-	-	-	-	-	-	-	(23)	-	**(23)**
Other operating costs	(273)	(182)	(91)	(1 429)	-	(1)	-	(1)	(271)	29	**(1 945)**
Operating activity result	**46 603**	**49 396**	**(2 793)**	**(3 122)**	**417**	**131**	**21**	**110**	**(3 032)**	**(51)**	**40 946**
Net financial costs	(2 400)	(2 022)	(378)	(534)	(12)	-	-	-	(446)	(16)	**(3 408)**
Income tax	-	-	-	-	-	-	-	-	-	-	**(7 895)**
Profit for the period	**44 203**	**47 374**	**(3 171)**	**(3 656)**	**405**	**131**	**21**	**110**	**(3 478)**	**(67)**	**29 643**
Amortisation	**(1 816)**	**(660)**	**(1 156)**	**(1 518)**	**(15)**	**(26)**	**(20)**	**(6)**	**(340)**	**-**	**(3 715)**
EBIDTA	**48 419**	**50 056**	**(1 637)**	**(1 604)**	**432**	**157**	**41**	**116**	**(2 692)**	**(51)**	**44 661**

in PLN thousand		**in this:**					**in this:**			
31.12.2017	**Liquid fuels trade**	**Diesel and Bio-fuels**	**LPG**	**Gaseous fuels trade**	**Electricity**	**Other activity**	**FUEL STATIONS**	**OTHER**	**Corporate functions**	**Total**
Segment assets	485 316	446 509	38 807	49 266	34 917	5 860	5 829	31	43 161	**618 520**
Segment liabilities	347 716	316 130	31 586	16 649	26 339	964	929	35	25 433	**417 101**
Main non-cash items										
Amortisation	(2 012)	(975)	(1 037)	(1 978)	(91)	(185)	(179)	(6)	(607)	**(4 873)**
Receivable revaluating write-offs	(883)	(717)	(166)			(65)	(13)	(52)	-	**(948)**
Inventory valuation to fair value	4 650	4 650	-	-	-	-	-	-	-	**4 650**
Balance valuation of derivatives to fair value	(14 371)	(14 371)	-	-	-	-	-	-	-	**(14 371)**
Balance valuation of currency settlements	10 000	10 000	-	-	-	-	-	-	-	**10 000**
Main non-cash items in total	**(2 616)**	**(1 413)**	**(1 203)**	**(1 978)**	**(91)**	**(250)**	**(192)**	**(58)**	**(607)**	**(5 542)**

in PLN thousand		**in this:**					**in this:**			
31.12.2016	**Liquid fuels trade**	**Diesel and Bio-fuels**	**LPG**	**Gaseous fuels trade**	**Electricity**	**Other activity**	**FUEL STATIONS**	**OTHER**	**Corporate functions**	**Total**
Segment assets	463 000	433 149	29 851	37 542	6 065	6 319	2 002	4 317	67 365	**580 291**
Segment liabilities	357 137	313 479	43 658	17 047	612	1 472	1 219	253	108 103	**484 371**
Main non-cash items										

Amortisation	(1 816)	(660)	(1 156)	(1 518)	(15)	(26)	(20)	(6)	(340)	**(3 715)**
Receivable revaluating write-offs	(480)	(480)	-	-	-	-	-	-	-	**(480)**
Inventory valuation to fair value	25 566	25 566	-	-	-	-	-	-	-	**25 566**
Balance valuation of derivatives to fair value	(7 160)	(7 160)	-	-	-	-	-	-	-	**(7 160)**
Balance valuation of currency settlements	(4 318)	(4 318)	-	-	-	-	-	-	-	**(4 318)**
Main non-cash items in total	**11 792**	**12 948**	**(1 156)**	**(1 518)**	**(15)**	**(26)**	**(20)**	**(6)**	**(340)**	**9 893**

LIQUID FUELS TRADING SEGMENT

Diesel oil and bio-fuels

Unimot is continuing its development in the scope of wholesale of diesel oil. In May 2017 it started sales of diesel oil directly from the Schwedt refinery (Germany), which attracted a great interest of the customers located at the western border of Poland. As of the day of the present statement preparation the Company sells diesel oil from 14 fuel depots altogether (in this Schwedt). The Company has also started international sales of fuels through transit intra-Community supplies (the EU countries).

Moreover, the favourable factors are, among others, the introduced in Poland so called fuel and transport packages, making use of own stable supply sources and competencies in the scope of trade, as well as the expertise in using financial and hedging instruments. However, compared to 2016 in the year 2017 one could observe general drop in wholesale prices of diesel oil, which resulted mainly from relatively aggressive pricing policy of local fuel concerns and an attempt to take over the market gap that occurred after the aforementioned packages had been adopted. Such a policy of large concerns was possible due to positive macro environment in the form of high refinery and retail margins.

The Group conducts sales of bio-fuels, fulfilling the obligation to implement in the given year a minimum share of bio-components in the total amount of sold liquid fuels, according to the National Indicative Target. Amended regulations introduced since 2017 the obligation to implement the NIT in at least 50% by means of bio-components included in liquid fuels. The Group implements this obligation making use of logistics and warehousing infrastructure in order to implement the required blending (physical blending of fuel and bio-components)

A part of Increased costs incurred in the 4th quarter of 2017 was connected with the necessity to achieve the National Indicative Target on operational stock of diesel oil and mandatory reserve subject to pledge. The legislator, in connection with the ambiguity of relatively new regulations on NIT, participated in the talks with the subjects operating in this segment and planned to make the regulations more precise. Unfortunately, until the end of 2017 the legislator was unable to introduce these changes. In this situation the Management Board of the Company decided to achieve NIT based on conservative interpretations of present regulations. Due to the one-off achievement of NIT for the given part of the product the costs were of one-off nature, still they influenced the drop in the achieved margin on diesel oil in 2017.

Jointly the segment of diesel oil and bio-fuels recorded growth in the volumes from 751,8 thousand m3 in 2016 to 845,1 thousand m3 in 2017 (growth by 12,4 %). This translated into the growth of revenues on sales of this segment of activity from the level of PLN 2,28 billion for 2016 to PLN 2,61 billion for 2017 (growth by 14,5 %). Profit for the segment period in the analysed period decreased from PLN 47,4 million for 2016 to PLN 33,7 million for 2017 (drop by 28,7 %), which is the result of the aforementioned lower margins due to high competition on the market and also achieving the NIT based on conservative interpretation of regulations (sale of larger amount of obligatory bio-fuels that decreased the margin on all of diesel oil).

The Group foresees further organic development based on particular fuel depots and also through making use of own purchase platforms, in this e-Zamówienia for wholesale customers and tankuj24.pl for retail customers.

LPG

In LPG segment compared to 2016 the Group achieved much better results, both with respect to volume, value of sale, as well as achieved operating result and net result. In 2017 improvement of profitability and growth of sold volumes occurred, particularly in the area of wholesale of LPG, which was developed through an increase in the number of terminals in the whole territory of Poland. As a consequence, the Group strengthened its significant position of a leading LPG distributor in Poland and a leading position among the importers and wholesale suppliers. The LPG segment in the wholesale part made effective use of the environment of growing prices in Poland. Purchases of the majority of product were made at lower prices, which allowed to generate a higher margin. Thanks to experience of many years the Group also purchased gas from other suppliers in spot contracts and thanks to this generated a higher margin. Moreover, the development on the heating tanks market was continued, which resulted in the growth in the number of customers, volume and revenues.

The segment recorded growth of sales volumes from 104,7 thousand T in 2016 to 113,4 thousand T in 2017, which constitutes a growth by 8,3 %. This translated into growth of revenues on sales from PLN 192,8 million for 2016 to PLN 252,0 million for 2017 (growth by 30,7 %). A significant improvement in the segment's result can be observed from PLN -3,2 million for 2016 to PLN 7,5 million for 2017.

ELECTRICITY SEGMENT

Electricity segment (wholesale electricity trade through auctioning and brokerage platforms of Tradea Sp. z o.o. and the sale of electricity by Unimot Energia i Gaz Sp. z o.o. to customers with the use of foreign infrastructure recorded growth in sales volumes from 116,0 GWh in 2016 to 591,6 GWh in 2017 (growth by 410%). This growth is mainly the result of increased sales of Unimot Energia i Gaz Sp. z o.o. from signed contracts and also Tradea Sp. z o.o. as a result of wholesale trade development. This translated into growth in segment's revenues on sales from PLN 20,5 million for 2016 to PLN 107,5 million for 2017 (growth by 424%). Profit for segment's period grew from PLN 405 thousand for 2016 to PLN 1 458 thousand for 2017 (growth by 260%).

GASEOUS FUELS TRADING SEGMENT

The natural gas segment (commercial activity of Unimot SA, sales of gas by Unimot Energia i Gaz Sp. z o.o. to customers with the use of foreign infrastructure, sales of gas by Unimot System Sp. z o.o., Blue Lng Sp. z o.o., PPG Warszawa Sp. z o.o., Blue Cold Sp. z o.o. with the use of own infrastructure: distribution network, regasification stations) recorded a growth in sales volumes from 226,2 GWh in 2016 to 247,2 GWh in 2017 (growth by 9,2 %). This growth is mainly the result of increased sales by Unimot Energia i Gaz Sp. z o.o. from signed contracts and also growth in sales of subsidiaries, making use of own infrastructure from new connection contracts. This translated into a growth in revenues on sales from PLN 25,9 million in 2016 to PLN 31,9 million in 2017 (growth by 23,1 %). The segment's result for 2017 is negative and amounts PLN -5,9 million compared to PLN -3,7 million for 2016.

OTHER ACTIVITY

Fuel stations

The segment comprises 2 own stations of Unimot, franchise AVIA stations (one own) and sales of fuel at foreign stations through the Tankuj24 application. Own stations of Unimot in Czestochowa and Rększowice near Czestochowa conduct normal activity until the present franchise contracts expire. After this period, they will operate under the AVIA brand.

In 2017 the development of AVIA stations occurred according to the adopted assumptions. The Company achieved the established plan and opened 15 stations under the AVIA brand. As of the publication day of the present statement the network of stations under the AVIA brand includes already 19 stations. The Group maintains the plan to open jointly 100 stations under the AVIA brand until the year 2020.

The sales costs of this segment (PLN 5 241 thousand) include costs of own fuel stations and also costs connected with creation of AVIA stations and launching and maintaining the Tankuj24 application.

Other

The segment comprises transformer oils and other assortment items that do not belong to the identified segments.

CORPORATE FUNCTIONS

This segment only comprises overheads and other items not assigned to the identified segments.

Revenues on sales – division according to assortment

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
DIESEL AND BIO-FUELS	2 626 551	2 281 492
LPG	251 727	192 210
Gaseous fuels	32 186	22 472
Electricity *	97 678	20 320
Other	1 107	2 456

Total	**3 009 249**	**2 518 950**

** results of Tradea Sp. z o.o. have been consolidated into the Group's results since 06.2016*

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

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Poland	2 369 116	1 883 328
Czech Republic	143 993	149 367
Switzerland	336 382	-
Slovakia	6 154	105 059
Hungary	33	216
Austria	3 002	-
Great Britain	2 313	336
Denmark	49	-
Germany	12 101	2 543
Slovenia	-	67
The Netherlands	-	256 072
Estonia	13 815	-
Romania	5 790	5 583
France	11 196	45 687
Bulgaria	90 176	63 325
Lithuania	15 129	7 367
	3 009 249	**2 518 950**

Main customers

In the period from 1st January to 31st December 2017 and in the comparable period one of the Group's customers in the bio-fuels segment exceeded 10% of revenues – respectively PLN 336 382 thousand for 2017 and PLN 256 093 thousand for 2016.

Fixed assets – geographical division

Fixed assets of the Group are located in the territory of Poland.

Expenses on tangible fixed assets intangible assets

in PLN thousand	**Liquid fuels trade**	**in this: Diesel and Bio-fuels**	**LPG**	**Gaseous fuels trade**	**Electricity**	**Other activity**	**in this: FUEL STATIONS**	**OTHER**	**Corporate functions**	**Total**
31.12.2017	1 069	3	1 066	1 349	240	2 046	2 046	-	1 558	**6 262**
31.12.2016	3 038	2 717	321	8 671	80	732	732	-	1 791	**14 312**

3.6 Revenues from sales

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Revenues on sales of products	-	697
Revenues on services sale	2 524	1 273
Revenues on sales of goods	3 002 478	2 529 605
Profits (losses) from financial instruments hedging sale	4 247	(12 625)
Total	**3 009 249**	**2 518 950**

3.7 Costs by type

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**

Amortisation of tangible fixed assets and intangible assets	(4 873)	(3 715)
Energy and materials consumption	(4 073)	(4 370)
Foreign services	(81 655)	(60 143)
Taxes and charges	(2 912)	(2 765)
Remunerations	(13 487)	(9 541)
Social security and other benefits	(2 978)	(2 239)
Other cost by type	(9 640)	(4 540)
Costs by type in total	**(119 618)**	**(87 313)**
Cost of sold goods and materials	**(2 860 234)**	**(2 394 308)**
Change in inventories and accruals	3 015	2 592
Other	1 125	1 835
Cost of sold goods, products and materials and overheads	**(2 975 712)**	**(2 477 194)**

3.8 Cost of sold goods, products and materials

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Cost of sold goods and materials	(2 892 339)	(2 384 310)
Inventory valuation to fair value	4 650	25 566
Balance valuation of settlements	8 689	(10 932)
Exchange rate differences achieved	18 766	(24 632)
Total	**(2 860 234)**	**(2 394 308)**

3.9 Other operating revenues

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Received damages and penalties	162	4
Insurance damages received	88	48
Costs of court proceedings subject to return	204	149
Interest revenues concerning trade receivables	1 269	703
Other	478	254
Total	**2 201**	**1 158**

3.10 Other net profits/losses

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Net loss on sale of tangible fixed assets	(10)	(23)
Total	**(10)**	**(23)**

3.11 Other operating costs

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Interest costs from non-financial liabilities	(145)	(184)
Costs of court proceedings	(237)	(79)
Contractual penalties	(1)	(63)
Decommitted receivables	-	(66)
Donations	(70)	(148)
Stoppage cost due to a failure	(1 703)	(1 346)
Accidents	-	(53)
Other	(65)	(6)
Total	**(2 221)**	**(1 945)**

3.12 Net financial costs

in PLN thousand	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Financial revenues		
Interest on financial assets and financial commissions	211	151
Profit on disposal of investment	-	111
Total financial revenues	**211**	**262**
Financial costs		
Bank charges and transaction costs on credits and loans	(6 091)	(3 670)
Other	(16)	-
Total financial costs	**(6 107)**	**(3 670)**
Net financial costs	**(5 896)**	**(3 408)**

3.13 Income tax

in PLN thousand	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Current income tax		
Income tax for the current year	(3 000)	(9 446)
Deferred tax		
Arising/reversing temporary differences	(2 171)	1 551
Income tax recognised in the statement on total revenues	**(5 171)**	**(7 895)**

Effective discount rate

in PLN thousand	01.01.2017 - 31.12.2017	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016	01.01.2016 - 31.12.2016
(Loss)/profit before taxation	**100,0%**	**27 611**	**100,0%**	**37 538**
Tax based on applicable tax rate	(19,0%)	(5 246)	(19,0%)	(7 132)
Fixed costs not being the cost of obtaining revenues	(1,5%)	(406)	0,3%	121
Non-taxable fixed revenues	1,4%	380	0,0%	6
Other	0,4%	101	(2,4%)	(890)
Total	**(18,7%)**	**(5 171)**	**(21,0%)**	**(7 895)**

3.14 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 01.01.2016	**1 332**	**7 901**	**6 394**	**9 769**	**2 603**	**19 315**	**47 314**
Increase on:	**604**	**2 892**	**7 804**	**3 793**	**270**	**(1 368)**	**13 995**
- acquisition	-	28	651	33	242	9 281	**10 235**
- leasing	-	-	-	3 760	-	-	**3 760**
- reclassification	-	1 707	(1 707)	-	-	-	**-**
- transfer from fixed asset under construction	604	1 157	8 860	-	28	(10 649)	**-**
Reduction due to:	**-**	**(27)**	**(21)**	**(1 305)**	**(127)**	**-**	**(1 480)**
- liquidation	-	(27)	-	(84)	(112)	-	**(223)**
- sale	-	-	(21)	(1 221)	(15)	-	**(1 257)**

As of 31.12.2016	**1 936**	**10 766**	**14 177**	**12 257**	**2 746**	**17 947**	**59 829**
As of 01.01.2017	**1 936**	**10 766**	**14 177**	**12 257**	**2 746**	**17 947**	**59 829**
Increase on:	**-**	**1 947**	**1 373**	**1 738**	**216**	**(950)**	**4 324**
- acquisition	-	5	698	8	142	1 773	**2 626**
- leasing	-	-	-	1 698	-	-	**1 698**
- transfer from fixed asset under construction	-	1 942	675	32	74	(2 723)	-
Reduction due to:	**-**	**-**	**(26)**	**(584)**	**(53)**	**(974)**	**(1 637)**
- liquidation	-	-	(20)	(37)	(14)	-	**(71)**
- sale	-	-	(6)	(547)	(39)	-	**(592)**
- reclassification to intangible assets	-	-	-	-	-	(974)	**(974)**
As of 31.12.2017	**1 936**	**12 713**	**15 524**	**13 411**	**2 909**	**16 023**	**62 516**

Decommittments 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 01.01.2016	**-**	**(622)**	**(979)**	**(2 781)**	**(583)**	**-**	**(4 965)**
Amortisation for the period	-	(444)	(1 276)	(1 771)	(176)	-	(3 667)
Reduction due to:	**-**	**(100)**	**105**	**818**	**21**	**-**	**844**
- liquidation	-	-	-	3	19	-	22
- sale	-	4	1	815	2	-	822
As of 31.12.2016	**-**	**(1 166)**	**(2 150)**	**(3 734)**	**(738)**	**-**	**(7 788)**
As of 01.01.2017	**-**	**(1 166)**	**(2 150)**	**(3 734)**	**(738)**	**-**	**(7 788)**
Amortisation for the period	-	(487)	(1 848)	(2 158)	(182)	-	(4 675)
Reduction due to:	**-**	**-**	**17**	**379**	**10**	**-**	**406**
- liquidation	-	-	16	7	3	-	26
- sale	-	-	1	372	7	-	380
As of 31.12.2017	**-**	**(1 653)**	**(3 981)**	**(5 513)**	**(910)**	**-**	**(12 057)**
Net value							
As of 01.01.2016	1 332	7 279	5 415	6 988	2 020	19 315	42 349
As of 31.12.2016	**1 936**	**9 600**	**12 027**	**8 523**	**2 008**	**17 947**	**52 041**
As of 01.01.2017	1 936	9 600	12 027	8 523	2 008	17 947	52 041
As of 31.12.2017	**1 936**	**11 060**	**11 543**	**7 898**	**1 999**	**16 023**	**50 459**

in PLN thousand	**31.12.2017**	**31.12.2016**
TANGIBLE FIXED ASSETS		
Land	1 936	1 936
Buildings and structures	11 060	9 600
Machinery and equipment	11 543	12 027
Means of transport	7 898	8 523
Furniture and equipment	1 999	2 008
Fixed assets under construction	16 023	17 947
Total	**50 459**	**52 041**

in PLN thousand	**31.12.2017**	**31.12.2016**
Value of tangible fixed assets being security for the liabilities	**23 572**	**25 251**

Fixed assets under lease

The Company uses certain machinery and production equipment and means of transport in the framework of financial lease contracts. In case of all contracts, the Company has the option to purchase these fixed assets cost-effectively after the end of the lease term.

As of 31.12.2017 the net carrying amount of fixed assets used under valid financial lease agreements amounted to PLN 7 273 thousand for means of transport and PLN 163 thousand for machinery and equipment (31.12.2016: PLN 8 311 thousand for means of transport and PLN 93 thousand for machinery and equipment.

Fixed assets constitute simultaneously security for the leasing liabilities (see Note 3.24).

Securities

As of 31.12.2017 tangible fixed assets of the carrying value PLN 23 572 thousand (31.12.2016: PLN 25 251 thousand) constituted collaterals of bank credits, overdrafts.

3.15 INTANGIBLE ASSETS

in PLN thousand	Company's value	Development costs	Acquired rights	Software and others	Total
As of 01.01.2016	**15 150**	**-**	**-**	**70**	**15 220**
Increase on:	**3 304**	**-**	**-**	**317**	**3 621**
- acquisition	-	-	-	317	**317**
- acquisition of shares of subsidiaries	3 304	-	-	-	**3 304**
Reduction	**-**	**-**	**-**	**-**	**-**
As of 31.12.2016	**18 454**	**-**	**-**	**387**	**18 841**
As of 01.01.2017	**18 454**	**-**	**-**	**387**	**18 841**
Increase on:	**-**	**1 235**	**210**	**493**	**1 938**
- acquisition	-	504	134	326	**964**
- fixed assets reclassification	-	731	76	167	**974**
Reduction	**-**	**-**	**-**	**-**	**-**
As of 31.12.2017	**18 454**	**1 235**	**210**	**880**	**20 779**
Decommittments and write-offs due to impairment					
As of 01.01.2016	**-**	**-**	**-**	**(25)**	**(25)**
Amortisation for the year	-	-	-	(48)	(48)
Reduction	**-**	**-**	**-**	**(7)**	**(7)**
As of 31.12.2016	**-**	**-**	**-**	**(80)**	**(80)**
As of 01.01.2017	**-**	**-**	**-**	**(80)**	**(80)**
Amortisation for the year	-	(82)	-	(116)	(198)
Reduction	**-**	**-**	**-**	**-**	**-**
As of 31.12.2017	**-**	**(82)**	**-**	**(196)**	**(278)**

in PLN thousand	Company's value	Development costs	Acquired rights	Software and others	Total
Net value					
As of 01.01.2016	15 150	-	-	45	15 195
As of 31.12.2016	**18 454**	**-**	**-**	**307**	**18 761**
As of 01.01.2017	18 454	-	-	307	18 761
As of 31.12.2017	**18 454**	**1 153**	**210**	**684**	**20 501**

Intangible assets under lease

As of 31.12.2017 and of 31.12.2016 no intangible assets are used on the basis of financial lease contracts.

Intangible assets amortisation and write-offs due to impairment

Amortisation and write-offs due to impairment have been recognized in the financial result in the following items:

in PLN thousand	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Overheads	(198)	(48)
Total	**(198)**	**(48)**

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

The units below have the goodwill allocated:

in PLN thousand	31.12.2017	31.12.2016
Activities relating to trading in liquefied petroleum gas LPG	2 830	2 830
Activities related to trading in liquid fuels	10 869	10 869
Activities relating to natural gas trade in this:	1 451	1 451
Blue Cold Sp. z o.o.	572	572
Blue LNG Sp. z o.o.	330	330
Unimot System Sp. z o.o.	40	40
PPGW Sp. z o.o.	7	7
Tankuj24.pl Sp. z o.o.	57	57
Unimot Energia i Gaz Sp. z o. o	440	440
Energogas Sp. z o.o. S.K.A.	5	5
Activities relating to electricity trade in this:	3 304	3 304
Tradea Sp. z o.o.	3 304	3 304
Total	**18 454**	**18 454**

Activities relating to trading in fuels - 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 2016 and 2017 and on the projected results for the years 2018-2023 drawn up by the Management Board of the Parent Entity**.**

Activities relating to trading in liquified gas LPG - 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 2016 and 2017 and on the projected results for the years 2018-2023 drawn up by the Management Board of the Company.

Activities of natural gas companies – Fair value of natural gas companies was calculated based on the discounted cash flow method based on the results achieved in 2016 and 2017 and on the projected results for the years 2018-2023. Cash flows were discounted with the use of consolidated data of the companies: Unimot System Sp. z o.o., Blue LNG Sp. z o.o., PPGW Sp. z o.o., Blue Cold Sp. z o.o. and data including the operations in the natural gas segment of the companies: Unimot Energia i Gaz Sp. z o.o.

Activities of energy companies – fair value of energy companies was calculated according to the discounted cash flow method based on the results achieved in 2016 and 2017 and on the projected results for the years 2018-2023. Cash flows were discounted with the use of consolidated data of Tradea Sp. z o.o. and data comprising activity in the energy area of Unimot Energia i Gaz Sp. z o. o.

Basic assumptions used to calculate the fair value as of 31.12.2016.:

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	7,6 % - 8,2 %	4,8 % - 5,6 %	6,3 % - 6,7 %	5,7 % - 5,8 %
Equity cost		10,8%	9,5%	7,5%	6,7%
Foreign capital cost		4,0%	4,0%	4,0%	4,0%

Basic assumptions used to calculate the fair value as of 31.12.2017:

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	7,6 % - 8,2 %	4,8 % - 5,6 %	11,8 % -12,5 %	12,7%
Equity cost		11,1%	11,1%	12,7%	12,7%
Foreign capital cost		4,3%	4,3%	4,3%	4,3%

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 statement on 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 2018-2023 which are the basis for the measurement of the activities associated with trading in fuels, liquefied petroleum gas 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.

Detailed assumptions to financial forecasts for the years 2018-2023, being the basis to valuate the activity related to LPG trading:

1) maintaining in 2018 the sales volumes of all groups of LPG products at the similar level as in 2017;
2) maintaining in 2018 an average margin on sales of all groups of LPG products at the similar level as in 2017;
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 2018 maintained at the level of average level of these costs in 2017;
4) change of financial revenues and financial costs excluding leasing proportionally to turnover change;
6) maintaining financial costs due to leasing in 2018 at the level of average level of these costs in 2017;

Detailed assumptions to financial forecasts for the years 2018-2023, being the basis to valuate the activity related to fuel trading

1) maintaining the sales volumes of liquid fuels in 2018 at the similar level as in 2017;
2) maintaining in 2018 the average margin on liquid fuels sales at the similar level as in 2017 r.;
3) changing the cost of transport and foreign services proportionally to the change in the number of sold T of liquid fuels;
4) the level of other cost by type in 2018 maintained at the level of their average costs in 2017;
5) change of financial revenues and costs excluding leasing proportionally to the change of turnover;
6) maintaining financial cost due to leasing in 2018 at the similar level of these costs as in 2017;

Detailed assumptions to financial forecasts for the years 2017-2022, 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 by 2,67 million m3 of gas/year in connection with putting into operation new sections of the network and connecting new customers and maintaining the average margin on sales at the similar level as in 2017;
2) in the company PPGW Sp. z o.o., conducting the activity based on regasification station in Szepietowo maintaining in 2018 sales volumes and average margin at the similar level as in 2017;
2) in the company Blue LNG Sp. z o.o., conducting the activity based on regasification stations:
   - in Tuczeń and Wieleń maintaining in 2018 sales volumes and the average margin on sales at the similar level as in 2017;
   - in Białowieża (station launched in the 2nd half of 2017) growth of sales volumes (target sale 670 thousand m3 of gas/year and maintaining the average margin on sales at the similar level as in 2017;
4) in the company Unimot Energia i Gaz Sp. z o.o., conducting sales of gas to final customers, growth of sales volumes from 90,3 GWh in 2017 by 89,8 % to 171,3 GWh in 2018 from signed agreements and maintaining the average margin on sales at the similar level as in 2017;

Detailed assumptions to the financial forecasts for the years 2017-2022, 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 2017;
2) in the company Unimot Energia i Gaz Sp. z o.o., conducting sales of electricity to final customers the growth of sales volumes from 55,2 GWh in 2017 by 89,8 % to 104,7 GWh in 2018 from signed agreements and maintaining in the sales volumes and average margin at the similar level as in 2017;

As of 31.12.2017 and 31.12.2016 no goodwill impairment with relation to activity connected with trading fuels, LPG gas, natural gas and electricity.

3.16 Other current assets

in PLN thousand	**31.12.2017**	**31.12.2016**
Long-term investments		
Loans granted	131	62
Shares in related entities not subject to consolidation	260	-
	391	**62**
Short-term investments		
Loans granted	67	12
Other	155	405
	222	**417**

As of 31st December 2017 and 31st December 2016 no write-offs revaluating the investment value.

3.17 Deferred income tax assets and liabilities

Recognized 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	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Tangible fixed assets	-	-	(1 447)	(1 309)	(1 447)	(1 309)
INTANGIBLE ASSETS	-	-	(117)	-	(117)	-
Trade and other receivables	184	91	(183)	(126)	1	(35)
Employee benefits liabilities	54	33	-	-	54	33

Provisions for mandatory reserve	2 088	2 774	-	-	2 088	2 774
Provisions for pensions	137	97	-	-	137	97
Trade and other liabilities	357	253	-	-	357	253
Other	99	293	(2 301)	(39)	(2 202)	254
Tax losses subject to deduction in future periods	2 014	989	-	-	2 014	989
Hedging instruments	-	-	-	(873)	-	(873)
Assets and provisions due to deferred income tax	**4 933**	**4 530**	**(4 048)**	**(2 347)**	**885**	**2 183**
Compensation	(2 854)	(2 320)	2 854	2 320		
Assets/ provisions due to deferred income tax indicted in the statement on financial condition	**2 079**	**2 210**	**(1 194)**	**(27)**		

Change of temporary differences in the period

in PLN thousand	**01.01.2017**	**Change recognized in the financial result**	**Change recognized in equity**	**31.12.2017**
TANGIBLE FIXED ASSETS	(1 309)	(138)	-	(1 447)
INTANGIBLE ASSETS	-	(117)	-	(117)
Trade and other receivables	(35)	36	-	1
Employee benefits liabilities	33	21	-	54
Provisions for mandatory reserve	2 774	(686)	-	2 088
Provisions for pensions	97	40	-	137
Trade and other liabilities	253	104	-	357
Other	254	(2 456)	-	(2 202)
Tax losses subject to deduction in future periods	989	1 025	-	2 014
Hedging instruments	(873)	-	873	-
Total	**2 183**	**(2 171)**	**873**	**885**

in PLN thousand	**01.01.2016**	**Change recognized in the financial result**	**Change recognized in equity**	**31.12.2016**
TANGIBLE FIXED ASSETS	(1 248)	(61)	-	(1 309)
INTANGIBLE ASSETS	(3)	3	-	-
Trade and other receivables	40	(75)	-	(35)
Employee benefits liabilities	18	15	-	33
Provisions for mandatory reserve	1 789	985	-	2 774
Provisions for pensions	64	33	-	97
Trade and other liabilities	529	(276)	-	253
Other	168	86	-	254
Tax losses subject to deduction in future periods	148	841	-	989
Hedging instruments	-	-	(873)	(873)
Total	**1 505**	**1 551**	**(873)**	**2 183**

Inventory

in PLN thousand	**31.12.2017**	**31.12.2016**
Materials	79	105
Ready products	-	272
Goods - mandatory reserve	153 770	70 843

Goods - operating reserve	79 338	162 303
Total	**233 187**	**233 523**

Inventory valuation to fair value - level 1

in PLN thousand	**31.12.2017**	**31.12.2016**
Opening balance as of 1st January	25 566	-
Inventory valuation to fair value	6 623	25 566
Achievement in cost of sold goods	(1 973)	-
Closing balance as of 31st December	**30 216**	**25 566**

Inventory achievement date

in PLN thousand	**31.12.2017**	**31.12.2016**
Of period longer than 12 months since the reporting period end	-	-
Of period up to 12 months since the reporting period end	233 187	233 523
Total	**233 187**	**233 523**

3.19 Other long-term liabilities

in PLN thousand	**31.12.2017**	**31.12.2016**
Receivables due to excise guarantee	6 552	8 426
Tendering security receivables	205	3
Other securities receivables	321	186
Total	**7 078**	**8 615**

Trade and other receivables

in PLN thousand	**31.12.2017**	**31.12.2016**
Trade receivables	204 307	183 323
Receivables due to taxes, subsidies, duties, insurance excluding the income tax receivables	7 327	13 027
Trade advances	22 217	2 329
Receivables due to excise guarantee	5 166	8 775
Receivables due to proper execution of contract	-	84
Tendering security receivables	276	1 311
Other securities receivables	6 383	1 678
Other receivables	272	161
Total	**245 948**	**210 688**

As of 31.12.2017 trade and other receivables are presented in the net value less of revaluation write-offs in the amount of PLN 948 thousand (31.12.2016: PLN 480 thousand).

As of 31.12.2017 receivables of the carrying value PLN 131 765 thousand (31.12.2016: PLN 169 258 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 113 730 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 8 501 thousand – constitutes a security of the Liability Limit – the agreement of receivables limit NO CRD/L/35701/11 in Raiffeisen Bank. 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. The Bank is authorised to include as the payment of required Bank's Receivables, upon their full satisfaction, all resources paid by the Debtors to indicated accounts. In case there are no required Bank Receivables, the resources coming from the Debtor to the Bank's Account will be transferred to the Cedant's current account maintained by the Bank.
- PLN 9 534 thousand – comprise the balance of receivables from Contractors indicated and accepted by the Factor to purchase and finance receivables according to provisions of the Contract NO 1298/04/414. The Factor acquires all Receivables existing and future ones the moment they arise. The date of Receivable occurrence is considered to be the date of invoice issuance or the date of satisfying by the Seller a non-cash advantage for the Contractor, whichever is the earliest.

Other current assets

Other current long-term assets

in PLN thousand	**31.12.2017**	**31.12.2016**
Active accruals	-	189
Total	**-**	**189**

Other current short-term assets

in PLN thousand	**31.12.2017**	**31.12.2016**
Active accruals	5 619	1 190
Total	**5 619**	**1 190**

Active accruals comprise, among others, investment expenditures incurred by the Group in order to adjust the fuel stations to the requirements of AVIA brand according to the franchise contracts, insurance costs, subscriptions settled over time, costs of commercial commissions.

Cash and cash equivalents-

in PLN thousand	**31.12.2017**	**31.12.2016**
Financial resources in bank accounts	36 351	47 765
Restricted financial resources in bank accounts	13	3
Cash at hand	14	48
Other financial resources	154	137
Financial resources and their equivalents, value demonstrated in the report on financial condition	**36 532**	**47 953**
Credits in the current account	(140 575)	(204 492)
Financial resources and their equivalents, value demonstrated in the report on cash flows	**(104 043)**	**(156 539)**

Detailed information concerning credits in current account are presented in Note 3.24.

3.22 Equity

in PLN thousand	**31.12.2017**	**31.12.2016**
Registered number of shares	8 197 818	5 831 797
Nominal value of one share	PLN 1	PLN 1

As of 31st December 2017, the share capital of the Parent entity consisted of 7 497 818 common shares and 700 000 preference shares (31.12.2016: 5 131 797 common shares and 700 000 preference shares) of the nominal value PLN 1 each.

On 2nd March 2017 the Management Board of the Warsaw Stock Exchange adopted a resolution concerning the change of the listing market for the existing shares of the Parent Entity, allowing them since 7th March 2017 to be traded on the main market of the Warsaw Stock Exchange.

On 7th March 2017 the District Court in Opole VIII Commercial Division of the National Court Register registered an increase of the share capital of the Parent Entity by the amount of PLN 2 200 thousand. As a result of the register the share capital of the Parent Entity was increased from the amount of PLN 5 832 thousand to the amount of PLN 8 032 thousand through the issuance of 2 200 thousand of ordinary bearer shares of J series within the public offering of the nominal value of PLN 1 each and total nominal value of PLN 2 200 thousand.

On 9th June 2017 the District Court in Opole VIII Commercial Division of the National Court Register registered an increase of the share capital of the Parent Entity by the amount of PLN 166 thousand. As a result of the register the share capital of the Parent Entity was increased from the amount of PLN 8 032 thousand to the amount of PLN 8 198 thousand through the issuance of 166 thousand of shares of the nominal value of PLN 1 each and total nominal value of PLN 166 thousand.

Ownership structure as of 31.12.2017 is presented in the table below

Shareholder	Number of	Share in capital %	Number of votes	Share in votes %
Unimot Express Sp. z o.o.	3 454 120	42,13%	3 804 120	42,75%
Zemadon Limited	1 572 411	19,18%	1 922 411	21,61%
Others	3 171 287	38,68%	3 171 287	35,64%
Total	**8 197 818**	**100,00%**	**8 897 818**	**100,00%**

Other capitals

in PLN thousand	**31.12.2017**	**31.12.2016**
Supplementary capital	163 100	46 430

Supplementary capital is composed of (in PLN thousand):

1. Issuance of shares above the nominal value - contribution of the organized part of the company in 2011 – 9 600
2. Issuance of shares above the nominal value in 2012 – 120
3. Profit transfer in 2013 – 447
4. Issuance of shares above the nominal value - contribution of the organized part of the company in 2014 – 20 017
5. Profit transfer in 2014 – 814
6. Profit transfer in 2015 – 3 094
7. Profit transfer in 2016 – 9 101
8. On 23rd May 2016 Unimot S.A. purchased the shares of Tradea Sp. z o.o. In the contract of sale of the shares the Parties agreed that the Second Instalment of the Sale Price will be paid by offering and free of charge transfer of subscription warrants convertible to the shares of Unimot S.A. with the following parameters: each subscription warrant will entitle to subscribe for one common bearer share with a nominal value of PLN 1 and issue price of PLN 19.50 per share. On the basis of the foregoing Unimot S.A. will conditionally increase the capital by 166,021 shares at nominal value of PLN 1 and issue price of PLN 19.50 per share - 3 237
9. Issuance of shares above the nominal value – February 2017 - 94 417
10. Carrying out an increase of the conditional capital of 2016 - (166)
11. Profit transfer in 2017 – 22 419

Supplementary capital as of 31.12.2017 – 163 100

in PLN thousand	**31.12.2017**	**31.12.2016**
Hedge accounting capital	-	3 721

The value PLN 3 721 thousand was allocated from hedge accounting capital to the item own cost of sold goods and materials in the statement on total revenues.

in PLN thousand	**31.12.2017**	**31.12.2016**
Non-controlling shares	9 019	10 332

Dividend

On 20th June 2017 the Ordinary General Meeting of the Parent Entity adopted a resolution on distributing the profit of the Parent Entity for 2016, including a decision to pay the dividend in the amount of PLN 9 837 thousand. The amount of dividend per share amounted to PLN 1,20. The dividend day was set to 4th July 2017. The dividend was paid on 20th June 2017.

Interests of non-controlling shareholders

The table below presents information on these subsidiaries of the Group where substantial interests of non-controlling shareholders occur. Interests of non-controlling shareholders, and also profits or losses and other total revenues attributable to them consider non-controlling shareholders both subsidiaries directly dependent on the Parent equity, as well as their subsidiaries.

31.12.2017

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	26 797	9 530	1 604	4 531	
Current assets	6 403	204	213	591	
Long-term liabilities	(6 478)	(4 656)	(461)	(2 270)	
Short-term liabilities	(7 417)	(3 816)	(1 100)	(2 281)	
Net assets	**19 305**	**1 262**	**256**	**571**	
Interests of non-controlling shareholders	**7 965**	**713**	**106**	**236**	**9 019**
Revenues from sales	4 792	32	1 344	2 353	
Net profit	(180)	(2 055)	(13)	(239)	
Other total revenues					
Profits or losses and other total revenues	(180)	(2 055)	(13)	(239)	-
Net profit/(loss) attributable to non-controlling shareholders*	**(74)**	**(1 012)**	**(5)**	**(99)**	**(1 190)**
Other total revenues attributable to non-controlling shareholders	-	-	-	-	
Operating activity cash flows	1 643	(2 814)	21	382	
Investment activity cash flows	(5 903)	-	43	(31)	
Financial activity cash flows	4 652	2 813	(67)	(328)	
Total net financial flows	**392**	**(1)**	**(3)**	**23**	

* net profit (loss) attributable to non-controlling shareholders is not always equal to their percentage share in subsidiaries equity, due to percentage change of the share within the year

31.12.2016

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	49,00%	49,24%	49,00%	49,00%	
Fixed assets	22 326	10 597	1 757	4 752	

Current assets	5 317	953	124	610	
Long-term liabilities	(6 074)	(2 129)	(606)	(2 901)	
Short-term liabilities	(5 088)	(5 921)	(1 004)	(1 644)	
Net assets	**16 481**	**3 500**	**271**	**817**	
Interests of non-controlling shareholders	**8 076**	**1 723**	**133**	**400**	**10 332**
Revenues from sales	3 936	739	878	1 919	
Net profit	308	(1 762)	(120)	81	
Other total revenues					
Profits or losses and other total revenues	308	(1 762)	(120)	81	
Net profit/(loss) attributable to non-controlling shareholders*	**151**	**(868)**	**(59)**	**40**	**(736)**
Other total revenues attributable to non-controlling shareholders	-	-	-	-	
Operating activity cash flows	1 961	(117)	353	412	
Investment activity cash flows	(7 915)	(170)	61	(2 025)	
Financial activity cash flows	5 358	230	(414)	1 601	
Total net financial flows	**(596)**	**(57)**	**-**	**(12)**	

* *net profit (loss) attributable to non-controlling shareholders is not always equal to their percentage share in subsidiaries equity, due to percentage change of the share within the year*

3.23 Profit/loss per one share

Basic profit/loss per one share

Calculation of basic profit per one share as of 31st December 2017 was made on the basis of net profit attributed to ordinary shareholders of the Parent equity in the amount of PLN 23 630 thousand (2016: net profit PLN 30 379 thousand) and the weighted average of ordinary shares as of the day of preparing the consolidated financial statement in the amount of 7 731 thousand of shares. (2016: 5 832 thousand of shares).

Weighted average of shares used to calculate diluted results per one share as of 31st December 2017 amounts 7 731 thousand of shares. (2016: 5 832 thousand of shares).

3.24 Liabilities due to credits, loans and other debt instruments and credits in current accounts

The note presents data on liabilities of the Group due to credits, loans and other debt instruments. Information concerning exchange rate risk and interest rate risk the Group is exposed to has been presented in note 3.31.

in PLN thousand	31.12.2017	31.12.2016
Loans secured on the assets of the Group	8 216	8 636
Financial lease liabilities	3 458	4 725
Other loans	-	23 756
Long-term liabilities	**11 674**	**37 117**
Short-term part of credits and loans secured on the assets of the Group	1 152	3 170
Other loans	312	3 713
Short-term part of financial lease liabilities	2 633	2 721
Short-term liabilities	**4 097**	**9 604**
Credit in the current account	**140 575**	**204 492**
Total	**156 346**	**251 213**

Repayment schedule for liabilities from credits, loans and other as of 31st December 2017 (without finance lease liabilities)

in PLN thousand	Total	Up to 1 year	1-3 years	3-5 years	Over 5 years
Secured credits and loans	9 368	1 152	8 216	-	-
Other loans	312	312	-	-	-
Total	**9 680**	**1 464**	**8 216**	**-**	**-**

Repayment schedule for liabilities from credits, loans and other as of 31st December 2016 (without finance lease liabilities)

in PLN thousand	**Total**	**Up to 1 year**	**1-3 years**	**3-5 years**	**Over 5 years**
Secured credits and loans	11 806	3 170	8 636	-	-
Other loans	27 469	3 713	23 756	-	-
Total	**39 275**	**6 883**	**32 392**	**-**	**-**

Repayment schedule for financial lease liabilities

	31.12.2017			**31.12.2016**		
in PLN thousand	**Payments due to leasing**	**Interests**	**Share capital**	**Payments due to leasing**	**Interests**	**Share capital**
Up to 1 year	2 791	158	2 633	2 945	224	2 721
1-5 years	3 592	134	3 458	4 933	208	4 725
Total	**6 383**	**292**	**6 091**	**7 878**	**432**	**7 446**

Lease contracts do not provide for conditional payments.

3.25 Derivative financial instruments

Derivative financial instruments - financial assets

in PLN thousand	**31.12.2017**	**31.12.2016**
Short-term financial assets		
Futures contracts	14 842	4 594
Total	**14 842**	**4 594**

Derivative financial instruments - financial liabilities

in PLN thousand	**31.12.2017**	**31.12.2016**
Long-term financial liabilities		
Futures contracts	10 166	-
Total	**10 166**	**-**
Short-term financial liabilities		
Futures contracts	19 047	7 160
Total	**19 047**	**7 160**

Repayment schedule/settlement period of derivatives– financial liabilities as of 31st December 2017

in PLN thousand	**Total**	**Up to 1 year**	**1-3 years**	**3-5 years**	**Over 5 years**
Futures contracts	29 213	19 047	10 166	-	-
Total	**29 213**	**19 047**	**10 166**	**-**	**-**

Repayment schedule/settlement period of derivatives– financial liabilities as of 31st December 2016

in PLN thousand	**Total**	**Up to 1 year**	**1-3 years**	**3-5 years**	**Over 5 years**
Futures contracts	7 160	7 160	-	-	-
Total	**7 160**	**7 160**	**-**	**-**	**-**

3.26 Credit and loan agreement analysis

Credit and loan agreement analysis as of 31.12.2017

Name of financing company	Long-term part	Short-term part	Liability type	Date of granting	Repayment day	Securities

Raiffeisen Bank Polska S.A.	-	10 080	credit in the current account of Unimot SA	2011-08-11	2018-12-20	-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.	-	5 802	credit in the current account of Unimot SA	2012-09-20	2018-04-21	-a collective mortgage on real estate together with an assignment of insurance together with surety granted by Unimot Express Sp. z o.o., cession of receivables
mBank S.A.	-	40 536	credit in the current account of Unimot SA	2012-10-01	2018-05-22	-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
ING Bank Śląski	-	77 518	credit in the current account of Unimot SA	2016-03-03	2018-08-07	registered pledge on stock authorization to current account and other accounts, cession of receivables, cession of insurance policy
BNP Paribas	-	6 570	credit in the current account of Unimot SA	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
Bank Gospodarstwa Krajowego	-	69	credit in the current account Unimot System Sp. z o.o.	2016-01-27	2019-01-26	a blank promissory note; endorsement of Unimot S.A.; surety under civil law BLE; contractual mortgage up to PLN 12.760.058 registered pledge on the group of future movables; transfer of receivables; transfer of receivables from insurance contract.; statement on voluntary submission to endorsement pursuant to Art. 777 Unimot SA, BLE, Unimot System
Orzesko-Knurowski Bank Spółdzielczy z/s w Knurowie (Wieleń)	438	148	Investment credit Blue Lng Sp. z o.o.	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)	340	97	Investment credit Blue Lng Sp. z o.o.	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
Orzesko-Knurowski Bank Spółdzielczy z/s w Knurowie (Białowieża)	1 022	167	Investment credit Blue Lng Sp. z o.o.	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
Spółdzielczy Bank Rozwoju w Szepietowie	217	240	investment credit of PPG Warszawa Sp. z o.o.	2014-08-08	2022-09-30	promissory note guaranteed by Unimot S.A. and Blue Line Engineering S.A., registered pledge on real estate, authorization to current account and other accounts cession of receivables, cession of insurance policy
Bank Spółdzielczy w Płońsku	1 300	200	investment credit Unimot System Sp. z o.o.	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	4 899	300	investment credit agreement Unimot System Sp. z o.o.	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
Unimot Express sp. z o.o.	-	312	loan of Unimot System Sp. z o.o.	2015-12-12	2017-12-31	no security
Total	**8 216**	**142 039**				

Lease contracts analysis

Name of financing company	Long-term part	Short-term part	Liability type	Date of granting	Repayment day	Securities

Millenium Leasing Sp. z o.o.	3 204	1 653	leasing	2015-11-09	2022-05-22	promissory note declaration
Raiffeisen Leasing Polska S.A	38	42	leasing	2013-08-01	2019-10-24	promissory note declaration
mLeasing Sp. z o.o.	187	840	leasing	2012-06-28	2019-07-20	promissory note declaration
BNP Paribas Leasing Sp. z o.o.	-	80	leasing	2013-04-13	2018-10-13	promissory note declaration
RCI Leasing Polska Sp. z.o.o.	-	3	leasing	2014-06-26	2018-05-26	promissory note declaration
Volkswagen Leasing Sp. z o.o.	29	15	leasing	2017-12-18	2020-12-31	promissory note declaration
Total	**3 458**	**2 633**				

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 0,7% - 2%,
- LIBOR 1M – margin in the range 1,15% - 1.35%,
- EURIBOR 1M – margin in the range 1,30% - 1,35%.

The situation of non-repayment or infringement of significant credit agreement or loan provisions has not occurred.

3.27 Change of liabilities state resulting from financial activity

in PLN thousand	As of 31.12.2016	Incurrence/repayments	Interests paid	Exchange rate differences achieved	Not achieved exchange rate differences	New financial lease agreements	As of 31.12.2017
Credits in the current account	204 492	(22 531)	(4 544)	(22 265)	(14 577)	-	140 575
Bank credits	11 806	(2 117)	(321)	-	-	-	9 368
Short-term loans from related entities	3 713	(3 379)	(22)	-	-	-	312
Short-term loans from other entities	23 756	(22 177)	(360)	(1 219)	-	-	-
Financial lease	7 446	(2 789)	(263)	-	-	1 697	6 091
Total	**251 213**	**(52 993)**	**(5 510)**	**(23 484)**	**(14 577)**	**1 697**	**156 346**

3.28 Employee benefits liabilities

in PLN thousand	31.12.2017	31.12.2016
Long-term liabilities due to retirement compensation and other	184	131
Short-term liabilities due to retirement compensation and other	535	381
Total	**719**	**512**

Employee benefits

Liabilities due to retirement compensation were calculated by the independent actuary based on the following assumptions:

:

in PLN thousand	31.12.2017	31.12.2016
Discount rate	3,3%	3,4%
Future wage growth	2,0%	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 2016	**19**	**4**	**316**	**339**
Current employment cost	10	1	164	175
Interest costs	1	-	2	3
Actuarial profit/(loss) from change in assumptions	8	(1)	(6)	1
Benefits paid	(6)	-	-	(6)
Other actuarial profit/(loss)	-	-	-	-
Reclassification				-
As of 31 December 2016	**32**	**4**	**476**	**512**
As of 1st January 2017	**32**	**4**	**476**	**512**
Current employment cost	13	1	183	197
Interest costs	1	-	3	4
Actuarial profit/(loss) from change in assumptions	7	-	2	9
Benefits paid	(3)	-	-	(3)
Other actuarial profit/(loss)	-	-	-	-
As of 31 December 2017	**50**	**5**	**664**	**719**

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

	Change in assumptions		Influence on benefits	
as of 31.12 2017	Decrease	Increase	Increase / (decrease)	Increase / (decrease)
Discount rate	0,5%	0,5%	2,22%	(1,94) %
Future wage growth	0,5%	0,5%	(1,94) %	2,09%
Inflation	0,5%	0,5%	0,70%	(0,69) %

Costs related to the change in provisions are recognised in the financial result as overheads and other costs.

3.29 Short-term provisions

Provisions for mandatory reserve

in PLN thousand	31.12.2017	31.12.2016
Opening balance as of 1st January	**14 601**	**9 417**
provisions created in the period	10 514	5 184
provisions used in the period	-	-
provisions released in the period	(14 125)	-
Closing balance as of 31st December	**10 990**	**14 601**

As of 31st December 2017, the value of provisions comprises provisions due to costs of maintaining mandatory reserves in the amount of PLN 10 990 thousand (as of 31st December 2016 – the value of mandatory reserve amounted PLN 14 601 thousand). The amount of mandatory stock provisions is established based on estimated unit cost connected with maintaining provisions of liquid fuels where the main cost item is renting warehouse room or rate connected with stock ticket.

Entrepreneurs who conduct business activity in the scope of fuel production or import of oil and fuels are obliged to create and maintain mandatory reserves according to the provisions of the Act of 16th February 2007 on reserves of crude oil, refinery products and natural gas and the principles of proceeding in the event of a threat to the fuel security of the country and disturbances in the crude oil market (Dz. U. z 2016 r. poz. 1899 z późn. zm.).

Pursuant to Article 5 (3) of the aforementioned act producers and traders create and maintain mandatory reserves of crude oil or fuels specified in this act in the amounts being the product of the number of days indicated in the act and average daily production of fuels or import of oil or fuels achieved by the trader in the previous calendar year.

Other provisions

in PLN thousand	**31.12.2017**	**31.12.2016**
Opening balance as of 1st January	**-**	**-**
provisions created in the period	830	-
provisions used in the period	-	-
provisions released in the period	-	-
Closing balance as of 31st December	**830**	**-**

As of 31.12.2017 other provisions include reserves for possible claims due to accessing by Blue Cold Sp. z o.o. repayment of credit for PSM ALFA sp. z o.o.

3.30 Trade and other liabilities

in PLN thousand	**31.12.2017**	**31.12.2016**
Short-term		
Trade liabilities	113 317	49 895
Liabilities due to taxes, subsidies, duties, insurance excluding the income tax liabilities	75 835	80 188
Advances for purchases of goods and services	25 648	78 029
Remuneration liabilities	803	688
Accruals	1 116	477
Factoring liabilities	-	209
Other liabilities	984	191
Total	**217 703**	**209 677**

3.31 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 statement on financial condition as of 31.12.2017					
a) Fixed assets					
Other financial assets	131	-	-	-	**131**
Other long-term liabilities	7 078	-	-	-	**7 078**
b) Current assets					
Receivables (except advances and receivables due to taxes)	216 404	-	-	-	**216 404**
Other financial assets	222	-	-	-	**222**
Derivative financial instruments	-	14 842	-		**14 842**
Other current assets	5 619	-	-	-	**5 619**
Financial resources and their equivalents (excluding cash at hand)	-	-	-	36 518	**36 518**
Total	**229 454**	**14 842**	**-**	**36 518**	**280 814**

in PLN thousand	Loans and receivables	Financial assets valuated at fair value through financial result	Hedging instruments	Cash resources	Total
Assets according to the statement on financial condition as of 31.12.2016					
a) Fixed assets					
Other financial assets	62	-	-	-	**62**
Other long-term liabilities	8 615	-	-	-	**8 615**
Other assets	189	-	-	-	**189**
b) Current assets					
Receivables (except advances and receivables due to taxes)	195 332	-	-	-	**195 332**
Other financial assets	417	405	-	-	**822**
Derivative financial instruments	-	-	4 594	-	**4 594**
Other current assets	1 190	-	-	-	**1 190**
Financial resources and their equivalents (excluding cash at hand)	-	-	-	47 905	**47 905**
Total	**205 805**	**405**	**4 594**	**47 905**	**258 709**

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 statement on financial condition as of 31.12.2017			
a) Long-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	8 216	-	**8 216**
Financial lease liabilities	3 458	-	**3 458**
Derivative financial instruments	-	10 166	**10 166**
b) Short-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	1 464	-	**1 464**
Credit in the current account	140 575	-	**140 575**
Financial lease liabilities	2 633	-	**2 633**
Derivative financial instruments	-	19 047	**19 047**
Trade and other liabilities (excluding public and legal liabilities)	141 868	-	**141 868**
Total	**298 214**	**29 213**	**327 427**

in PLN thousand	Financial liabilities valuated according to amortised costs	Financial liabilities valuated at fair value through financial result	Total

Liabilities according to the statement on financial condition as of 31.12.2016			
a) Long-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	32 392	-	**32 392**
Financial lease liabilities	4 725	-	**4 725**
b) Short-term liabilities			
Liabilities due to credits, loans and other debt instruments (excluding financial lease liabilities)	6 883	-	**6 883**
Financial lease liabilities	2 721	-	**2 721**
Credit in the current account	204 492	-	**204 492**
Derivative financial instruments	-	7 160	**7 160**
Trade and other liabilities (excluding public and legal liabilities)	129 489	-	**129 489**
Total	**380 702**	**7 160**	**387 862**

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 value 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 31.12.2017 and as of 31.12.2016 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 Company 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 situation.

Financial risk

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

- market risks (comprising price risk, currency exchange rate 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 statement of financial situation in the functional currency. The source of the balance sheet exposure to currency risk are the items of the statement of financial situation 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.

Exposure to currency risk

The Group's exposure to the currency risk was as follows:

Data on the balance of assets and liabilities in foreign currencies

As of 31.12.2017

in PLN thousand	**in EUR**	**in USD**	**Other currencies**	**Total**
Trade and other receivables	9 527	8 437	-	17 964
Cash resources	9 589	4 337	2	13 928
Liabilities due to credits, loans and other debt instruments	(1 030)	(118 060)	-	(119 090)
Derivative financial instruments - financial liabilities and assets	-	(14 371)	-	(14 371)
Trade and other liabilities	(10 432)	(34 507)	-	(44 939)

Exposure to exchange rate risk of foreign currency balances	**7 654**	**(154 164)**	**2**	**(146 508)**

as of 31.12.2016

in PLN thousand	**in EUR**	**in USD**	**Other currencies**	**Total**
Trade and other receivables	3 965	62 006	-	65 971
Cash resources	4 054	15 562	-	19 616
Liabilities due to credits, loans and other debt instruments	(463)	(173 786)	-	(174 249)
Derivative financial instruments - financial liabilities and assets	-	(2 566)	-	(2 566)
Trade and other liabilities	(1 550)	(11 894)	-	(13 444)
Exposure to exchange rate risk of foreign currency balances	**6 006**	**(110 678)**	**-**	**(104 672)**

The growth in the Group's exposure to currency risk as of 31.12.2017 results mainly from increased purchases of goods in foreign currency at the end of 2017, which caused an increase in the value of liabilities and inclusion of derivatives.

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

The influence of foreign currencies exchange rate as of 31.12.2017 by15% 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 2016 was conducted in the same manner.

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

	Change of exchange rate - impact on annual financial result: profit/(loss)	
in PLN thousand	**growth of exchange rate by 15 %**	**decrease of exchange rate by 15 %**
31.12.2017	(21 976)	21 976
31.12.2016	(15 701)	15 701

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 operating its activities relating to purchase of liquid fuels in Poland and abroad is exposed to risks associated with the lack of price stability which in turn can affect the Group's results. 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

in PLN thousand	**Amount in tonnes**	**Fair value**
Non-financial assets as of 31.12.2017		
Inventories valuated at fair value net of sales cost	116 132	233 187

Total		**116 132**	**233 187**
Financial liabilities as of 31.12.2017	**Period for which instruments are concluded**		
Futures	January 2018- July 2020	(24 100)	(42 076)
Commodity swap	January 2018- July 2018	(82 000)	(168 593)
Total		**(106 100)**	**(210 669)**
Exposure to price risk of derivatives transactions balances		**10 032**	**22 518**

in PLN thousand		**Amount in tonnes**	**Fair value**
Non-financial assets as of 31.12.2016			
Inventories valuated at fair value net of sales cost		108 057	233 523
Total		**108 057**	**233 523**
Financial liabilities as of 31.12.2016	**Period for which instruments are concluded**		
Futures	January 2018- July 2019	(4 500)	(15 708)
Commodity swap	January 2018- July 2017	(74 900)	(157 278)
Total		**(79 400)**	**(172 986)**
Exposure to price risk of derivatives transactions balances		**28 657**	**60 537**

Sensitivity analysis of financial instruments to fuel price change

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

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 2017 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 2016 was conducted in the same manner.

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

	Change of price - impact on annual financial result: profit/(loss)	
in PLN thousand	**price growth by 15 %**	**price decrease by 15 %**
31.12.2017	3 378	(3 378)
31.12.2016	9 080	(9 080)

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 2017 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	**31.12.2017**	**31.12.2016**
Fixed interest rare instruments		
Financial assets	-	-

Financial	(312)	(27 469)
Total	**(312)**	**(27 469)**

in PLN thousand	**31.12.2017**	**31.12.2016**
Variable interest rare instruments		
Financial assets	155	405
Financial	(156 034)	(223 744)
Total	**(155 879)**	**(223 339)**

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 2016 was carried out in the same way.

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

	Change interest rates - impact on annual financial result: profit/(loss)	
in PLN thousand	**interest rate growth by 1,5 %**	**interest rate decrease by 1,5 %**
31.12.2017	(2 338)	2 338
31.12.2016	(3 350)	3 350

<u>Credit risk</u>

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

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,

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

Maximum exposure to credit risk

in PLN thousand	**31.12.2017**	**31.12.2016**
Loans and other financial assets	353	479
Receivables	223 482	203 947
Financial assets valuated at fair value through financial result	14 842	405
Financial resources and their equivalents (excluding cash at hand)	36 518	47 905
Total	**275 195**	**252 736**

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

Credit risk connected with cash resources and bank deposits

The Group deposits cash resources and their equivalents in entities operating in the financial sector. The analysis of exposure to this type of risk, conducted as of 31st December 2017 for the amount of PLN 36 518 thousand, which constitutes 99,96 % of Group's cash resources (the remining ones are cash at hand) demonstrated that these are mainly banks of the highest, upper medium and medium rating, 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.

Concentration level of cash resources and deposits considering the credit evaluation of financial institutions (as of 31st December 2017)

in %	Rating Moody's	Rating Fitch	Rating S&P	31.12.2017	31.12.2016
Bank1	Aa3	A+	A	1,6%	35,2%
Bank2	Baa3	BBB-		1,3%	7,3%
Bank3	Baa1	BBB	BBB+	60,4%	40,7%
Bank4	Baa3	BBB+		13,9%	0,5%
Bank5	Ba2			1,1%	0,1%
Bank6	A3		BBB+	1,8%	0,1%
Other 5 banks	-	-	-	1,7%	0,3%
Broker1	-	-	-	8,1%	1,9%
Broker2	-	-	-	10,0%	13,8%

Despite concentration of credit risk connected with cash resources at one main entity, and also lack of ratings for brokers, the Group estimates that due to the previous good cooperation with these entities, and also monitoring their financial results and other market and non-market information that demonstrate their financial condition, it is not susceptible to credit risk resulting from depositing financial resources at these institutions.

Credit risk connected with transactions in derivatives

The Group concludes transactions in derivatives in entities operating in the financial sector. The analysis of the exposure to this type of risk, conducted as of 31st December 2017 for the amount of PLN 3 165 thousand, demonstrated that in the prevailing part 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 (as of 31st December 2017)

in %	Rating Moody's	Rating Fitch	Rating S&P	31.12.2017	31.12.2016
Bank1	Aa3	A+	A	0,6%	1,6%
Bank2	Baa3	BBB-	-	0,0%	1,8%
Broker2	-	-	-	99,4%	96,5%

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.

Credit risk connected with receivables from customers

The Group has been cooperating for many years with a large number of customers, which influences the geographical distribution of trade receivables. The Group limits the exposure to credit risk due to trade receivables through evaluation and monitoring of the financial condition of contractors and application of a system of granting credit limits according to the adopted in the Group procedure. Various methods of credit limits hedging have been applied (most frequently they include: blank promissory note with a promissory note agreement, notarial enforcement declarations, mortgages, cessions of receivables). Credit risk management takes place through conducted on an ongoing basis monitoring of receivables balance (examining the credit exposure against the granted limits, maturity analysis) and an internal system of procedure execution reporting. Sales to customers without granted credit limits are conducted exclusively after an advancement has been made.

The Group insures its receivables – in 2017 insurance or receivables was made by Atradius Credito Caucion S.A. and within the factoring agreement of full insurance concluded with BGŻ BNP Paribas Faktoring Sp. z o.o.

According to the situation as of 31st December 2017 the Group possessed the following forms of hedging its trade receivables:
- 93 % of receivables insured at insurance companies (92,2 % as of 31st December 2016)
- 0 % of receivables not insured with hedging established by the contractor (0,2 % as of 31st December 2016)
- 7 % of receivables uninsured (7,6 % as of 31st December 2016)

Trade receivables uninsured against credit risk

in PLN thousand	**31.12.2017**	**31.12.2016**
From related entities	158 395	122 824

Age structure of trade receivables

Gross value

in PLN thousand	**31.12.2017**	**31.12.2016**
Not overdue	**147 642**	**156 000**
Overdue, in this	**57 613**	**27 803**
1-30 days	49 994	26 747
31-60 days	1 998	602
60-180 days	2 177	148
181-365 days	2 170	45
Over 365 days	1 274	261
Total	**205 255**	**183 803**

Depreciation

in PLN thousand	**31.12.2017**	**31.12.2016**
Not overdue	**(29)**	**(45)**
Overdue, in this	**(919)**	**(435)**
1-30 days	(86)	(24)
31-60 days	(74)	(3)
60-180 days	(111)	(105)
181-365 days	(256)	(42)
Over 365 days	(392)	(261)
Total	**(948)**	**(480)**

Net value

in PLN thousand	**31.12.2017**	**31.12.2016**
Not overdue	**147 613**	**155 955**
Overdue, in this	**56 694**	**27 368**
1-30 days	49 908	26 723
31-60 days	1 924	599
60-180 days	2 066	43
181-365 days	1 914	3
Over 365 days	882	-
Total	**204 307**	**183 323**

Increases and decreases of write-offs revaluating trade receivables:

in PLN thousand	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Opening balance as of 1st January	**(480)**	**(485)**
Establishing	(1 643)	(1 074)
Utilization	79	310
Dissolution	1 096	769
Closing balance as of 31st December	**(948)**	**(480)**

As of 31st December 2017, trade receivables in the amount of PLN 147 613 thousand were not overdue nor impaired (31.12.2016: PLN 155 955 thousand). As of 31st December 2017, trade receivables in the amount of PLN 56 694 thousand (31.12.2016: PLN 27 368 thousand) were overdue but not impaired. These receivables concern mainly customers that the Group has been cooperating with for many years.

As of 31st December 2017, trade receivables in the amount of PLN 948 thousand (31.12.2016: PLN 480 thousand) were overdue and impaired, as a result in 2017 they were subject to a write-off in the amount of PLN 948 thousand (31.12.2016: PLN 480 thousand). As of 31st December 2017, trade receivables in the amount of PLN 29 thousand were not overdue, but impaired, in connection with a difficult financial condition of the customers (31.12.2016: PLN 45 thousand). The Group expects that contractors will settle the overdue trade receivables not later than within twelve months since the end of the reporting 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.

Liquidity risk

The liquidity risk is a risk of occurrence of lack of repayment possibility by the Company of its financial liabilities at their maturity. The Company 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.

Analysis of financial liabilities maturity together with interest payments

As of 31.12.2017

in PLN thousand	Balance value	Contracted-for value of cash flows	up to 1 month	from 1 month to 3 months	from 3 months to 1 year	from 1 year to 5 years	above 5 years
Financial							
Financial lease liabilities	6 091	6 383	257	283	2 251	3 592	-
Credit in the current account	140 575	140 575	140 575	-	-	-	-
Other interest-bearing liabilities	9 680	11 708	93	285	1 279	7 978	2 073
Derivative financial instruments	29 213	29 212	3 237	41	15 768	10 166	-
Trade and other liabilities (excluding income tax liabilities)	141 868	141 868	141 868	-	-	-	-
Total	**327 427**	**329 746**	**286 030**	**609**	**19 298**	**21 736**	**2 073**

as of 31.12.2016

in PLN thousand	Balance value	Contracted-for value of cash flows	up to 1 month	from 1 month to 3 months	from 3 months to 1 year	from 1 year to 5 years	above 5 years

Financial							
Financial lease liabilities	7 446	7 878	299	445	2 202	4 932	-
Credit in the current account	204 492	204 492	204 492	-	-	-	-
Other interest-bearing liabilities	39 275	42 735	2 525	3 971	3 106	30 333	2 800
Derivative financial instruments	7 160	7 160	3 564	3 596	-	-	-
Trade and other liabilities (excluding income tax liabilities)	129 489	129 489	129 489	-	-	-	-
Total	**387 862**	**391 754**	**340 369**	**8 012**	**5 308**	**35 265**	**2 800**

Capital management

In order to maintain the ability to continue its business activities, taking into account implementation of the planned investments, the Company manages the capital in such a way so that while managing the capitals it is able to generate a return for shareholders and ensure future growth. The Company monitors the capital profitability ratios and equity to liabilities ratios. The level of this ratio as of 31.12.2017 amounts 11,1 % (respectively as of 31.12.2016: 30,9 %).

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 2017 amounts 32,6 % (respectively as of 31st December 2016 - 16,5 %).

- current liquidity ratio current assets/short-term liabilities, the level of this ratio as of 31st December 2017 amounts 1,4 (respectively as of 31st December 2016 - 1,1).

In order to manage optimally its capital, maintain the liquidity and creditworthiness that allow to obtain and maintain external financing the Company 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.

3.32 Conditional liabilities

The Group possesses the following 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 2017 and as of 31st December 2016 amounted respectively PLN 50,458 million and PLN 58,824 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 2017 and as of 31st December 2016 amounted respectively USD 11,760 million and USD 15,026 million.

The Parent Entity Unimot S.A. holds civil sureties that amount as of 31st December 2017 and as of 31st December 2016 respectively PLN 0 million and PLN 48 million.
The Parent Entity granted a civil surety for the liabilities of a related nonconsolidated entity in the amounts as of 31st December 2017 and as of 31st December 2016 respectively PLN 1,6 million and PLN 4,3 million.

The number of guarantees concerning liabilities of related entities towards third parties issued in the course of the current activity as of 31st December 2017 and as of 31st December 2016 amounted respectively PLN 5,31million and PLN 0.

Related entities possessed sureties towards third parties as of 31st December 2017 and as of 31st December 2016 amounting respectively PLN 14,15 million and PLN 14,15 million.

3.33 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.
- PPGW Sp. z o.o.
- Tankuj24.pl Sp. z o.o.
- Unimot Energia i Gaz Sp. z o. o

- Energogas Sp. z o.o. S.K.A.
- Tradea Sp. z o.o.

Non-consolidated related entities:

- Unimot Express Sp. z o.o. (Parent Entity)
- 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	**31.12.2017**	**31.12.2016**
Short-term receivables:		
- related entities (non-consolidated)	80	165
Short-term liabilities		
- related entities (non-consolidated)	249	832
Loans received		
- related entities (non-consolidated)	312	3 713

in PLN thousand	**31.12.2017**	**31.12.2016**
Revenues on sales of products		
- related entities (non-consolidated)	-	17
Revenues on services sale		
- related entities (non-consolidated)	307	250
Revenues on sales of goods and materials		
- related entities (non-consolidated)	416	196
Purchases of goods, materials and fixed assets		
- related entities (non-consolidated)	-	7 839
Purchases of services		
- related entities (non-consolidated)	706	729
Other revenues		
- related entities (non-consolidated)	-	-
Other costs		
- related entities (non-consolidated)	-	124
Financial revenues		
- related entities (non-consolidated)	-	-
Financial costs		
- related entities (non-consolidated)	269	142
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	**31.12.2017**	**31.12.2016**
Short-term receivables:		
- related entities (non-consolidated)	86	59
Short-term liabilities		
- related entities (non-consolidated)	52	-

in PLN thousand	**31.12.2017**	**31.12.2016**
Revenues on services sale		
- related entities (non-consolidated)	1	-
Revenues on sales of goods and materials		
- related entities (non-consolidated)	264	374
Purchases of goods, materials and fixed assets		
- related entities (non-consolidated)	-	-
Purchases of services		
- related entities (non-consolidated)	66	-
Other revenues		

- related entities (non-consolidated)	-	15
Other costs		
- related entities (non-consolidated)	-	-
Financial revenues		
- related entities (non-consolidated)	14	-
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 reporting 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 3.32.

3.34 Remuneration of the members of key managerial personnel

Remuneration of the Members of the Management Board of the Parent Entity and Subsidiaries

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Short-term employee benefits	1 308	642
Total	**1 308**	**642**

Remuneration of the Members of the Supervisory Board of the Parent Entity and Subsidiaries

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Short-term employee benefits	160	93
Total	**160**	**93**

3.35 Remuneration of the entity auditing the financial statement and its related entities

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Due to agreements on conducting review and audit of the financial statement	153	63
From executing other agreements	-	7
Total	**153**	**70**

As of 31st December 2017 and 31st December 2016 and in 2016 or 2016 there were no significant transactions of related entities with:
- members of the Management Board and the Supervisory Board of the Company and their relatives,
- other key managerial personnel of the Company and their relatives.

3.36 Explanatory note to the report on cash flows

in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**

Change of receivable status resulting from the report on financial condition	**(39 446)**	**(115 402)**
Status change of receivables due to interest receivables	-	-
Status change of receivables due to issuance of shares	-	-
Status change of the hedging instruments receivables	873	(873)
Status change of the receivable due to purchase of subsidiaries' shares	-	7 245
Status change of receivables due to investment receivables	-	195
Change of receivable status in the statement on cash flows	**(38 573)**	**(108 835)**
Change of liabilities status resulting from the statement on financial condition	**6 951**	**116 502**
Status change of investment liabilities	(14)	174
Status change of liabilities due to purchase of	(251)	(5 889)
Status change of interest liabilities	-	-
Liabilities status change in the statement on cash flows	**6 686**	**110 787**

3.37 Events after the balance sheet date

There have been no significant events after the balance sheet date, which have not been included into the present consolidated financial statement.

Zawadzkie, 21st March 2018

…………………………………………	…………………………………………	…………………………………………	…………………………………………
Maciej Szozda	**Robert Brzozowski**	**Marcin Zawisza**	**Michał Parkitny**
President of the Management Board of Unimot S.A.	Vice-President of the Management Board of Unimot S.A.	Vice-President of the Management Board of Unimot S.A.	Member of the Management Board of Unimot S.A.

…………………………………………
Małgorzata Walnik
Person preparing the statement

REPORT OF THE MANAGEMENT BOARD ON THE UNIMOT GROUP OPERATIONS

4.1 Capital Group Description

4.1.1. Basic information about the Issuer

Full name	UNIMOT Spółka Akcyjna
Registered office	Zawadzkie
Address	ul. Świerklańska 2a, 47-120 Zawadzkie
Telephone	+48 77 461 65 48
E-mail address	gielda@unimot.pl
Website address	www.unimot.pl
Scope of activity	Gaseous and liquid fuels trading
Legal status	Joint-stock company
Share capital	The share capital (core) of the Issuer amounts to PLN 8 197 818,00 Number of all shares: 8 197 818 Nominal value of shares: PLN 1 a) Series A – 100 000 registered shares, b) Series B – 600 000 registered shares, c) Series C – 2 400 000 ordinary bearer shares d) Series D – 103 797 ordinary bearer shares e) Series E – 400 000 ordinary bearer shares f) Series F – 400 000 ordinary bearer shares g) Series G – 400 000 ordinary bearer shares h) Series H – 400 000 ordinary bearer shares i) Series I – 1 028 000 ordinary bearer shares j) Series J – 2 200 000 ordinary bearer shares k) Series K – 166 021 ordinary bearer shares
KRS [National Court Register]	District Court in Opole, VIII Commercial Division of the National Court, Register as KRS number 0000382244
REGON [National Business NO]	160384226
NIP [Tax Identification NO]	7561967341
Time for which the Company has been created	Unlimited

4.1.2. Issuer Shareholder's Structure

Issuer Shareholder's Structure as of 31st December 2017.

Shareholder	Number of	Share in capital %	Number of votes	Share in votes %
Unimot Express Sp. z o.o.	3 454 120	42,13%	3 804 120	42,75%
Zemadon Limited	1 572 411	19,18%	1 922 411	21,61%
Others	3 171 287	38,68%	3 171 287	35,64%
Total	**8 197 818**	**100,00%**	**8 897 818**	**100,00%**

Changes to the shareholder's structure in 2017:

- On 10-21 February 2017 the Issuer conducted a public offer of 2,2 million of new ordinary bearer shares of the J series of the nominal value of PLN 1 and the debut on the regulated market of the WSE at the issue price PLN 45 offering them to individual and institutional investors (20 % of the offer). Series J shares were introduced to trading on the regulated market of the WSE with effect from 7 March 2017. At the same time, shares previously quoted on the NewConnect market were introduced to trading on the regulated market.
- On 20 June 2017 the Issuer informed that the subscription of Warranties of E series and K series shares of the Issuer constituting a partial payment for the purchased by the Issuer shares in Tradea Sp. z o.o. The payment of the issuance price of K series shares in the total amount of PLN 3 237 409,50 took place through a contractual deduction of Unimot S.A. receivables towards the investor, Mr Marcia Kapkowski, due to the issuance price of K series shares with the receivables of Mr Marcin Kapkowski to pay the second instalment of the price of sale of Tradea sp. z o.o. shares in the amount of PLN 3 237 409,32, as a result of which receivables waived. Subscription included in total 166.021 of name subscription warrants of E series, each of them entitled to subscribe one ordinary Issuer's bearer share of K series of nominal value PLN 1 each. An agreement was also signed on limiting the disposal of the purchased K series shares by Mr Marcin Kapkowski. The subject of the agreement is 75% of the purchased shares, i.e. 124.516 pieces of K series shares. The agreement limits the disposal of K series shares through the period of full 12 months, i.e. until 30 June 2018. On 7 September 2017 at KDPW 166 021 of ordinary bearer shares K series were registered of the nominal value PLN 1,00 each. On 7 September 2017 K series shares were admitted for trading at Warsaw Stock Exchange.

4.1.3. Description of the Capital Group's organization indicating the entities subject to consolidation and description of changes to the Capital Group's organization and their reasons

As of 31.12.2017 the structure of the Unimot Capital Group was as follows:

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	distribution of gas fuels through mains	58.74%	20.01.2014
Blue Cold Sp. z o.o.	Poland	gas fuels production	50.76%	29.04.2014
Polskie Przedsiębiorstwo Gazownicze Warszawa Sp. z o.o. (PPGW Sp. z o.o.)	Poland	distribution of gas fuels through mains	58.74%	26.03.2014
Blue LNG Sp. z o.o.	Poland	distribution of gas fuels through mains	58.74%	04.07.2014
tankuj24.pl 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
EnergoGas Sp. z o.o. S.K.A.	Poland	liquid fuels distribution	100,00%	30.12.2015
Tradea Sp. z o.o.	Poland	electricity distribution	100,00%	23.05.2016

** change of name of Energogas Sp. z o.o. to Unimot Energia i Gaz Sp. z o.o. on 08.02.2018.*

In 2017 the following changes occurred in the Unimot Capital Group

Acquisitions and capital investments in own entities conducted in 2017:

- On 31st January 2017 Unimot S.A. increased the capital in Unimot System Sp. z o.o. acquiring 6000 of new shares at PLN 500 each, as a result of which the share capital of Unimot System Sp. z o.o. has grown by PLN 3 million. The percentage share of Unimot S.A. in Unimot System Sp. z o.o. has grown from 51,00% to 58,74%.
- On 15th June 2017 Unimot S.A. increased the capital in Tradea Sp. z o.o. acquiring 1300 at PLN 1000 each, as a result of which the share capital of Tradea Sp. z o.o. has grown by PLN 1,3 million. The percentage share of Unimot S.A. in Tradea Sp. z o.o. has not changes and amounts 100,00%.
- On 26th June 2017 Unimot S.A. increased the capital in Unimot Energia i Gaz Sp. z o.o. acquiring 600 new shares at PLN 1000 each, as a result of which the share capital of this company has grown by PLN 0,6 million. The percentage share of Unimot S.A. in Unimot Energia i Gaz Sp. z o.o. has not changed and amounts 100,00%.
- On 9th November 2017 Unimot S.A. increased the capital in Unimot Energia i Gaz Sp. z o.o. acquiring 600 new shares at PLN 1000 each, as a result of which the share capital of this company has grown by PLN 0,6 million. The percentage share of Unimot S.A. in Unimot Energia i Gaz Sp. z o.o. has not changed and amounts 100,00%.

Mergers conducted in 2017:

No mergers in the period from 1st January to 31st December 2017.

Disposals conducted in 2017:

No disposals in the period from 1st January to 31st December 2017.

Nor the Issuer nor its subsidiaries own foreign or national investments into securities, tangible and legal assets or property.

4.1.4. Scope of activity of the Capital Group

The Unimot Group specializes in gaseous and liquid fuels trading. The Group's activity covers the following areas

- Fuels – The Company operates in the scope of wholesale of diesel oil intended for cars with diesel engines and wholesale and retail sale of fuels.
- Biofuels – The Company's assortment includes bioesters (biodiesels) intended for vehicles with diesel engines, constituting a self-contained fuel. In comparison with the traditional diesel oil, with a view to its properties, biofuels contribute to a considerable reduction of emission of harmful substances, as well as greenhouse gas. The reduction of emission applies both to the production process, as well as to the fuel use.
- Liquified petroleum gas (*a liquid mixture of propane and butane*) – The company operates in the scope of wholesale of liquid gas directly from the bottling plant in Zawadzkie, as well as from transhipment terminals. the company provides distribution of liquid gas adjusted to various needs and intended purposes of LPG: for heating, municipal, industrial, propelling (car gas) purposes.
- Natural gas (including LNG - *Liquefied Natural Gas*) – The company operates in the scope of natural gas trading and distribution through POLPX and own distribution networks.
- Electricity – The Group conducts sales of electricity to final customers and also wholesale of electricity through auctioning and brokerage services and renders additional services for the energy market**.**

4.1.5. History of the Capital Group

The Company operates under the name UNIMOT S.A. The registered office of the Company is Zawadzkie, ul. [street] Świerklańska 2a.

The Company operates as a joint stock company, established by a notarial deed on January 14, 2011. It was registered in the business register maintained by the District Court in Opole, VIII Commercial Division, under KRS number 0000382244, pursuant to the order of 29 March 2011.

The traditions of UNIMOT S.A. date back to 1992 and are based on the relationships and experiences of Unimot Express - a specialist in liquid fuel trade. The Company's activities in the Liquefied Petroleum Gas (liquified propane-butane) sector are based on a gas bottling plant located in Zawadzkie, Opolskie Voivodeship and the experience gained in the LPG sector from

Gaz-Zaw (the LPG segment of this company was incorporated into the Unimot Express Sp. z o.o. Company in 2003). Over time, the Company has become one of the largest suppliers of car gas in southern Poland, offering LPG to customers from its own gas bottling plant in Zawadzkie. The Company also conducts direct (domestic and foreign) wholesale from external handling terminals located in different parts of the country. As a result of the dynamic development of Unimot Express in this sector, UNIMOT S.A. was separated.

The activity of UNIMOT SA was launched in 2011 under the name UNIMOT GAZ S.A. In June 2011 an in-kind contribution in the form of gas bottling plant in Zawadzkie was provided by Unimot Express Sp. z o.o. On April 27, 2012, the Ordinary General Meeting of UNIMOT S.A. adopted a resolution to increase the Company's Share capital through the issue of Series D shares.

Shortly after, the Company obtained a license from the Energy Regulatory Office for trading in liquid fuels. The year after, in September 2012, UNIMOT S.A. debuted on the NewConnect market, placing on the market 2,400,000 series C shares and 103,797 series D shares from the new issue.

In 2014, UNIMOT S.A. developed dynamically, exploiting new opportunities in the energy sector. The Company engaged in the liberalization process of the natural gas market, including acquiring and expanding distribution networks, launching natural gas liquefaction installation and several LNG regasification installations. In addition, the Company expanded its offer by wholesale of diesel oil and focused its operations on liquid fuels. In the fourth quarter of 2014 the Company took over the profitable part of Unimot Express Sp. z o.o. - a specialist in the distribution of liquid fuels, thus extending the geographic reach of its business. In the same period the name UNIMOT GAZ S.A. was officially changed to UNIMOT S.A. which was to emphasize the multienergy nature of the Company's offer.

In the fourth quarter of 2015, UNIMOT S.A. acquired 100% of shares in Energogas Sp. z o.o. which holds, among others, electricity trading license. Whereas, in the second quarter of 2016, UNIMOT S.A. acquired 100% of shares in Tradea Sp. z o.o. which also holds, among others, electricity trading license. These companies are developing electricity sales as a part of implementation of the multi-energy sales offer strategy.

In 2016, the Company continued its LPG trading activity in all its existing business lines, trading in biofuels and biooils and natural gas through its subsidiaries and began trading in electricity also through its subsidiaries.

The largest dynamic development of the business was in the wholesale of diesel with the use of acquired profitable part of Unimot Express Sp. z o.o. UNIMOT S.A. geographically expanded its offer in this area by successive increase of the number of fuel bases to 12 ones, offering diesel throughout the country.

On 10-21 February 2017 the Company conducted a public offer of 2,2 million shares at the issue price PLN 45 offering them to individual and institutional investors (20 % of the offer). The offer enjoyed a great interest of the investors and was very successful. As a result the Issuer acquired resources in the amount of PLN 99 million (net PLN 96,6 million). According to the issuance prospectus the acquired resources were destined by the Issuer to increase the current capital used in fuel trading, development of AVIA franchise fuel stations network, and also creation of Tankuj24 application for online fuel sales.

Series J shares were introduced to trading on the regulated market of the WSE with effect from 7 March 2017. At the same time, shares previously listed on the NewConnect market were introduced to trading on the regulated market.

In 2017 the Company implemented the goals of public issuance: growth of diesel oil wholesale, developing the AVIA stations network (until the end of 2017 in accordance with the issuance goal 15 AVIA stations were opened), and also launching and developing the Tankuj24.pl application.

4.1.6. Issuer's bodies

As of the date of this statement preparation the composition of the Management Board is as follows:

:

MACIEJ SZOZDA – PRESIDENT OF THE MANAGEMENT BOARD

Maciej Szozda is a graduate of the Warsaw School of Economics, the Faculty of Trade.

For the last 7 years Mr Maciej Szozda held the post of the Vice-President of the Management Board of the Lotos S.A. Group. In the years 2009-16 he managed the whole of the activity of the Trade segment, and since 2015 the segment of Production and Trade of the Lotos S.A. Group. Earlier, in the years 2002-2009 Mr Szozda worked for PKN Orlen S.A., where he occupied the positions of: Director of the Planning Bureau and Retail Network Development, Director of the Retail Network Development Bureau– Europe, being responsible for the foreign expansion of the retail network of PKN ORLEN and the Executive Director for Retail Sales.

Since 1st January 2018 Mr Maciej Szozda is the President of the Management Board of the Company.

ROBERT BRZOZOWSKI – VICE-PRESIDENT OF THE MANAGEMENT BOARD

Robert Brzozowski is a graduate of the University of Gdansk. In 2016 he graduated from the prestigious BI Norwegian Business School, earning the title of Executive Master of Business Administration in the field of energy. In the years 2000-03 he served as the Director of Trade and Marketing of ORLEN Morena Sp. z o.o., and for the next 2 years he held the office of Commercial Director of LOTOS Marine.

With the UNIMOT Group he has been associated since 2008 as the coordinator of international fuel trade. In UNIMOT S.A. he was responsible, among others, for the project of wholesale diesel sale. On August 25, 2014, he assumed the position of Member of the Management Board and the Company's Commercial Director.

Since 1st January 2018, Robert Brzozowski is the Vice-President of the Management Board of the Company

MARCIN ZAWISZA – VICE-PRESIDENT OF THE MANAGEMENT BOARD

Marcin Zawisza is a graduate of the Warsaw School of Economics and the School of Banking and Insurance [now Vistula University]. He completed postgraduate studies in logistics management and was awarded the MBA title at GFKM and Erasmus Rotterdam School of Business.

Marcin Zawisza worked, among others, at the Shell Group in the chemical segment, and in 2004-10 at Shell Gas Polska Sp. z o.o. as the Regional Supply Chain Director for Eastern Europe. Since 2010 he has been dealing with the wholesale of refinery products of PKN Orlen S.A., initially by co-creating the Analysis and Wholesale Trading Strategy Office at the Capital Group. Then from 2012, for more than 3 years, he was the President of the Management Board of Orlen Gaz Sp. z o.o., where he was responsible, among others, for creating and implementing the Group's strategy in the area of the LPG market.

Since 25th July 2016, Marcin Zawisza is the Vice-President of the Management Board of the Company.

MICHAŁ PARKITNY – MEMBER OF THE MANAGEMENT BOARD

Michał Parkitny is a graduate of the Warsaw School of Economics and the scholarship recipient of „International Business" programme, organized by the University of Copenhagen.

In the years 2010-2016 Mr Michał Parkitny was connected with the London office of Standard Bank, where he headed the team for partnership financing, advised companies from the sectors: petroleum and gas (upstream and downstream), telecommunication, mining and consumer finance. Earlier he worked for an investment bank JP Morgan in London, where he headed the debt instruments team in Central and Eastern Europe. In Poland he advised, among others, such companies as: PGNiG, TPSA, Getin Bank and Koleje Mazowieckie. He also cooperated with the Ministry of Finance at acquiring financing on international markets, and for two years was connected with the Warsaw and London branch of Bloomberg, where his responsibilities involved debt securities analysis.

Since 20th June 2017 Mr Michał Parkitny has been the Member of the Management Board of the Company.

As of 31st December 2017 and as at the date of preparing the present statement the composition of the Supervisory Board is as follows:

ADAM SIKORSKI – CHAIRMAN OF THE SUPERVISORY BOARD

Co-founder of the UNIMOT Capital Group (1992), the President of the Board of Unimot Express Sp. z o.o. since the beginning of the company, the President of the Management Board of Unimot Truck Sp. z o.o. (since 1999), the Director of UC Energy Ltd in Nicosia (since 2010), the Chairman of the Supervisory Board of UNIMOT S.A. (since 2011). In 2015, he assumed the position of President of the Management Board of PZL Sędziszów S.A. - a company related with the UNIMOT Group, and in 2016 he became the President of the Board of the Polish Automotive Group.

Adam Sikorski graduated from the Executive MBA studies in 2011 and in 2013 received a diploma of the Executive Doctor of Business Administration at the Institute of Economic Sciences of the Polish Academy of Sciences in Warsaw. He is also a graduate of International Economic Relations at the Polonia University in Czestochowa.

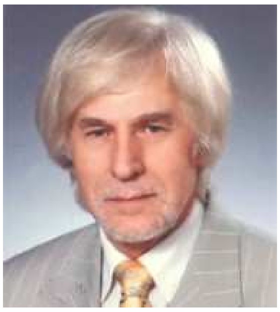
ISAAC QUERUB – MEMBER OF THE SUPERVISORY BOARD

A citizen of Spain, a graduate of the Universidad Pontificia de Comillas in Madrid. From 1981-2003 he was the CEO and Member of the Management Board of Glencore España S.A. S.A. - a company operating in the sector of oil, metals and minerals in Spain, the Middle East and Africa.

Since 2003, has been the partner of Andria Inversiones Inmobiliarias S.A., engaged in real estate trading, and Incogas S.A., related to trade in liquefied natural gas. During the period of 2007-13, as a co-founder of the company Moka Consulting S.A., he developed a strategy focusing on African countries, producing liquid natural gas, and in the years 2009-13 was a member of the Advisory Committee of the Portuguese company Iberiapremium SGPS.

From 2013, is the partner of Consejos y Estrategias Técnicas y Empresariales SL which deals with business consultancy, and the member of the Supervisory Board of the Swiss company Bluequest Resources AG, related with trade in metals and minerals. In the years 1996-2001 Isaac Querub was the President of the Jewish Community in Madrid and since 2011 he has been the President of the Federation of Spanish Jewish Communities.

He is also a Member of the Supervisory Board of the University of Tel Aviv and the President of Yad Vashem in Spain. In 2007 he was awarded with the Prince of Asturias Award, and in 2012, with the Moroccan order Ouissam Alaouite.



PROF. DR HAB. RYSZARD BUDZIK – MEMBER OF THE SUPERVISORY BOARD

Specialist for Organization and Management, a certificated appraiser (national license No. 2519, bank license No. 1874/XXXIII/01), a Member of the Silesian Association of Appraisers. Holds the academic title of Professor, awarded by the President of the Republic of Poland.

Between 1969-72 he worked as a technologist in Zakłady Górniczo-Hutnicze in Sabinów.

Since 1972 he has been associated with the Technical University of Czestochowa - initially as a researcher, then occupying senior positions of several faculties, now as the head of the Faculty of Production Management. Since 2010 he has also served as a lecturer and the Head of the Logistics Faculty at the Technical University of Opole.

Prof. Budzik is also a Lecturer at the School of Management and Banking in Bielsko-Biała on postgraduate studies to the supervisory boards. Among his numerous publications there is more than 200 studies on Polish enterprises for privatization and ownership transformations for the Ministry of Treasury and Provincial Offices, as well as more than 20 studies on restructuring of Polish companies.

PIOTR CIEŚLAK – MEMBER OF THE SUPERVISORY BOARD

A graduate of the University of Economics in Poznań, specialising in Investment and Real Estate Management. For several years directly responsible for the development of the Legal Department of the Association of Private Investors. The author of the comments, statements and publications relating to broadly taken issues of the capital market, the author of the independent analytical reports on companies making their debuts on the WSE.

In the years 2005-07 he was the Director of Analysis and the Principal Analyst of the Association of Private Investors. Since 2008 he serves as the Vice-President of the Board of the Association of Private Investors.

Piotr Cieślak does not conduct any activity that would be competitive in relation to the Issuer. He is neither a partner in a competitive civil law partnership or a partnership, nor a member of a corporate body or a member of any other competitive legal entity.

BOGUSŁAW SATŁAWA – MEMBER OF THE SUPERVISORY BOARD

A graduate of the Technical University of Kiev, and Technical University Czestochowa. In 2005 he graduated from the Management School WIFI in Austria. Between 2000-05 Bogusław Satława served as the Managing Director of Unimot-Truck Sp. z o.o. Over the next two years he was the Managing Director in Domex Sp. z o.o., and in 2010 - in Luxplast Sp. j. In the years 2008-09 he was an Adviser to the Management Board of Schultz Seating Poland Sp. z o.o. During the 2011-12 he served as the President of the Management Board of GFD Polskie Druty Sp. z o.o. and Edexpol Sp. z o.o. Sułkowice.

From July 2013 to August 2014, Bogusław Satława served as the President of the Management Board of UNIMOT S.A., and in the years 2013-15 he was the President of the Management Board of the PZL Sędziszów S.A. From 2013 up to the present he has been a Member of the Management Board of Unimot Express Sp. z o.o.

PIOTR PRUSAKIEWICZ – MEMBER OF THE SUPERVISORY BOARD

A graduate of the Technical University of Szczecin. In 2000 he completed postgraduate studies in management and marketing, and in 2004, Executive MBA in the International Management Centre of the University of Warsaw and the University of Illinois.

Between 2000-11 Piotr Prusakiewicz was associated with Rafineria Trzebinia S.A., where initially he served as a specialist technologist, then the Head of Production, Director of Production, and for the last 5 years he was a Member of the Management Board. Then, in the years 2012-13 he was the Deputy Director of the Business Entity in SARPI Dąbrowa Górnicza SP. z o.o. In addition, during the period of 2006-12 Piotr Prusakiewicz was a member of CEN WG24/TF FAME at the European Standardisation Organisation and a Member of the Subcommittee for Fuels of the Technical Committee No. 222 at the Polish Standardisation Committee (until 2013).

From 2012 until now Peter Prusakiewicz has operated as an individual entrepreneur in consultancy, including technique and chemical technology in the area of: liquid fuels, liquid biofuels and environmental protection.

4.2 Market environment

LIQUID FUELS, IN THIS DIESEL OIL

In 2017 one could observe primarily consumption growth of liquid fuels. This is confirmed by latest market data prepared by POPHiN for the three quarters of 2017. Higher sales results are achieved by legally operating oil companies, and the growth dynamics of the official sale in particular months since the beginning of the 2017 was at a very good level. The higher official demand was beneficial for enterprises trading liquid fuels. This dynamic market growth has its foundations in the introduced new legal regulations in the form of fuel, energy and transport packages (source: POPiHN). The growth in sales of liquid fuels was influenced by a favourable macroeconomic environment, mainly in the form of boosting Polish economy. In the whole of 2017 GNP grew by 4.6%, while a year earlier the growth dynamics was 2.95 (source: GUS). This growth was driven mainly through consumption, which was reflected also in the growing demand for fuels.

In the period of three first quarters of 2017 the consumption of fuels in Poland amounted 23,9 million m3, that is by 12% more than in the corresponding period of the previous year. In case of demand for three main types of fuel (petrol, diesel oil and LPG) this growth was similar and amounted 12% yoy. One can also observe a change in the consumption structure – the share of diesel oil grew while the shares of petrol and LPG decreased.

Import of liquid fuels to Poland grew by 35% (from 6,4 million m3 in 1-3Q2016 to 8,7 million m3 in 1-3Q2017). This means that officially in the period of three first quarters of 2017 2,2 million m^3 more of fuels was imported to Poland than in the same period of 2016 where as much as 2 million m^3 was diesel oil. The balance of international trade after the three quarters of 2017 demonstrates a clear surplus of fuel import over export – this difference amounts 6,3 million m3, while after the three quarters of 2016 it was about 2,5 million m3. (source: POPiHN)

According to latest data by POPiHN for the three quarters of 2017, the estimated value of diesel oil consumption amounted in this period 14,5 million m3, that is by 16% more compared to the corresponding period of the previous year. In this period import constituted 34% of the consumption and its value grew by as much as 65% compared to the three quarters of the year 2016.

BIO-FUELS

In 2017 on the basis of the provisions of the law on liquid bio-components and bio-fuels all the entities producing and importing fuels from abroad were obliged to achieve the National Indicative Target (NIT) at the level of the year 2016, i.e. 7,1% of the heating value.

An important issue in the context of NIT was the change in the manner of its achievement. According to the amendment to the aforementioned law since 1st January 2017 obliged entities had to achieve at least 50% of the NIT through blending the bio-components with fuels. This was an important change, as until 2016 companies could achieve NIT through introduction to the market self-contained bio-fuel B100 without the obligation of bio-blending bio-components with bio-fuels, without the obligation of bio-blending.

As a consequence of the new regulations coming into force in 2017 one could observe a decrease in produced liquid bio-fuels (B100) According to data by URE, 191,7 thousand tonnes of liquid bio-fuels were produced in Poland within the three quarters of 2017, while in the corresponding period of the past year it was 276,5 thousand tonnes (drop by 44,2% yoy). The production of methyl esters grew in turn (the bio-component meeting the criteria of sustainable development, which is not entitled to be double counted to NIT achievement) – from 867,4 thousand tonnes in the whole of 2016 to 897,0 thousand tonnes in the whole of 2017 (growth by 3,4%) (source: KOWR).

LPG

In 2017 one could observe further growth of consumption on the market of LPG. According to the latest data published by POPiHN for the three quarters of the past year, the consumption in this period grew by 5% and amounted 3,5 million m3. The segment structure of the LPG market in 2017 did not change significantly compared to the previous year. Still the majority of it constitutes autogas (about 3 million m3 in the period 1-3Q2017).

Similarly to the previous years the majority of the national demand is satisfied by import, mainly from Russia, Kazakhstan and Belarus. Within the three first quarters of 2017 import of LPG amounted 3,0 million m3 and constituted 86% of the national demand, and its share in consumption grew in the analysed period by 2 percentage points yoy.

The number of entities that import LPG to Poland is constantly influenced by the amendment to the Energy law in the scope of concessions for trading liquid fuels with abroad (OPZ). According to it, since 2016 the condition for obtaining the concession is lodging by the importer of a security of an amount equal to PLN 10 million for purposes of possible payments connected with the performed activity.

FUEL STATIONS

According to the data by POPiHN at the end of December 2017, there were over 6643 fuel stations functioning on the domestic fuel market, where 34% of fuel stations were belonged to national concerns, 22,4% of fuel stations functioned in the networks of foreign concerns, and 40,6% of stations belonged to independent operators. Interestingly, independent operators (in this Unimot with the AVIA brand) recorded a growth of share in the retail structure of fuel sales by almost 2 percentage points compared to the year 2016 (from 38,6% to 40,5%). In 2017 the number of stations in the country decreased by about 160.

In 2017 a new brand of stations appeared on the market – AVIA, introduced by Unimot S.A. on franchise principles. At the end of 2017 there were 15 such station, as of the publication day there are already 19 of them. The whole AVIA International network gathers 90 companies from 14countries and manages over 3thousand of fuel stations in Europe.

NATURAL GAS

The year 2017 was another successful one on the natural gas market – both with respect to sales as well as growing number of new connections of new customers and continuation of investments. At the same time one can notice a constant trend of an increasing share of natural gas in the national energy market, which in the recent time was caused mainly through starting the heat and power plant (CCGT) of Orlen in Włocławek of the power of 463 MW and being almost completed investment in Płock of the CCGT block of the power of 596 MW. The estimated demand for both heat and power plants amounts about 2,5 billion m3, which constitutes an increase by 15-20% in the national demand for gas fuel. Additionally, one can also notice a tendency of changing the manner of heating households and enterprises, from coal to natural gas. According to the report of GAZ-SYSTEM most gas in history was transmitted in 2017 - 19,7 billion m3. This constitutes a growth compared to2016 by almost 9%.

The year 2017 was also the best one in the history of natural gas trading at the Polish Power Exchange (TGE). The total volume of transactions concluded on the natural gas markets in 2017 amounted 138,7 TWh, that is by 21,1% more yoy. On the Gas Day-Ahead Market (RDNg) and Gas Day-Ahead Market and Intraday Market (RDNiBg) the volume amounted 24,0 TWh, being lower compared to 2016 by 2,5%. The volume of trade on the RTTg grew by 27,6%, to the level of over 114 TWh, which is the best annual result on this market in the history of the Polish Power Exchange.

The average weighted price on the RDNiBg for delivery in the whole of 2017 amounted 83,66 PLN/MWh, that is by 12,50 PLN/MWh more than in the year 2016. Corresponding price of products for delivery in December 2017 grew yoy by 1,64 PLN/MWh, to the level of 93,60 PLN/MWh. On the RTTg in turn the average weighted price of the contract for delivery in 2018(GAS_BASE_Y-18) amounted in 2017 81,79 PLN/MWh, that is by 7,29 PLN/MWh more compared to corresponding price of contract GAS_BASE_Y-17 quotations in the year 2016. *(source: TGE)*

Further liberalization of the gas market occurred in 2017, where a vital issue is to limit the administrative supervision over the prices of gaseous fuels. On 1st January 2017 new regulations entered into force – The Energy Law, which waive under the law the supervision of the President of the Energy Regulatory Office over the tariffs for sales of gas to wholesale customers, sales of LNG and CNG and sales of gas to final customers who purchase this fuel at a virtual point or in the mode of tender, auction or public procurement. According to the law since 1st October 2017 the obligation has been waived to submit for the consent of the President of the Energy Regulatory Office tariffs for sale of high-methane and low-methane natural gas to final customers not being households. The supervision of the President of ERO over the tariffs for network gas sold to households remains in force until the end of 2023. *(source: URE)*

A vital element of the gas market liberalisation is freedom to choose the gas supplier by individual customers. On the basis of data by ERO it can be concluded that the started in the 3rd quarter of 2014 growth of supplier change in the segment of customers of the tariff groups W1-4, that is mainly among households is still present. In 2011 only few cases of gas supplier were recorded, in 2012 the number increased to 210, in 2013 to 429, in 2014 - 7 007, in 2015 - 30 749, in 2016 - 78 437, and since the beginning of conducting monitoring to the end of 2017 gas suppliers were changed in 136 419 cases. *(source: URE, Liberalizacja rynku gazu)*.

Important changes to the Polish natural gas market have been also introduced by the amendment to the law of 7th July on reserves of crude oil, refinery products and natural gas and the principles of proceeding in the event of a threat to the fuel security of the country and disturbances in the crude oil market and several other laws. Since 1st October 2017 gas importers who store its mandatory reserve abroad, in order to assure the ability to transmit them to Poland have to in case of an energy crisis reserve so called transmission capacity on cross-border connections (interconnectors). The reserved abilities are supposed to allow to transmit the whole of stock in any conditions to the country within the period of maximum 40 days and additionally they cannot be used for any other purposes, e.g. commercial ones. According to the law the inventories of gas may be maintained only physically in the warehousing installations connected to the transmission or distribution system of gas, and an obligation has been imposed on gas importers to provide the transmission system operator the information on the location of stored inventories.

ELECTRICITY

According to the data of National Power System (NPS), national demand for electricity in 2017 amounted 168,4 TWh and was higher by about 4 TWh, that is 2,4% than last year. National demand for electricity in Poland is covered mainly by coal and lignite powered power plants. A gradual growth of renewable energy sources can be observed in the energy mix. Wind energy dominates in this segment. In 2017 electricity generated in wind sources amounted 14,4 TWh and was higher by 24,1% yoy.

Also the electric capacity grew in Poland in 2017, which was caused mainly by introduction to the system the largest coal powered energy block in Kozienice, which belongs to Enea, and starting the Heat and Power Plant (CCGT) of Orlen in Włocławek powered with natural gas.

Total generation of Centrally Dispatched Generating Units (CDGUs) – units dispatched by NPS – in 2017 grew by 1,4% yoy and amounted 113,2 TWh. Total generation of non-centrally dispatched generating units (nCDGUs) – independent units that decide about the size of production themselves – amounted 53,6 TWh, which constituted a growth by 4,1% yoy.

In 2017 Poland imported electricity. According to the data of NPS the negative balance of foreign exchange amounted 2,3 TWh, that is more by about 1,5% yoy. Import took place mainly from Sweden, to a smaller extent from: Lithuania, Ukraine, Germany, Czech Republic and Slovakia. Import was conditioned by the energy price on the neighbouring wholesale markets, which was frequently lower than domestic prices (cheap hydro plants present on the NordPool market, a large generation of wind and photovoltaic power plants in Germany).

In the past year one could observe a decrease in the number of customers who changed the seller in the tariff groups A, B and C, and a growth in G tariff group (households). Data presented by the distribution system operators demonstrate that in tariff groups A, B and C in 2017 a change of seller was made by 14,4 thousand of customers compared to 15,2 thousand in 2016 (drop by 5,3% yoy), but in the tariff group G in 2017 a change of the seller was made by 84 thousand of customers compared to 71 thousand of customers in 2016 (growth by 18,3% yoy). At the end of 2017 the number of TPA from tariff groups A, B and C amounted in total 188 thousand, but in tariff group G (households) in total 547 thousand since the moment the possibility of changing the seller had been made available (incremental data).

The volume of electricity trade at the Polish Power Exchange (PPE) amounted in 2017 111,7 TWh, which means a decrease by 11,8% compared to the year 2016. On the spot market the volume decreased by 8,6% to the level of 25,2 TWh. The volume on the Day-Ahead Market amounted 25,1 TWh, becoming smaller by 8,7%, and on the Intraday Market 90 605 MWh, growing by 27,0%. The decrease by 12,7% occurred on the Commodity Forward Instruments Market where the volume of trade amounted 86,4 TWh.

The average weighted BASE price on the Day-Ahead Market reached in 2017 the level of 157,96 PLN/MWh, being smaller by 3,78 PLN/MWh compared to 2016. On CFIM market the average weighted price of annual contract for block delivery in 2018 (BASE_Y-18) amounted in the whole of 2017 167,50 PLN/MWh, which means a growth by 8,24 PLN/MWh compared to the price of BASE_Y-17 contract quotations in 2016.

A significant event on the energy market in 2017 was the change of the Polish Energy Market from a single-commodity to double-commodity market, which was the consequence of coming into force the Law of 8th December 2017. This is an introduction of a regulatory solution the aim of which is to satisfy shortages of generating powers, resulting on the one hand from the expected growth of peak demand for power and electricity, on the other hand – from a large extent of the planned decommissioning of generating units. The power market introduces support in the form of additional remuneration – power payments – for generating sources to ensure proper power or the specified in the contract period of time in case there are power shortages. Offers for the amount of the expected remuneration for power will be selected during auctions that will start in December 2018. (source: URE).

4.3 Overview of Capital Group's basic economic and financial values

BALANCE – Condensed information concerning balance items

ASSETS STRUCTURE in PLN thousand	31.12.2017	31.12.2016
Fixed assets	**80 508**	**81 878**
Current assets	**538 012**	**498 413**

Inventory	233 187	233 523
Trade and other receivables	245 948	210 688
Financial resources and their equivalents	36 532	47 953
Other current assets	22 345	6 249
TOTAL ASSETS	**618 520**	**580 291**

Both the level and the structure of assets as of 31st December 2017 compared to the comparable period of 31st December do not demonstrate significant changes.

The level of provisions takes recognizes the level of operational provisions and the value due to the mandatory reserve in the amount of PLN 153,7 million as of 31st December 2017.

The amount of trade receivables recognizes growth in sales recorded in 2017, mainly in the area of diesel oil and bio-fuels as well as LPG.

LIABILITIES STRUCTURE in PLN thousand	**31.12.2017**	**31.12.2016**
Equity	**201 419**	**95 920**
Liabilities	**417 101**	**484 371**
Long-term liabilities	23 218	37 275
Short-term liabilities	393 883	447 096
TOTAL LIABILITIES	**618 520**	**580 291**

The level of liabilities as of 31st December 2017 compared to the comparable period 31st December 2016 does not demonstrate significant changes, but the structure of liabilities has significantly changed.

The growth in equities results from acquisition of resources in the amount of PLN 96,6 million (net) due to public issuance of shares conducted in the 1st quarter of 2017.

The decrease in short-term liabilities results from using the majority of resources acquired from public issuance of shares to finance working capital, connected with diesel oil trading (in this case the decrease in debt due to working capital credits and trade liabilities to diesel oil suppliers).

STATEMENT ON TOTAL REVENUES in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Revenues from sales	3 005 002	2 531 575
Profits (losses) from financial instruments hedging sales	4 247	(12 625)
Cost of sold goods and materials	(2 860 234)	(2 394 308)
Gross profit from sales	**149 015**	**124 642**
Other operating revenues	2 201	1 158
Costs of sale	(95 629)	(71 891)
Overheads	(19 849)	(10 995)
Other net profits/losses	(10)	(23)
Other operating costs	(2 221)	(1 945)
Profit on operating activity	**33 507**	**40 946**
Financial revenues	211	262
Financial costs	(6 107)	(3 670)
Net financial costs	**(5 896)**	**(3 408)**
Profit before taxation	**27 611**	**37 538**
Income tax	(5 171)	(7 895)
Net profit for the financial year	**22 440**	**29 643**

Compared to the previous year, in 2017 the Group achieved higher revenues on sales, but the net profit was lower than a year ago.

Growth in revenues compared to the previous year occurred mainly due to the growth in wholesale of diesel oil and bio-fuels and increased sales of LPG. In 2017 the Group achieved revenues on sales at the level of PLN 3,01 billion compared to PLN 2,52 billion of revenues for 2016 (growth by 19,5 %).

The increase in the net profit compared to the previous year occurred mainly due to the drop in margins in wholesale of diesel oil, higher costs of NIT and increase in overheads. In 2017 the Group achieved the net profit at the level of PLN 22,4 million compared to PLN 29,6 million net for 2016 (drop by 24,3 %).

COST BY TYPE STRUCTURE in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Amortisation	(4 873)	(3 715)
Energy and materials consumption	(4 073)	(4 370)
Foreign services	(81 655)	(60 143)
Taxes and charges	(2 912)	(2 765)
Remunerations	(13 487)	(9 541)
Social security and other benefits	(2 978)	(2 239)
Other cost by type	(9 640)	(4 540)
TOTAL COST BY TYPE	**(119 618)**	**(87 313)**

Parallelly to the growth of sales volume a growth of cost by kind occurred, particularly foreign services connected, among others, with sales services (costs of diesel oil, gas and bio-fuels shipping, trans-shipment services, examining gas quality), receivables insurance cost (in connection with the security policy adopted by the Group), as well as cost of foreign financing sources. Increased costs concern also continuation of investment activities, particularly in the area of new projects: building the AVIA stations network and Tankuj24 application and in the area of natural gas. The growth in the Group's scale of operations and also preparations to its further future growth have caused growth in employment in the Groups, and what follows growth in remunerations.

RESULTS in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
EBIT	33 507	40 946
EBITDA	38 380	44 661
GROSS RESULT	27 611	37 538
NET RESULT	22 440	29 643

* **EBIT -->** *defined as Earning Before Interest and Taxes)*
****EBITDA -->** *defined as (ang. Earning Before Interest, Taxes, Depreciation and Amortisation)*

RESULTS in PLN thousand - adjusted	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
EBITDA - adjusted according to point. 4.18	43 432	44 661
NET RESULT - adjusted according to point. 4.18	26 532	29 643

The results adjusted by one-off costs incurred in the 4th quarter of 2017, connected with achievement of NIT on mandatory reserve of diesel oil, described in point 4.18 of the present statement (conservative interpretation of current law regulations) remain at the similar level as in2016.

BALANCE OF CASH FLOWS - Condensed information concerning items of revenues and costs

CASH FLOWS in PLN thousand	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
Profit before taxation	27 611	37 538

Corrections	(7 494)	(178 475)
Net operating cash flows	**20 117**	**(140 937)**
Incomes	733	1 622
Expenditures	(3 747)	(11 516)
Investment activity cash flows	**(3 014)**	**(9 894)**
Incomes	134 859	30 563
Expenditures	(84 655)	(25 901)
Financial activity cash flows	**50 204**	**4 662**
Status change of financial resources and their equivalents	67 307	(146 169)
Influence of exchange rate changes concerning financial resources and their equivalents	(14 811)	3 569
Status change of financial resources and their equivalents	**52 496**	**(142 600)**
Financial resources and their equivalents net of credits in the current account as of 1st January	**(156 539)**	**(13 939)**
Financial resources and their equivalents net of credits in the current account as of 31st December	**(104 043)**	**(156 539)**

At the end of 2017 the Group achieved positive operating activity cash flows, which should be evaluated positively. Negative investment activity cash flows are a consequence of implementing next stages of expansion strategy on the fuel market. Positive financial activity cash flows are the effect of acquiring resources as a result of public issuance of shares in the 1st quarter of 2017, and also additional financing sources of working capital as well as current investments.

4.4 Assessment, together with the reasons thereof, of the management of financial resources, with particular emphasis on the ability to comply with the commitments entered into, and to identify possible risks and actions that the issuer has taken or intends to take in order to counter these threats

The following assessment of the Group's financial resources management was carried out on the basis of the consolidated financial statement for the years 2015-16. Assessment of the Group's financial resources management was made in the form of a ratio analysis in the following layout:

- financial liquidity
- profitability
- efficiency of action
- debt assessment

Financial liquidity

The following ratios were used to assess the financial liquidity:

- **Current ratio - a ratio of current assets to short-term liabilities**. The ratio determining the ability of the Group to repay its current short-term liabilities in the medium term, this is after the realisation of owned stock, short-term financial assets, collection of short-term receivables and use of cash.
- **Quick ratio - a ratio of current assets net of stock to short-term liabilities.** The ratio determining the ability of the Group to repay its current short-term liabilities within a short time, this is after the realisation of short-term financial assets, collection of short-term receivables and use of cash on bank accounts.
- **Cash ratio - a ratio of cash balance to short-term liabilities.** The ratio determining the ability of the Group to immediately repay its current short-term liabilities within a short time, this is only after the realisation of owned cash on bank accounts

FINANCIAL LIQUIDITY RATIOS	31.12.2017	31.12.2016
Current liquidity ratio	1,4	1,1
Quick liquidity ratio	0,8	0,6
Cash liquidity ratio	0,1	0,1

Liquidity ratios achieved at the end of 2017 remain at safe levels.

The possessed experience in the scope of receivables hedging, systematic policy of controlling merchant limits and long-term cooperation with financial institutions allow to maintain liquidity ratios at proper levels.

Profitability

Profitability analysis is based on a group of ratios allowing to assess the effectiveness of the sales activities of the Group and the impact of individual groups of costs on its financial result

- **Rate of return on sales -** return on sales sets the efficiency of carried out sales activities, that is, it allows you to specify the part of profit remaining in the company to cover the costs of its operation – after taking into account the direct costs of sale. Similarly, this ratio allows you to determine the effect of Group's direct sale costs on its result.
- **Gross profitability -** determines the performance of activities carried out by the Group, that is, in general allows the assessment part of the income remaining in the Group to cover tax, after taking into account the costs of financial activities and abnormal events. Similarly, this ratio, interpreted in conjunction with the above ratios of profitability, allows the assessment part of the result that is built not by operating activities, but results from the financial activities or impact of the abnormal events.
- **Net profitability -** determines the revenue percentage of the Group representing its net result, that is after the costs of its activities have been covered: sales, operating, financial and after taxes have been paid.
- **Return on equity (ROE):** a ratio of net profit to average state of equity during a financial year. The ratio allows the investors to assess the performance of utilisation of capital entrusted to the Group. It means the percentage share of funds earned by the Group (net result) that can be paid in the form of a dividend, to the capital brought by investors plus part of cash earned by the Group in previous years (equity).
- **Return on assets (ROA) –** a ratio of net profit to average state of assets during a financial year. The ratio allows the investors to assess the performance of utilisation of all assets owned by the Group.

PROFITABILITY INDEX	2017	2016
ROE	11,1%	30,9%
ROA	3,6%	5,1%
PROFIT RATE ON SALES	5,0%	4,9%
GROSS PROFITABILITY	0,9%	1,5%
NET PROFITABILITY	0,7%	1,2%

The decrease in the profitability of Group's equities in 2017 to the level of 11,1% and assets profitability to the level of 3,6 % result from a significant increase of the amount of equities as a result of the public issuance of shares in the 1st quarter of 2017 and as a consequence an increase in the amount of equities and also the lower level of the achieved net profit in 2017.

PROFITABILITY RATIOS - adjusted	2017	2016
PROFIT RATE ON SALES - adjusted in accordance with point 4.18	5,1%	4,9%
NET PROFITABILITY - adjusted in accordance with point 4.18	0,9%	1,2%

Profitability ratios adjusted by one-off costs incurred in the 4th quarter of 2017, connected with achievement of the National Indicative Target on the mandatory reserve of diesel oil, described in the point 4.18 of the present statement (conservative interpretation of the current law regulations) remain at the level similar to the year 2016.Efficiency of action

the following rations were used to assess the efficiency of action:

- **Average collection period (days):** a ratio of trade receivables at the end of a financial year to revenue from net sales x 360. The ratio determines the average period in days which is followed by collection of receivables from invoices issued by a company. Due to the nature of the Group's activities, including the implementation of major contracts, you must expect high value of this ratio. In general, you should strive to minimise this ratio**.**
- **Creditor (days):** a ratio of short-term receivables against suppliers at the end of a financial year to revenue from net sales x 360 days. The ratio determines the average period in days which is followed by repayment of Group's liabilities. Due to the nature of the Group's activities, including the implementation of major contracts, you must expect high value of this ratio. In general, you should strive to maximise this ratio.

- **Inventory turnover (days):** a ratio of average state of inventory at the end of a financial year to revenue from net sales x 360. The ratio determines the average period in days during which the Group holds the stock before sale thereof. Considering the performance, you should strive to minimise this ratio.

OPERATION EFFICIENCY RATIOS	2017	2016
Rotation of trade receivables in days (days)	29	30
Rotation of trade liabilities in days (days)	26	30
Inventory rotation in days (days)	28	33
Inventory rotations in days (days) – adjusted by mandatory reserve	14	23

The receivables and liabilities ratio show a slight shortening of settlements cycles compared to 2016, which in the situation of the increased sales level (mainly diesel oil, bio-fuels and LPG) should be evaluated positively.

The inventory rotation ratio decreased from 33 days at the end of 2016 to 28 days at the end of 2017, in this due to mandatory reserve. The inventory rotation ratio adjusted by the value of the mandatory reserve decreased from 23 days at the end of 2016 to 14 days at the end of 2017.

Cash conversion cycle = a cycle from cash to cash

Cash to Cash = inventory cycle + receivable cycle – liability cycle

Cash to Cash = 28 days + 29 days – 26 days = 31 days

The cash conversion cycle corrected by mandatory inventory value is 17 days.

Debt assessment

The assessment of the degree of debt of the Group was made based on the following ratios:

- **Asset coverage ratio:** a ratio of the sum of equity value to the sum of total assets. The ratio determines the degree of coverage of the assets of the Group by its owned equities.
- **Debt ratio:** a ratio of total liabilities amount to value of assets in total. The ratio specifies to what extent the Company's assets were financed with its debt.

DEBT RATIO	31.12.2017	31.12.2016
Total debt ratio	67,4%	83,5%
Equity/assets ratio	32,6%	16,5%
Equity to fixed assets ratio	250,2%	117,1%
Total debt ratio – adjusted by credit for mandatory reserve	62,1%	81,4%

The decrease of the total liability ratio and the growth of asset coverage result mainly from acquisition of resources in the amount of PLN 96,6 million (net) from the public issuance of shares in the 1st quarter of 2017. Financial resources from the conducted public issuance of shares also positively influenced the equity to assets ratio.

The positive assessment of the listed ratios is the basis for a positive assessment of the ability of the Group to comply with the commitments entered into and proves the absence of threats in this regard.

4.5 Information about the basic products, goods or services along with designation of their value and quantity and share of individual products, goods and services (if relevant) or their groups in total sale of the Group, as well as changes in this respect in the given financial year

Revenues on sales in particular assortment groups

in PLN thousand	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
DIESEL AND BIO-FUELS	2 626 551	2 281 492
LPG	251 727	192 210
Gaseous fuels	32 186	22 472

Electricity *	97 678	20 320
Other	1 107	2 456
Total	**3 009 249**	**2 518 950**

** results of Tradea Sp. z o.o. have been consolidated in the Group's result since 06.2016*

Structure of revenues on sales in particular assortment groups

in %	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
DIESEL AND BIO-FUELS	87,3%	90,6%
LPG	8,4%	7,6%
Gaseous fuels	1,1%	0,9%
Electricity	3,2%	0,8%
Other	0,0%	0,1%
Total	**100,0%**	**100,0%**

Volumes in particular assortment groups

in tonnes and GWh	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
DIESEL and BIO-FUELS [T]	708 819	635 648
LPG [T]	113 352	104 686
Gaseous fuels [T]	16 788	15 364
Other [T]	17 804	11 825
Total [T]	**856 763**	**767 524**
Electricity [GWh]*	591,6	116,0

** results of Tradea Sp. z o.o. have been consolidated in the Group's result since 06.2016*

Volumes structure in particular assortment groups (excluding electricity)

in %	**01.01.2017 - 31.12.2017**	**01.01.2016 - 31.12.2016**
DIESEL + BIO-FUELS	82,7%	82,8%
LPG	13,2%	13,6%
Gaseous fuels	2,0%	2,0%
Other	2,1%	1,5%
Total	**100,0%**	**100,0%**

4.6 Information about the markets, taking into account the division into domestic and foreign markets, and information about the sources of supply of materials for production, of goods and services, with the determination of the dependence on one or more customers and suppliers, and, in case the share of a single customer or supplier reaches at least 10% of the total sales revenue - name (company) of the supplier or the recipient, his participation in the sale or supply, and its formal affiliation with the Issuer

Sources of supply

The Group uses many suppliers. In the case of liquid fuels a large portion of the purchase is carried out outside Poland, and the Issuer is a direct importer. This applies in particular to liquefied petroleum gas LPG and diesel. These fuels are imported mainly from the east (Belarus, Russia, Kazakhstan, Lithuania). In case of diesel fuel import is executed by ships through the fuel base in Dębogórze and by draft of cars from Belarus and Germany. LPG is imported by rail, including broad-gauge, up to the terminal in Sławków.

Biofuels are purchased mainly in the country. While purchases of diesel fuel and LPG in Poland are a complementation to imports and are made in the case of a beneficial relationship in pricing or to provide additional supply during periods of increased demand which cannot be met in a timely manner using foreign supplies.

Natural gas is purchased on the Polish Power Exchange and within transactions outside of the stock market (OTC market). The Group as a member of the EFET in gas trading uses standardised EFET framework agreements.

In 2017 the following suppliers exceeded the 10 % threshold of total fuel purchases

in PLN thousand and %	**Net value of purchases**	**% of total purchases**
GLENCORE ENERGY UK LTD - diesel oil	380 949	12,7%
WRATISLAVIA-BIODISEL S.A. - bio-fuels	313 172	10,4%

The Issuer does not have a rigid policy on diversification of suppliers. Selection of suppliers, increasing of the level of diversification of supplies, or restriction of the number of suppliers in a given period is mainly due to the prices that the suppliers offer to the Issuer and its subsidiaries on the delivered goods. The purchases are made on the basis of market offer. The Issuer and its subsidiaries do not have fixed contracts with suppliers, which could restrict their action. None of the above entities is formally associated neither with the Issuer nor with its subsidiaries.

Neither the Issuer nor its subsidiaries are dependent on any supplier. High turnover does not evidence the dependence of the Issuer on these entities.

Outlets

In the segment of liquid fuels the Issuer has an established position on the liquefied petroleum gas market, as well as quickly develops the sale of diesel and biofuel. The Issuer and its subsidiaries focus their activities on the domestic market. In 2017 exports accounted for 22% of the sale revenue. The entire foreign sale is made in Europe, and the vast majority goes to customers from the European Union.

The Issuer and its subsidiaries as a multi-energy company have a varied offer, making it easier to maintain a diversified portfolio of customers. The Issuer and its subsidiaries concentrate their activities on the wholesale market, but in selected business areas also sell goods to a retail customer.

Diesel oil is sold to wholesalers and to professional final customers, each with their own tanks (e.g. transport companies, industrial plants).

Biofuels are offered to wholesale operators, which alone receive goods from biofuel base.

The most diverse portfolio of customers relates to LPG. The fuel is sold to the wholesale operators (e.g. bulk gas), as well as through its own network of distribution (e.g. 11 kg cylinders), and also for retail sale (e.g. LPG car gas stations).

Electricity and natural gas are sold in subsidiaries to final customers. A high number of concluded agreements in these areas influences large fragmentation of these sales.

In 2017, the following recipients crossed the threshold of 10% of the total sales revenues:

in PLN thousand and %	**Net value of sales**	**% of total sales**
GUNVOR INTERNATIONAL B.V. - bio-fuels	336 382	11,2%

The Issuer and its subsidiaries are not dependent on any supplier. High turnover does not evidence the dependence of the Issuer on this entity. This entity is not formally associated with the Issuer or its subsidiaries.

4.7 The most important factors and events, including of unusual character, which have a significant impact on the Capital Group's activities and the financial statement, including his achieved profits or incurred losses in the financial year

The most important events concerning the Capital Group:

- On the days 10-21 February of 2017 the Issuer conducted a public offer of 2,2 million of new shares at the price of PLN 45 offering them to institutional and individual investors (20 % of the offer). The offer enjoyed great popularity of the investors and was successfully completed, as a result of it the Issuer acquired resources in the amount of PLN 99 million (PLN 96,6 million net). In accordance with the prospectus the resources acquired were destined by the Issuer to increase the current capital used in fuel trade, develop in Poland a franchise network of AVIA fuel stations, and also create Tankuj24 application for on-line fuel sales.
- On 7th March the rights to UNIMOT shares of J series issued during the public offer debuted on the regulated market of the Warsaw Stock Exchange. The subject of trade is 2,2 million of PDA UNIMOT shares. Simultaneously, shares previously listed on the NewConnect market are now admitted to trading on the regulated market.

- **Building the AVIA stations network – issuance goal**

  As a result of the public issuance of J series shares UNIMOT acquired from the investors the amount of PLN 96,6 million (net), of which PLN 23 million it allocates to build the network of AVIA fuel stations on the basis of master franchising agreements. The new distribution channel makes it possible to reach the new segment of fuel customers – the retail customer. Presently, UNIMOT conducts preparatory works in several locations in the whole territory of Poland.

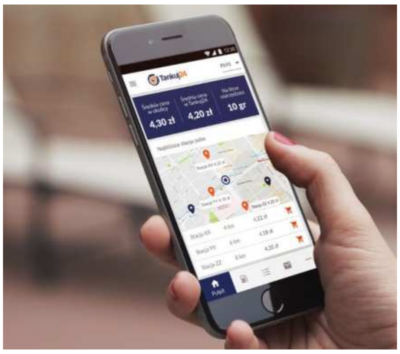
  In 2017 the development of AVIA stations network was accordant with the adopted assumptions, 15 AVIA stations were opened until the end of the year.

  UNIMOT is conducting simultaneous negotiations and discussions in several locations in Poland. Ultimately until the year 2020 UNIMOT plans to open jointly 100 of AVIA stations.

  Unimot obtained the consent to develop the AVIA franchise fuel staitons netowork in Ukraine. On 8th November the Management Board of AVIA International agrred to represent the brand in the terrotory of Ukraine by Unimot. The franchise offer will concern exclusively the decor of the staitons and marketing actions under the common brand of AVIA, without fuels being physically delivered. The new franchise agreement will not generate significal costs in the budget of Unimot.

- **Tankuj24 application – implementing the issuance goal**

  On 17th May 2017 UNIMOT launched its announced application Tankuj24, for on-line fuel purchases. Since it was launched the application is available to be downloaded into smartphones and tablets from App Store and Google Play. The Tankuj24 application was presented during the XXIV International Petrol Station Fair taking place in Warsaw, in EXPO hall XXI and received the Audience award of the international fair for innovativeness and innovative approach to fuel sales.



  At the beginning of November a new version of Tankuj24 application was launched, which introduced the system of recommending the application to potential customers by the previous ones and making it easier to define the customer credit card in the application.

  The company incessantly strives to cover with the project key regions of Poland. As of the present statement publication date purchases of fuels can be made at 102 stations.

  AS of 31st December 2017 the application was downloaded 51.000 times and 13 250 active users were registered in it. As of 31st March 2017 the application was downloaded 55.000 and 14 500 were registered.

  A common action of Przemysłowy Instytut Motoryzacji and Tankuj24 application was launched in September 2017, within which the quality of fuels at the stations in Poland has been monitored

- On 14th March 2017 the Issuer launched for its clients a new system of electronic orders for fuel products called e-Zamówienia. The new solution makes it possible to place electronic orders to purchase Diesel oil and integrates the ordering system with fuel bases operators. The new application facilitates managing the collections of ordered fuels by Clients and is in line with the UNIMOT Group development strategy, which assumes a larger involvement of modern fuel sale technologies.
- As of 21st March 2017 by the Decision of the President of URE (Energy Regulatory Office), the Issuer updated the possessed concession for trading liquid fuels abroad. The update of the concession for UNIMOT S.A. to trade liquid fuels broadens the product scope with petrols and light fuel oils, which together with other comprised by the concession fuels, i.e. Diesel oil and fuel oil, bio-fuels and liquefied gas will allow to use a broader fuel product palette and strengthen the trade relationships with current foreign entities, as well as acquire new, foreign business partners.
- On 15 March 2017 the Issuer was awarded a prestigious distinction for „the Best Company on the NewConnect Market" during the „Bulls and Bears" gala, organized by the Stock Exchange's newspaper "Parkiet". Awards were granted to person sand institutions that made best records in the history of the capital market in 2016. "Bulls and

Bears" is the oldest and most important awarded annually to best stock exchange companies and institutions and organizers of the capital market by the Stock Exchange's newspaper "Parkiet".

- On 14th September 2017 UNIMOT received an award in the 3rd edition of the international contest CEE CAPITAL MARKETS AWARDS 2017 in the category „Best transition to Main Market". The Company was appreciated for the best transfer from the New Connect market to the main market of WSE in 2017. In this year's edition of the contest participated companies from Poland, Romania, Ukraine, Hungary, Czech Republic, Lithuania, Estonia, Bulgaria, Croatia and Slovenia. The choice was conducted by an international jury that included, among others, bankers of the CEE region.

Events after the balance sheet date

- **Development of AVIA stations**

  After the balance sheet date new stations under the AVIA brand have been opened. as of the publication date of the present statement the AVIA network in Poland includes already 19 stations. The created by Unimot S.A. franchise network of fuel stations under the AVIA brand was ranked 3rd in the ranking of fastest developing stations on the market (source: ranking www.wnp.pl). In 2017 with reference to dynamics of growth AVIA overtook, among others, stations of national concerns.

- On 12th January the President of the Energy Regulatory Office issued new licensing decisions for Unimot S.A. in the scope of trade (in this abroad), production and storage of liquid fuels**.** The Company's rights to conduct commercial activity on the fuel market have been prolonged and extended The Company can trade aviation fuels, and within the storage concession it can render trans-shipment services as well as storing liquid fuels. The validity period of all concession has been prolonged until the end of 2030.
- UNIMOT has been recognized by the Forbes magazine to be the Leader of Polish Entrepreneurship. In the prestigious ranking Forbes Diamonds the Company took the 1st place. The ranking groups the fastest growing companies and best entrepreneurs. The Company also won the regional ranking of Forbes Diamond in Opolskie Voivodeship in the category of companies of the revenues above PLN 250 million. In total, almost 2 thousand companies were included into the ranking of Forbes.

Most important factors that have an impact on the financial results

The most important factors that influence the financial results of the Issuer's activity (Diesel and bio-fuels, LPG, natural gas and fuel stations) have been presented in point 3.5 of the present statement.

The most important factors that influence the financial results in subsidiaries:

- In Unimot Energia i Gaz Sp. z o.o. a significant increase in revenues and margins form sales of electricity and natural gas to final customers occurred in 2017. The company recorded a significant growth in the number of energy and gas delivery points from 1359 at the end of December 2016 to 3603 at the end of December 2017 (growth by 165 %). The company recorded a growth in sales volumes from 5,4 GWh for 2016 to 145,5 GWh for 2017. This translated into a significant growth in revenues on sales from PLN 0,77 million for 2016 to PLN 23,74 million for 2017. The company still actively acquires new customers building in this way the margin for next periods.

  Revenues from agreements signed with customers as of the balance sheet day are as follows:

in PLN thousand	**2018 - 2021**
Other revenues for the years 2018-2021	40 776
Profit on sales	5 482
Cost of contract acquisition	(1 605)
Operating profit	**3 877**

- Tradea Sp. z o.o. achieves revenues and margins in the wholesale of electricity through auctioning and brokerage platforms and additional services for the energy market. A significant growth occurred in the number of energy producers cooperating with the company from 17 in 2016 to 38 in 2017. The company recorded a growth in the sales volumes from 198,9 GWh in 2016 to 591,6 GWh in 2017. This translated into a significant growth of revenues on sales from PLN 33 million for 2016 to PLN 96 million for 2017 (growth by 190,9 %).

- Unimot System Sp. z o.o. continued the investment of developing the network to the ultimate length of over 130 km in the northern part of Mazowieckie Voivodeship. In 2017 two significant industrial customers were connected to the gas network of planned total demand for natural gas in the amount of about 2,5 million m3/year, which translated into a growth in volumes and revenues on sales and distribution of natural gas. Additionally, the company conducted connections of smaller customers (in this individual ones). The volume of sold and distributed gas in 2017 grew compared to the year 2016 by 50%.
- Blue Lng Sp. z o.o. completed the construction of LNG regasification station and gas network in Białowieża (Podlaskie Voivodeship). In the 2nd half of 2017 the station was started, and connections of customers began. Until the end of 2017 supplies of gas were started to one of the biggest industrial customers (about 200 thousand m3/year). Moreover, new customers were connected to the regasification station in Wieleń (Wielkopolskie Voivodeship) in 2017 of the planned demand for natural gas in the amount of 80 thousand m3/year. In total in 3 owned regasification stations (Tuczno, Wieleń, Białowieża) The Company increased the volume of sold and distributed gas compared to the year 2016 by 6%.
- In 2017 Polskie Przedsiębiorstwo Gazownicze Warszawa Sp. z o.o. increased the volume of sold and distributed gas in the owned regasification station in Szepietowo (Podlaskie Voivodeship) compared to 2016 by 50 %.

Additionally, the financial results were also influenced by the following factors:

- Unimot S.A. continues to independently maintain mandatory reserve in accordance with the Law on Obligatory Stocks (the Law of 16 February 2007 on stocks of petroleum, petroleum products and natural gas and the principles of proceedings in the situations of state's fuel security threat and disturbances on oil market, i.e. (Journal of Laws. 2014 pos. 1695, with future amendments) instead of charges (tickets) for external companies. On 28 February 2017 the Company signed a package of contracts with financial institutions and fuel depots operator, which enable the Issuer to purchase and increase the amount of the stored diesel oil under an independent creation of the mandatory reserve stock for the period until 30 June 2018. Concluding the aforementioned agreements combined with concluding transactions securing the market price of diesel oil significantly decreased the cost of maintaining the mandatory provision compared to charges (tickets) for external companies.
- The General Meeting of Shareholders of Unimot S.A. decided to allocate 30% of net profit achieved in the fiscal year 2106 to pay the dividend. Company's shareholders received PLN 9 837,4 thousand, i.e. PLN 1,20 per share. The remaining part of the profit was allocated, among others, for developing operating activity of the Company. This was the highest value of dividend in the Company's history.

4.8 Overview of the Capital Group's activity development in the following years

- The Issuer foresees further organic development based on particular fuel depots and also through making use of own purchase platforms, in this e-Zamówienia for wholesale customers and tankuj24.pl for retail customers. the favourable factors are, among others, the introduced in Poland so called fuel and transport packages, making use of own stable supply sources and competencies in the scope of trade, as well as the expertise in using financial and hedging instruments
- The Issuer expects the Legislator to make more precise the regulations on the obligation to achieve in the given quarter he minimal share of biocomponents and other renewable fuels in the total amount of liquid fuels according to the coefficients – The National Indicative Target and The National Reduction Coefficient. Further changes in this area cannot be excluded in the years to come.
- In December 2016 UNIMOT S.A. signed a contract with AVIA INTERNATIONAL for the use of the AVIA trade mark. Based on this contract, UNIMOT S.A. is developing the business in the retail channel. To achieve this goal, the Company will develop construction of a new gas station network under the brand AVIA in Ukraine, based on the master franchising contract. Franchise package is offered to independent stations, located throughout the country. Until the end of 2017, according to the plan the Company opened 15 AVIA stations. Simultaneously, Unimot is conducting negotiations in several other locations in the territory of Poland. Ultimately, until the end of 2020 Unimot plans to open in total 100 of AVIA stations. The Company will also develop franchise of AVIA stations in Ukraine. The franchise offer on the Ukrainian market will concern exclusively the décor of the stations and marketing actions under the common AVIA brand, without fuels being physically delivered.
- The Issuer will develop the launched on 17th May 2017 application Tankuj24 for online purchases of fuels. Since its launch the application has been available for download for smartphones and tablets at Google Play and AppStore. As of the day of the present statement publication the purchases of fuels through the application can be done at 102 stations. The Company all the time strives to cover with the project all key areas of Poland.

- The Issuer assumes that the level of sales and margins in the segment of liquefied petroleum gas LPG will remain relatively stable.
- The Group assumes continuation of the sales of biofuels and biooils, including the use of extended purchasing sources of fuel.
- The Group develops natural gas project of which the essence is multi-directional intensification of gaseous fuel sales. The project is developed within the framework of UNIMOT S.A.'s own business and four subsidiaries, dedicated to specific activities. In particular:

  - Unimot System Sp. z o.o. continues the investment of expanding the network to the ultimate length of over 130 km in the northern part of Mazowieckie Voivodeship (at the end of 2017 the distribution and transmission network was practically completed). The Company will continue connecting individual and industrial customers. The long-term perspective on the return on the investment in the opinion of the Group determines the attractiveness of this project.

  - Blue Lng Sp. z o.o. after starting the LNG regasification station in Białowieża (Podlaskie Voivodeship) plans new connections in 2018, which will result in gasification of the left-bank side of Białowieża, in this acquiring another large customer (about 120 thousand m3/year).

  - Blue Cold Sp. z o.o. as an LNG producer plans to diversify the directions of supplies, broadening them by supplies of gas for car transport needs, in this bus transport. In 2018 the company is planning to sign an intent letter with one of the enterprises for cooperation in the project of powering buses with natural gas, for which the source of gas will be the LNG regasification station. The planned consumption of LNG in this project is estimated at the level of 3 000 tonnes LNG/year.

- The Company continues electricity sales project development as a part of implementation of the multi-energy sales offer strategy. The project is developed within the business of two subsidiaries, dedicated to specific activities:

  - The company Unimot Energia i Gaz Sp. z o.o. will continue a significant increase in the revenues and margins from the sales of electricity and natural gas to final customers, after entering into force agreement valid since the beginning of 2018. It will continue acquiring new customers and signing contracts that will generate margin for the years to come.

  - Tradea Sp. z o.o. assumes that revenues and margins in wholesale of energy through exchange and brokerage platforms and additional services for the energy market will remain at a similar level in 2018.

- Unimot S.A. will continue the fulfilment of maintaining the mandatory inventory according to Act of 16 February 2007 on crude oil inventories, refinery products and natural gas and the principles of proceeding in the event of threat to national liquid fuels security and disturbance on the oil market was introduced (consolidated text: Dz.U. 2014, item 1695, as amended) through independent creation of the mandatory inventory, in place of the fees (tickets) for third-party entities. Just like in the previous year, in order to minimise the risk associated with the market price of diesel the Company concluded relevant hedging transactions, in accordance with the hedging policy valid in the Company. Independent maintenance of the mandatory inventory, in conjunction with the conclusion of hedging transactions for the market price of diesel, will significantly reduce the costs of maintaining the mandatory inventory.
- Unimot S.A. plans to participate actively in electromobility development in Poland. The Company is conducting talks concerning the terms of cooperation with a leading operator of electric vehicles charging stations. Unimot S.A. is considering broadening the Group's product offer by electric vehicles charging stations. To do so the Management Board of the Company signed preliminary agreement with Wanbang Charge Equipment Co. Ltd. (Star Charge) – the biggest independent electric vehicles charging stations operator in China. Within the concluded agreement Unimot will also analyse a possibility to produce electric chargers based on Star Charge solutions, as well as launching a joint R&D centre in order to develop these technologies.

4.9 Contractual information significant for the Capital Group's activity, including known to the Group contracts concluded between the shareholders (partners), insurance, collaboration or cooperation contracts

No such contracts.

4.10 Information about organizational or capital links of the Issuer with other entities and determination of his main domestic and foreign investments (securities, financial instruments, intangible assets and real estate), including capital investments made outside of its group of related entities and a description of the method of financing

As of 31.12.2017 the structure of the Unimot Capital Group was as follows:

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	distribution of gas fuels through mains	58.74%	20.01.2014
Blue Cold Sp. z o.o.	Poland	gas fuels production	50.76%	29.04.2014
Polskie Przedsiębiorstwo Gazownicze Warszawa Sp. z o.o. (PPGW Sp. z o.o.)	Poland	distribution of gas fuels through mains	58.74%	26.03.2014
Blue LNG Sp. z o.o.	Poland	distribution of gas fuels through mains	58.74%	04.07.2014
tankuj24.pl 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
EnergoGas Sp. z o.o. S.K.A.	Poland	liquid fuels distribution	100,00%	30.12.2015
Tradea Sp. z o.o.	Poland	electricity distribution	100,00%	23.05.2016

** change of name of Energogas Sp. z o.o. to Unimot Energia i Gaz Sp. z o.o. on 08.02.2018.*

The following changes occurred in the Unimot Capital Group in 2017:

Acquisitions and capital investments in own entities made in 2017:

- On 31st January 2017 the Parent Entity Unimot S.A. made the capital increase by 6000 of new shares PLN 500 each in Unimot System Sp. z o.o., as a result of which the share capital of Unimot System Sp. z o.o. grew by PLN 3 million. The percentage share of Unimot S.A. in Unimot System Sp. z o.o. grew from 51,00% to 58,74%.
- On 15th June 2017 the Parent Entity Unimot S.A. made the capital increase by 1300 of new shares PLN 1000 each in Tradea Sp. z o.o., as a result of which the share capital of Tradea Sp. z o.o. grew by PLN 1,3 million. The percentage share of Unimot S.A. in Tradea Sp. z o.o. has not changed and amounts 100,00%
- On 26th July 2017 the Parent Entity Unimot S.A. made the capital increase by 600 of new shares PLN 1000 each in Energia i Gaz Sp. z o.o., as a result of which the share capital of this company grew by PLN 0,6 million. The percentage share of Unimot S.A. in Unimot Energia i Gaz Sp. z o.o. has not changed and amounts 100,00%.
- On 9th November 2017 the Parent Entity Unimot S.A. made the capital increase by 600 of new shares PLN 1000 each in Unimot Energia i Gaz Sp. z o.o., as a result of which the share capital grew by PLN 0,6 million. The percentage share of Unimot S.A. in Unimot Energia i Gaz Sp. z o.o. has not changed and amounts 100,00%.

Mergers completed in 2017:

No mergers completed in the period from 1st January 2017.

Disposals made in 2017:

No disposals made in the period from 1st January 2017.

The Issuer and its subsidiaries have neither foreign and domestic investments in securities, nor in intangible assets, nor in real estate.

4.11 Information about transactions concluded by the Issuer or his subsidiary with related parties on different terms than the market, together with their amounts and information specifying the nature of those transactions

Transactions concluded by the Issuers or its subsidiaries were conducted on market terms.

4.12 Information on concluded and terminated contracts relating to credits and loans in the given financial year, with at least their amount, type and value of the interest rate, currency and maturity

Credit and loan agreement analysis as of 31.12.2017

Name of financing company	Long-term part	Short-term part	Liability type	Date of granting	Repayment day	Securities
Raiffeisen Bank Polska S.A.	-	10 080	credit in the current account of Unimot SA	2011-08-11	2018-12-20	- 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.	-	5 802	credit in the current account of Unimot SA	2012-09-20	2018-04-21	- a collective mortgage on real estate together with an assignment of insurance together with surety granted by Unimot Express Sp. z o.o., cession of receivables
mBank S.A.	-	40 536	revolving credit of Unimot SA	2012-10-01	2018-05-22	- 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
ING Bank Śląski	-	77 518	revolving credit of Unimot SA	2016-03-03	2018-08-07	registered pledge on stock authorization to current account and other accounts, cession of receivables, cession of insurance policy
BNP Paribas	-	6 570	trade finance Unimot SA	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
Bank Gospodarstwa Krajowego	-	69	credit in the current account of Unimot System Sp. z o.o.	2016-01-27	2019-01-26	a blank promissory note; endorsement of Unimot S.A.; surety under civil law BLE; contractual mortgage up to PLN 12.760.058 registered pledge on the group of future movables; transfer of receivables; transfer of receivables from insurance contract.; statement on voluntary submission to endorsement pursuant to Art. 777 Unimot SA, BLE, Unimot System
Orzesko-Knurowski Bank Spółdzielczy z/s w Knurowie (Wieleń)	438	148	Investment credit Blue Lng Sp. z o.o.	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)	340	97	Investment credit Blue Lng Sp. z o.o.	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
Orzesko-Knurowski Bank Spółdzielczy z/s w Knurowie (Białowieża)	1 022	167	Investment credit Blue Lng Sp. z o.o.	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
Spółdzielczy Bank Rozwoju w Szepietowie	217	240	investment credit of PPG Warszawa Sp. z o.o.	2014-08-08	2022-09-30	promissory note guaranteed by Unimot S.A. and Blue Line Engineering S.A., registered pledge on real estate, authorization to current account and other accounts cession of receivables, cession of insurance policy
Bank Spółdzielczy w Płońsku	1 300	200	investment credit of Unimot System Sp. z o.o.	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	4 899	300	investment credit agreement Unimot System Sp. z o.o.	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
Unimot Express sp. z o.o.	-	312	loan of Unimot System Sp. z o.o.	2015-12-12	2017-12-31	no security
Total	**8 216**	**142 039**				

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% - 2%,
- LIBOR 1M – margin in the range 1,1% - 2%,
- EURIBOR 1M – margin in the range 1,1% - 1,45%.

The situation of non-repayment or infringement of significant credit agreement or loan provisions has not occurred.

4.13 Information on loans granted in the given financial year, with particular consideration of loans granted to related entities of the Issuer, specifying at least their amount, type and interest rare, currency and maturity

Loans granted in 2017:

1. Unimot S.A. granted a loan to Unimot System Sp. z o.o. to the amount of PLN 202,2 thousand. The agreement was signed since the day it was concluded, i.e. 3rd July 2017 to 30th June 2019. The interest rate of the loan was established at the level of 5% per year.
2. Unimot S.A. granted a loan to Unimot System Sp. z o.o. to the amount of PLN 2.200 thousand. The agreement was signed since the day it was concluded, i.e. 26th July 2017 to 1st August 2018. The interest rate of the loan was established at the level of 5% per year.

Loans granted before 2017 but still active:

1. Unimot S.A. granted on 16th July 2015 a loan to Polskie Przedsiębiorstwo Gazownicze Warszawa Sp. z o.o. to the amount of PLN 123 thousand. The interest rate of the loan was established at the level of 5% per year. The Borrower undertook to repay the loan until 30th June 2018.
2. Unimot S.A. granted on 24th July 2015 a loan to Polskie Przedsiębiorstwo Gazownicze Warszawa Sp. z o.o. to the amount of PLN 61,5 thousand. The interest rate of the loan was established at the level of 5% per year. The Borrower undertook to repay the loan until 30th June 2018
3. Unimot S.A. granted on 24th August 2015 a loan to Polskie Przedsiębiorstwo Gazownicze Warszawa Sp. z o.o. for the amount of PLN 61,5 thousand. The interest rate of the loan was established at the level of 5% per year. The Borrower undertook to repay the loan until 30th July 2018

4.14 Information about loans granted and received in the given financial year, warranties and guarantees, with particular regard to the warranties and guarantees granted to the related entities of the Issuer

The Group possesses the following contingent liabilities:

The number of guarantees of the Issuer towards third parties, issued in the course of current activity as of 31st December 2017 and as of 31st December 2016 amounted respectively PLN 50,458 million and PLN 58,824 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 Issuer as of 31st December 2017 and as of 31st December 2016 amounted respectively USD 11,760 million and USD 15,026 million.

The Issuer holds civil sureties that amount as of 31st December 2017 and as of 31st December 2016 respectively PLN 0 million and PLN 48 million.

The Issuer granted a civil surety for the liabilities of a related nonconsolidated entity in the amounts as of 31st December 2017 and as of 31st December 2016 respectively PLN 1,6 million and PLN 4,3 million.

The number of guarantees concerning liabilities of related entities towards third parties issued in the course of the current activity as of 31st December 2017 and as of 31st December 2016 amounted respectively PLN 5,31million and PLN 0.

Related entities possessed sureties towards third parties as of 31st December 2017 and as of 31st December 2016 amounting respectively PLN 14,15 million and PLN 14,15 million.

4.15 In case of securities issue during the period covered by the report - a description of the use of the proceeds from the issue by the Issuer until the preparation of the report on the activities

On 10-21 February 2017 the Issuer conducted a public offer of 2,2 million of new ordinary bearer shares of the J series of the nominal value of PLN 1 and the debut on the regulated market of the WSE. The subscription of shares in the institutional and individual tranche finished with allocation of shares on 23 February 2017. As e result of the issuance of J series shares the Company acquired in total PLN 99 million gross, and for the issuance goals – net of issuance costs PLN 96,6 million.

As of the balance sheet date the Issuer allocated the following amounts from the resources acquired from the issuance:

- **Investments into new technologies** – launching the new sales channel with the use of the innovative, mobile platform „Tankuj24.pl", supporting sales of diesel oil and petrol in the new distribution channel to the retail customer – PLN 1.768 thousand
- **Introducing to Poland the new brand of AVIA fuel stations** on franchise principles, which will enable reaching the new segment of fuel customers – the retail fuel sale market - PLN 5.187 thousand
- **Financing the growth of liquid fuels sale** – intensifying the sales of diesel oil, both in the territorial and volume scope and strengthening the position of the leading independent fuel supplier - PLN 75,2 million designed to purchase the reserve in the form of diesel oil.

4.16 Explanation of the differences between the financial results reported in the annual report and previously published estimates of the results for the given year

The Issuer has not published forecasts of consolidated results for 2017.

4.17 Assessment of the feasibility of investment objectives, including capital investments, compared to the size of resources owned, taking into account possible changes in the structure of financing of this activity

As a result of the public offering of J series shares the Issuer acquired the resources in the net amount of PLN 96,6 million to be used in the following investment goals:

- Investments in high technologies - the launch of a new sales channel of fuel with the use of innovative, mobile platform "Tankuj24.pl", supporting the sale of diesel and gasoline in a new channel of distribution to a retail client – the amount of PLN 3 million
- The introduction of a new fuel station brand in Poland, i.e. AVIA on franchising basis, which will enable reaching new fuel recipient segment – fuel retailing market - the amount of PLN 23 million
- The financing of the increase in sales of liquid fuels - intensification the sales of diesel, both in terms of territory as well as the output volume and strengthening the position of a leading, independent supplier – the amount of PLN 73 million

As a result of the public offering of series J shares, the Company raised funds in the amount of PLN 96.6 million (net of issue costs). The Company does not find threats when it comes to achieving its investment objectives.

Unimot System Sp. z o.o. conducting the investment of developing the natural gas network and Blue Lng Sp. z o.o. conducting the investment into the LNG regasification station carry out the investments from the resources that come from bank credits and the required own contribution has been made from own resources. Unimot System Sp. z o.o. and Blue LNG Sp. z o.o. do not perceive threats as to the possibility of carrying out their investment goals.

Other subsidiaries do not carry out investment undertakings.

4.18 Assessment of factors and abnormal events influencing the activity result for the financial year, with the determination of the degree of the influence of these factors or abnormal events on the achieved result

A part of Increased costs incurred in the 4th quarter of 2017 was connected with the necessity to achieve the National Indicative Target on operational stock of diesel oil and mandatory reserve subject to pledge. The legislator, in connection with the ambiguity of relatively new regulations on NIT, participated in the talks with the subjects operating in this segment and planned to make the regulations more precise. Unfortunately, until the end of 2017 the legislator was unable to introduce these changes. In this situation the Management Board of the Company decided to achieve NIT based on conservative interpretations of present regulations. Due to the one-off achievement of NIT for the given part of the product the costs were of one-off nature, still they influenced the drop in the achieved margin on diesel oil in 2017.

The amount of one-off incurred costs connected with achieving the National Indicative Target on the mandatory reserve of diesel oil, which influenced the financial result in 2017 was estimated by the Group to be PLN 5,05 million.

4.19 Characteristics of external and internal factors relevant for the development of the Capital group and a description of the development prospects of the Group's activity at least until the end of the financial year following the financial year for which the financial statement posted in the annual report is prepared, taking into account the elements of the market strategy developed by the Group

In the Issuer's assessment, one of the most important factors that may affect the Issuer's activities in the future, is the availability of working capital necessary to finance further growth of turnover realised, as well as financing the purchase of the mandatory inventory in subsequent periods. The amount of working capital needed to fund is dependent on the level of fuel prices on the markets (particularly diesel). It will also be important to extend owned working capital credits and find free resources in the amount allowing repayment of loans from related parties, or in the optimal scenario, to extend deadlines for these loans.

Other factors relevant to the development of the Capital Group:

- Interest rate level - The Group uses external sources of financing (mainly credits and loans in PLN, and also USD and EUR) the cost of which depends on the level of interest rates. In recent years there has been a significant decline in market interest rates which had a positive impact on debt servicing costs. Favourable, low interest rates (below 2% p.a.) remained in 2016. For loans in USD and EUR, the reference rates are LIBOR and EURIBOR.

- Exchange rate level - The Group sells on the domestic market and exports (25% of sales in 2016), while purchases of fuels are mostly carried out on foreign markets and settled in foreign currencies. The main currencies used for export transactions are EUR and USD. In case of an acquisition the settlement currencies are USD, EUR and PLN. The effect of the exchange rates on the Capital Group is eliminated by the hedging instruments used by the Group.

- Transportation costs associated with the sale of diesel and LPG. In the last few years they have not changed much. Wholesale transport of diesel fuel in Poland from the fuel base in Gdynia and from foreign deliveries is done by rail, LPG is transported by rail and by road tankers. The Issuer does not anticipate an increase in unit transport costs in 2018. However, it can be expected that the costs will decrease in connection with an increased volume of imported fuels and ever stronger negotiating position towards service providers. Costs of renting tanks in fuel depots in recent few years were at a stable level; the Issuer does not foresee significant changes of these costs in the future either. However, further increase of fuel sales volumes will cause a growth in total costs. Rates of taxes and charges and other administrative regulations concerning the fuel market – their increase may limit the demand on the side of customers and thus, influence the growth of competition and decrease in sales or margins of the Issuer.
- Limitation of the demand for passenger cars with diesel engine as a result of the affair connected with manipulation of exhaust emission measurements. It is estimated that after the introduction of a new emission measurement methodology, a significant proportion of diesel engines will not meet the stringent EU standards. As a consequence, automotive companies may resign from producing part of the engines. In addition, some customers may opt out of diesel engines when it comes to light that they are not as ecological as the manufacturers provided. Consequently, the demand for diesel may fall, which would increase competition and consequently reduce the Issuer's revenues or margins.
- Measures aiming at limiting the grey market. The main problem of the fuel industry in Poland is the large share of the grey market, which is particularly notable on the diesel market. The most common mechanism used by criminals is VAT fraud with the use of so-called carousel with vanishing entities. The victims of fraud are honest businesses and the State Treasury, and the effect of the grey market are reduced fuel sales by law-abiding entities. One of the tools to reduce the scale of this problem is a concession for foreign trade in liquid fuels which requires a security deposit of PLN 10 million. On August 1, 2016 the so-called fuel package (Act of July 7, 2016 on the change of the Act on Goods and Services Tax and some other acts - Dz.U. 2016, item 1052) came into effect - a series of legislative changes to reduce the grey market. It provides for, among others, an obligation to pay VAT at the time of purchase (heretofore - at the time of sale) for intra-Community purchase of fuel. On April 18, 2017 the so-called transport package imposing an obligation to digitally record carriage of goods, including liquid fuels came into effect. In accordance with the act, monitoring of the carriage of the goods is to be possible by application register, which is run by the Head of the National Tax Administration. The law assumes that the carriage of liquid fuels is to be recorded and monitored electronically by using satellite systems. Control of the carriage of goods is to be performed by the officers of Customs and Fiscal Services, as well as police officers, Border Guards and inspectors of the Road Transport Inspection. The act is expected to be another tool to combat fraudulent companies and supporting adjustment to the fuel package which entered into force in August 2016. It is aimed to prevent VAT fraud within intra-Community trade in liquid fuels. According to the Issuer the introduced legal changes can effectively reduce the fuel trade grey zone.
- The Group's business is affected by the need to achieve a minimum annual share of biocomponents and other renewable fuels in the total volume of liquid fuels and liquid biofuels sold or disposed of, or used in any other form for own use, in accordance with the coefficients - National Indicative Target and the National Reductive Coefficient. Revision of the legislation of 22 July 2016, introduced an obligation to realise the National Indicative Target to at least 50% (calculated according to the calorific value) using the biocomponents contained in liquid fuels to the act on Biocomponents and Liquid Biofuels. This causes the need for use of logistics or storage infrastructure in order to carry out the required blending (physical composition of fuels with biocomponents). Changes in this area in future years cannot be ruled out. The legislator, in connection with the ambiguity of relatively new regulations on NIT, participated in the talks with the subjects operating in this segment and planned to make the regulations more precise. Unfortunately, until the end of 2017 the legislator was unable to introduce these changes. In this situation the Management Board of the Company decided to achieve NIT based on conservative interpretations of present regulations. The Issuer expect the regulations to be made more precise in the near future. Changes in this area cannot be excluded in the years to come.

- Plans of a merger between PKN ORLEN S.A. and LOTOS S.A. – on 27.02.2018 the Management Board of PKN ORLEN informed about signing a letter of intent between the company and State Treasury concerning taking over the capital control of the Lotos Group. Direct or indirect takeover of 53% of shares is being considered. The potential effects of a merger of two biggest entities in the fuel industry in Poland are difficult to foresee for the Issuer. Both entities achieve their margins both in the segment of production as well as wholesale/retail sale. It is difficult to predict the policy of the merged entity with reference to margins in particular segments. The merger of the entities requires the consent of UOKiK, which may impose additional conditions to fulfil. One of the possible consequences of the merger might be the necessity to dispose of by both subjects several hundred of possessed fuel stations, which would open new perspectives for the Issuer in the scope of creating the network of AVIA stations.

In addition to the information listed above there is no other information about trends, uncertain elements, requests, liabilities or events that may have a significant effect on the Group's prospects in the near future

4.20 Changes in the basic principles of management of the Issuer's business and his Capital Group

During the investigated period the basic rules for the management of the Issuer's Company and its Capital Group were not changed drastically

4.21 Any contracts concluded between the Capital Group and managers, providing for compensation in the event of their resignation or dismissal from occupied position without valid reason or if their recalling or dismissal is due to the connection of the issuer by acquisition

Capital Group's companies did not conclude with the managers contracts providing for compensation in the event of their resignation or dismissal from occupied position without valid reason or if their recalling or dismissal is due to the connection of the issuer by acquisition.

4.22 The value of remuneration, awards or benefits, including those resulting from incentives or bonus programs based on the capital of the Issuer, including programs based on senior bonds, convertible bonds, subscription warrants (in money, kind or any other form), paid, payable or potentially payable, separately for each manager, supervisor or member of the administrative body of the issuer in the issuer's company, regardless of whether they were properly included in the costs or whether it resulted from profit sharing; where the issuer is a parent, a significant investor, a partner of interdependent entity or respectively an entity being a party of a joint contractual arrangement - information about wages and awards received for functions served in authorities of the subordinates separately

Remuneration of the Management Board Members for 2017:

Robert Brzozowski – PLN 423 446,18 gross

Mr. Robert Brzozowski receives remuneration for duties on the basis of the resolution of the Supervisory Board of August 25, 2014, in the form of a monthly salary and a bonus of up to 2.5% of the annual net profits of the Company. The same conditions of remuneration of the Member of the Board were confirmed by resolution of the Supervisory Board of 5 May 2016.

Marcin Zawisza – PLN 433 178,06 gross

Mr. Marcin Zawisza receives remuneration for duties on the basis of the resolution of the Supervisory Board of July 25, 2016 in the form of a monthly salary and a bonus of up to 2.5% of the annual net profits of the Company.

Michał Parkitny – PLN 80 702,12 gross

Mr Michał Parkitny receives remuneration for duties on the basis of the resolution of the Supervisory Board of 20th June 2017 in the form of a monthly salary and a bonus up to 2,5% of the annual net profit of the Capital Group Unimot S.A.

Małgorzata Garncarek – PLN 270 868,33 gross

Mrs Małgorzata Garncarek received remuneration on the basis of the resolution of the Supervisory Board in the form of a monthly salary and a bonus up to 2,5% of the annual net profit of the Company. The same conditions of remuneration for the member of the Management Board of the Company were confirmed by the resolution of the Supervisory Board of 5th May 2016.

All the members of the Management Board of the Company received in 2017 from the Issuer benefits in kind in the form of the right to use a work phone, a work laptop and the right to use a company car.

In 2017, the Management Board Members did not receive any conditional or deferred benefits, and neither bonuses were paid for them, nor were advance payments on account of the annual profit bonus annual for 2016.

To the best knowledge of the Issuer, in 2017, apart from the above-mentioned benefits, the Members of the Management of the Company did not receive any additional benefits from the Issuer based on profit-sharing or bonus plan, in the form of share options or other benefits in kind.

In 2016, the members of the Management Board of the Company did not receive any remuneration from subsidiaries of the Issuer.

Remuneration of the Supervisory Board Members for 2017:
Adam Sikorski – PLN 24 988,72 gross
Isaac Querub – PLN 26 179,80 gross
Ryszard Budzik – PLN 24 297,04 gross
Piotr Cieślak – PLN 24 786,60 gross
Bogusław Satława – PLN 24 786,60 gross
Piotr Prusakiewicz – PLN 24 786,60 gross
Adil A. Al.-Tubayyeb – PLN 10 546,54 gross

Under the resolution of the General Meeting of June 2, 2016 the Members of the Supervisory Board receive monthly remuneration in the amount of net PLN 1,500.

To the best knowledge of the Issuer, the Members of the Supervisory Board did not receive any additional benefits from the Issuer based on profit-sharing or bonus plan, in the form of share options or other benefits in kind. In addition, the members of the Supervisory Board are not entitled to benefits of a deferred or conditional nature from the Company.

In 2017, the Members of the Supervisory Board did not receive any remuneration from subsidiaries of the Issuer.

4.23 Information about all commitments arising from pensions and benefits of a similar nature for former managers, supervisors or former members of the administrative bodies and about the commitments entered into in connection with those pensions, with an indication of the total value for each body category; if the correct information has been presented in the financial statement

No such commitments.

4.24 Determination of the total number and nominal value of all the shares of the Issuer and shares respectively in related parties of the Issuer held by the managers and supervisors of the Issuer (for each person separately)

Mr Robert Brzozowski – the President of the Management Board of the Issuer holds 20.630 shares of which share in the share capital on the balance sheet day 31.12.2017 amounted to 0,25%, and the share of the total number of votes at a General Meeting represented 0.32%

Pan Michał Parkitny – Vice-President of the Management Board of the Issuer holds 2000 of the Issuer's shares, of which share in the share capital as of the balance sheet day 31.12.2017 amounted to 0,02%, and the share of the total number of votes at a General Meeting represented 0,02%.

Pan Adam Antoni Sikorski – the Chairman of the Supervisory Board, owns indirectly 100% of shares of Zemadon Ltd. in Cyprus through "Family First Foundation" seated in Vaduz in Liechtenstein which he controls and of which the beneficiary is the family of Mr Adam Antoni Sikorski.

Zemadon Ltd., with its registered office in Nicosia, Cyprus is a major shareholder of the Issuer, which as of 31st December 2017 owns 19,18% in the Issuer's share capital and 21,61% in votes at the Issuer's general meeting.

Zemadon Ltd., with its registered office in Nicosia, Cyprus is also a shareholder in Unimot Express Sp. z o.o. (the main shareholder of the Issuer) which has 49.75% of share in the share capital and votes. The second partner of Unimot Express Sp. z o.o. is Mr. Adam Władysław Sikorski (nephew of the Chairman of the Supervisory Board Mr. Adam Antoni Sikorski) with 49.75% share and votes at a meeting of shareholders. The remaining minority share which is 0.5% in the share capital and votes in Unimot Express Sp. z o.o. is owned by Mrs Magdalena Sikorska, wife of Adam Antoni Sikorski – the President of the Supervisory Board.

As of 31 December 2017 Unimot Express sp. z o.o. owned 42,13% in the share capital and 42,75% in votes at the general meeting of Unimot S.A.

From 5 December 2016 spouses Adam Antoni Sikorski and Magdalena Sikorska, due to their oral agreement on conducting common policy towards Unimot Express Sp. z o.o. and Unimot S.A., indirectly through Unimot Express Sp. z o.o. and Zemadon Ltd. they controlled a total of 61,32% of the share capital and 64,36% of votes in the general meeting of Unimot S.A.

The entity related with the Issuer, due to being subject to joint control by Unimot Express Sp. z o.o. is Unimot-Truck sp. z o.o. seated in Warsaw, where Unimot Express Sp. z o. o. has 52.02% of share in the share capital and Ammerviel Ltd., seared in Nicosia, Cyprus, in which Unimot Express Sp. z o. o. has 100% of shares. The company related with the Issuer is also PZL Sędziszów S.A. with its registered office in Sędziszów Małopolski, in which Mr. Adam Antoni Sikorski – the Chairman of the Supervisory Board owns 48.04% and Unimot Express SP. z o.o. owns 48.85% of share in the share capital. The unit related with the Issuer, due to be being subject to common control by Mr. Adam Antoni Sikorski – the Chairman of the Supervisory Board (indirectly by Zemadon Ltd.) is U.C. Energy Ltd. seated in Cyprus.

4.25 Information about known to the Issuer contracts (including concluded after the balance sheet date), as a result of which the changes of proportion of shares held by existing shareholders and bondholders may arise in the future

No such information

4.26 Information about the employee share scheme control system

There are no employee share schemes at the Issuer or any of its subsidiaries.

4.27 Information about:

- **the date of conclusion of the contract by the Issuer, with the entity authorized to audit financial statements, to audit or review the financial statements or consolidated financial statements and the period for which this contract has been concluded for 2016 and 2017**

the remuneration of the entity authorized to audit financial statements, paid or payable for the financial year 2016 and 2017, separately for:

– annual financial statement audit,

– other certifying services, including review of a financial statement,

– tax consultancy services,

– other services

The Issuer entered into contracts for auditing the consolidated financial statement on 7th August 2017 with the entitled entity Deloitte Polska Sp. z o.o. Sp. K. seated in Warsaw.

The value of the contract for auditing the consolidated financial statement of the Issuer for the financial year ending on 31st December 2017 amounts PLN 135 000 net (the amount includes also the review of the interim separate and consolidated statement as of 30th June 2017).

The auditor of the consolidated statement for the financial year ending 31 December 2015 was the entitled entity Primefields Sp. z o.o. seated in Katowice. The contract was concluded on 19th December 2016. The contract value in the scope of the audit of the separate statement amounted to PLN 49 500 net.

The aforementioned entities did not render for the Issuer auditing services, tax advisory services nor any other.

4.28 Indication of the proceedings pending before a court, the competent authority for the arbitrary proceedings or public administration body, taking into account the information in the

field of:

a) proceedings concerning the obligations or receivables of the Issuer or his subsidiary the value of which is at least 10% of the equity of the Issuer, with the designation of: the subject of the proceedings, the extent of the value in dispute, the date of initiation of the proceedings, the parties of the initiated proceedings and the position of the Issuer,

b) two or more proceedings relating to liabilities and receivables of which the total value is at least 10% of the equity of the Issuer, with the determination of the total value of proceedings separately in the group of liabilities and receivables together with the position of the Issuer in this matter and, for the largest proceedings of the group of liabilities and the group of receivables - with an indication of their subject matter, the value of the subject matter of the dispute, the date of the initiation of the proceeding and the parties thereto

Neither the Issuer nor any of its subsidiaries is a party to the proceedings before a Court, a competent authority for the arbitral proceedings or a public authority concerning the obligations or receivables, the value of which is at least 10% of the equity of the Issuer.

Neither the Issuer nor any of its subsidiaries is a party to two or more proceedings before a Court, a competent authority for the arbitral proceedings or a public authority concerning the obligations or receivables, the value of which is in total at least 10% of the equity of the Issuer.

Neither the Issuer nor any of its subsidiaries is a defendant in any single or group proceedings, which could separately or jointly materially have an effect on the financial results**.**

4.29 Description of relevant risk factors and threats, identifying the extent to which the Capital group is exposed

Factors related to the Group's activities:

The risk of large scale dynamics of the Group's activities

In recent years, there has been a very dynamic growth of the scale of the Group's activities (measured by the value of obtained revenues). This is the direct effect of increasing activity in the market of biofuels and diesel, including the systematic expansion of territorial coverage of the business. The Group increases the volume of imported fuel (provided both by rail and by ship). Consequently, in order to maintain the growing momentum of the development, the Group has to engage ever growing amount of financial resources in the net working capital (in inventory). Inadequate pace of working capital increase may have a negative impact on liquidity of the Group and the financial results being achieved.

The risk associated with the loss of key managerial staff and finding qualified workers

The success of the Group depends on the actions of people who act as managers, with rich professional experience and established trading relationships in the industry. There is a risk of loss by the Issuer and the companies belonging to its Capital Group of these workers and non-replacement them with people having similar qualifications. Concerning the maintenance of perennial good relationships with these employees and managers the Issuer evaluates occurrence of this risk as low.

The risk of withdrawal, revocation or infringement of concession for trade in fuels or an imposition of a financial penalty.

The Issuer and its subsidiaries have the concessions required under Polish law and issued for time specified therein and by the Energy Regulatory Office regarding the Issuer's business.

The provisions of the Energy Law, applicable to the Issuer and its subsidiaries, in cases of breach of security, or the principles of fair dealing, provide for the possibility of the withdrawal of the concession, which would result in the necessity of cessation of activities.

The Energy Law also provides for the possibility to impose a financial penalty on those who violate the provisions of the concession. A possible need to pay the financial penalty by the Issuer or its subsidiaries may result in deterioration of its financial results.

The key management of the Issuer has experience in carrying out the activities covered by the above concessions and, hence, is fully aware of the existing risks, as well as the scope of activities regulated by these concessions. The Issuer constantly monitors the validity of the concessions on the website of the Energy Regulatory Office. Therefore, the risk of an event resulting in withdrawal of the concession, it expiry or infringement thereof the Issuer evaluates as small.

The risk of dependence on external terminals and transhipment bases.

The Issuer uses transhipment bases and external terminals situated in areas favourable from the point of view of the direction of the delivery. There is a risk of termination or non-renewal of contracts for cooperation with these operators which may affect the Issuer's financial results, due to the need to seek new bases located in the greater distance from the potential recipients. The Issuer minimises this risk by efforts to diversify the bases and terminals it uses.

Transport related risks

Due to the difficult political situation in Ukraine and the possibility of events that can result in, among others, damage or destruction of transport infrastructure of the country, there is a risk of delays or inability to realise supply of LPG through the territory of this country to the terminal of which services the Issuer uses.

The Issuer reduces this risk by diversifying the supply channels, among others, by purchasing gas from the Polish suppliers and from the Western Europe.

The Issuer is also exposed to additional risks associated with the fees charged by the carrier from excessive downtime of means of transport (road tankers, cars, ships).

The Issuer minimises this risk through a proper organisation of the sales process, and the use of internal procedures for verification of documents which restrict the number of events causing excessive downtime.

The risk connected with maintaining mandatory inventory of liquid fuels.

In view of the business in the scope of trade in diesel and other fuels, the Issuer is obliged to maintain mandatory inventory of these fuels, which is associated with significant costs of financing such stocks and storage thereof. The Issuer is also exposed to price changes which may have an impact on the valuation of stocks. Due to the above, there is a risk of non-maintenance by the Issuer of required inventory, which is associated with high financial penalties. The issuer prevents this risk through the conclusion of contracts related to the maintenance of the mandatory inventory, by monitoring the level of the required inventory.

The risk associated with the obligation to provide the National Indicative Target for biocomponents

Conducting its activities in the area of trade in liquid fuels and liquid biofuels, the Issuer is obliged to provide in a given year a minimum share of biocomponents and other renewable fuels in the total quantity of liquid fuels and liquid biofuels sold, disposed of or used in any other form for own use, in accordance with the coefficients – the National Indicative Target and the National Reductive Coefficient. There is a risk of default of biofuel levels required by law which may result in the imposition of a penalty on the Issuer. The Issuer minimises this risk by ongoing monitoring of the number of required ratios.

Foreign-exchange risk

The Issuer purchases goods (import of fuels) and sales (export of fuels) settled in foreign currencies. The main currencies used for export and import transactions are EUR and USD. Currency purchases in 2016 constituted ca. 2/3 (most in USD) of all purchases of the Issuer, while the share of sales settled in foreign currencies in that period constituted 1/4 (most in EUR) of the total sales. Unfavourable changes in exchange rates may adversely affect the margins achieved and therefore the financial results of the Issuer.

The Issuer uses the currency risk hedging procedure to minimise the risk of exchange rate fluctuations from the time of purchase of the commodity to the time of sale in cases where the purchase and sale are carried out in different currencies. The basic method of hedging against the currency risk is natural balancing of currency positions, i.e. the pursuit of a closed currency position against a single currency, which implies a balance between the size of all earnings and expenditures. The Issuer uses hedging instruments against the currency risk (mainly forward transactions and currency swap), reflected in real transactions and constituting security of trade margin calculation rates. The Company does not use currency options to hedge the exchange rates. The Issuer intends to use hedging instruments against the currency risk in the future.

Risk associated with prices of raw materials

The business model of the Issuer mainly relies on the purchase of liquid and gaseous fuels abroad or in Poland, its distribution and subsequent sale. Conducting such a business, the Issuer assumes a positive margin which is its profit. The lack of price stability of liquid and gaseous fuels in Poland and abroad has a significant impact on the margins achieved and consequently on the results obtained by the Issuer. Additionally, a sharp increase in prices of energy carriers may lead to decrease in consumption, which may translate into deterioration of the financial standing of the Issuer.

Owning huge inventory of goods is connected with wholesale trade in fuels. Change in prices on the world markets, and consequently on the domestic market, may generate a loss at the sale of goods to the recipients. The Issuer secures the risk of price changes of goods with appropriate hedge transactions. With this end in view, the Issuer uses forward transactions. In hedging transactions, however, there may be an incomplete adjustment of the hedging transaction to the actual price, quantity and derivative instrument used, which may result in deterioration in the financial results of the Issuer's Group. For fast-moving goods, the risk is reduced by moving pricing formulas per customer and by setting purchase and sales prices in the shortest possible time interval.

Risk connected with transactions with related entities

Within the Issuer's Capital Group and between the Issuer and entities related personally and in terms of capital transactions are made in relation to which the tax regulations provide for special pricing rules (so-called transfer prices) and other conditions, including documentation and analysis of accepted remunerations for those transactions. Due to the ambiguity of the tax regulations, there is a risk that the tax authorities or tax audit may contest the transfer pricing assumptions, which may involve the imposition of higher-than-expected tax liabilities on the Issuer or subsidiaries. The Issuer and the companies of the Capital Group keep the transfer pricing documentation required by law. As a result of the planned change of regulations the Issuer's Capital Group took steps to prepare a transfer pricing policy that will meet the legal requirements.

Risk connected with investments in the area of gaseous fuels

The Issuer's Group is in the course of significant investments in the area of gaseous fuels. These investments require large financial expenses. The Group assumes that the return period of invested resources will be 7-10 years, and the owned pipeline network will be a source of revenues for the Issuer's Group for many years. It is uncertain that the adopted assumptions and goals will be implemented, and the return rate will be satisfactory.

In order to limit the risk connected with starting the activity in a new area, the Issuer acquired experienced partners from Spain (Moka Consulting and Incogas) and from Poland (Blue Line Engineering S.A.), who can support it with their own know-how in the scope of determined projects.

Factors related to the Issuer's Capital Group environment:

The risk of instability of the Polish legal and tax system

The Issuer and its subsidiaries are exposed to frequent changes in the law governing the activity of the fuel market, as well as changes in the tax law, including VAT, excise tax and fuel surcharge. Changes in the regulations may have an impact on the business operations associated with the need to incur additional costs, which may have a negative impact on the financial results of the Capital Group. The Issuer and its subsidiaries minimise this risk in its activities, using the services of tax and legal firms, and monitoring the changes in the law that are relevant to its business.

The risk related to the existence of the grey market

Unfair practices of some entities concern the sale of fuels without paying due fees and taxes and in violation of applicable regulations and laws. This results in decrease in competitiveness and reduction in demand for products offered by the Issuer and its subsidiaries, which may adversely affect the financial results achieved. The Issuer, having many years of experience on the market, is aware of all kinds of restrictions and risks associated with the grey market. The Issuer takes into account the possible impact of additional costs related to concession fees or hedge of the risk of solidary VAT in the business and the financial forecasts.

The risk resulting from high competition

The liquid and gaseous fuel segment is subject to legal regulations and is licensed so that the products available are characterised by a degree of standardisation. For this reason, the main competitive advantage on the market are price, quality, and also timeliness and the ability to ensure continuity of fuel supply. The existing competition and the possibility of emerging next international companies on the Polish market may force the Issuer and its subsidiaries to lower prices of offered products, which will in turn be reflected in deterioration of financial results.

The Issuer and its subsidiaries minimise this risk by building direct and lasting relationships with individual and wholesale customers. The Issuer and its subsidiaries strive to create links with its customers by offering high quality services and products, guaranteeing the continuity and timeliness of product deliveries, and adequately leading consumer lending policy.

Factors related to capital market and investing in financial instruments:

The risk related to future share price and liquidity of trading

Investors acquiring Shares should be aware that the risk of direct investment in shares on the capital market is much higher than that of investment in treasury securities or participation units in investment funds, which is related to the unpredictability of share price movements, both in the short and long term.

In case of the Polish capital market this risk is relatively higher than on developed markets, which is related to the earlier phase of its development, and consequently to higher price fluctuations and relatively small liquidity.

The share price and liquidity of trading in shares of companies listed on the WSE depends on purchase and sell orders placed by stock investors affected by the stock market prosperity.

The market price of the Shares may fluctuate significantly as a result of the influence of many factors that the Company will not have impact on. Those factors include, among others, estimates published by stock market analysts, changes in business

conditions (including industry conditions), overall securities market situation, government law and policy, and general economic and market trends.
Market price of the Shares may also change as a consequence of the issue of new shares by the Issuer, disposal of shares by major shareholders of the Issuer, changes in liquidity of trading, reduction of share capital, redemption of own shares by the Company and changes in perception of the Issuer by investors.
Moreover, due to the structure of the Issuer's shareholding, the Issuer's secondary share trading may be characterised by limited liquidity. In conjunction with the possibility of occurrence of the above or other factors it cannot be guaranteed that the price of the shares on the regulated market will not be lower than the price of the Shares Offered, and that the investor who purchases shares will be able to sell them at any time and at a satisfying price.

The risk of suspension of quotes

According to § 30 paragraph 1 of the Rules of the WSE at the request of the Issuer or if the Management Board of the WSE considers that an issuer violates the provisions in force on the Warsaw Stock Exchange, or if required by the interests and safety of the participants of trading, the Management Board of the WSE may suspend the issuer's share trading for a period of up to three months.
According to Art. 20 paragraph 2 of the Act on Trading in Financial Instruments, if the trading of the issuer's shares was effected in circumstances indicating the possibility of threatening the proper functioning of the regulated market or the security of trading on that market or the infringement of investors' interests, upon request of the FSA, the WSE suspends trading in these securities for a period no longer than a month.
In accordance with Article 20 paragraph 4b of the Act on Trading in Financial Instruments the WSE may decide to suspend or delist the issuer's shares from the market if these shares no longer fulfil the conditions in force on the regulated market, provided that it will not cause a significant breach of the investors ' interests or the proper functioning of the market.

The risk of delisting of shares from the exchange trading

According to § 31 paragraph 1 of the WSE Rules, the Management Board of the WSE shall delist shares from the exchange trading:

- if their transferability has become restricted,
- upon request of the FSA made in accordance with the Act on Trading in Financial Instruments,
- if they are no longer dematerialised,
- if they are delisted from trading on the regulated market by a relevant supervision authority.

According to § 31 paragraph 2 of the WSE Rules, the Management Board of the WSE may delist shares from the exchange trading, i.e.:

- if the shares no longer meet the requirements specified in the Rules of the WSE, except for the requirement on restricted transferability,
- if the issuer is persistently in breach of the regulations governing the Exchange,
- if so requested by the issuer,
- if the issuer's bankruptcy is declared or the petition in bankruptcy is dismissed by the court because the issuer's assets are insufficient to cover the costs of the proceedings,
- if it considers this necessary to protect the interests and safety of trading participants,
- following a decision on a merger, split or transformation of the issuer with another entity,
- if within the last 3 months no exchange transactions were effected with respect to Issuer's shares,
- if the issuer starts a business that is illegal under applicable laws,
- if the issuer is placed in liquidation.

According to Art. 20 paragraph 3 of the Act on Trading in Financial Instruments the Exchange, upon request of the FSA delists the issuer's shares from trading in case when such trading would materially threaten the proper functioning of the regulated market or the security of trading on that market or the infringement of investors' interests.
According to Art. 96 paragraph 1 of the Act on Public Offering the right to temporary or permanent delisting is also attributable to the FSA in case of non-execution or improper execution by the issuer of a number of obligations that are referenced in Art. 96 paragraph 1 of the Act on Public Offering.

The risk of failure to meet obligations required by law by the investors is punishable by terms of financial penalties and criminal sanctions.

On the basis of Art. 97 paragraph 1 of the Act on Offering for anyone who:

- acquires or disposes of securities in violation of the prohibition referred to in Art 67 of this Act;
- exceeds the specified threshold of the total number of votes without observing the conditions referred to in Art. 72-74 of this Act;
- does not retain the conditions referred to in Art 76 or 77 of this Act,
- neither publishes nor carries out within the term of the call nor disposes within the term of shares in the cases referred to in Art 72 paragraph 2, Art. 73 paragraph 2 and 3 and Art. 74 paragraph 2 and 5 of this Act;
- neither publishes nor carries out within the term of the call in the cases referred to in Art. 74 paragraph 2 or 5 of this Act;
- neither publishes nor carries out within the term of the call in the case referred to in Art. 90a paragraph 1 of this Act;
- contrary to the request referred to in Art. 78 of the Act, within the term specified therein, does not make the necessary changes or additions to the content of the call or does not provide explanations about its content;
- does not pay on a timely manner the difference in price of the shares in the case referred to in Art. 74 paragraph 3 of this Act;
- in the call referred to in Art. 72-74 or Art. 91 paragraph 6, proposes a price lower than the specified pursuant to Art. 79 of this Act;
- directly or indirectly acquires or subscribes to the shares in violation of Art. 77 paragraph 4. 1 or 3 of this Act or Art. 88a of this Act;
- acquires own shares in breach of the procedure, terms and conditions referred to in Art. 72-74, Art. 79 or Art. 91 paragraph 6 of this Act;
- makes mandatory redemption non-compliant with the rules referred to in Art. 82 of this Act,
- does not fulfil the request referred to in Art. 83 of this Act,
- contrary to the obligation referred to in Art. 86 paragraph 1 of this Act does not share documents with an auditor for special matters or does not provide explanations;
- does fulfil the obligation referred to in Art. 90a paragraph 3 of this Act,
- commits the act stipulated in point 1-11a acting on behalf of or the interest of a legal person or organisational unit without legal personality.

The FSA may, by decision, following a hearing, impose penalty to the amount of PLN 1.000.000.

According to Art 97 paragraph 1a of the Act on Offering, anyone who does not note within the period of note referred to in Art. 69-69b of the Act on Offering, or makes such note in violation of the requirements set out in those provisions, the Financial Supervision Authority may impose a penalty payment:

- in case of natural persons - up to PLN 1.000.000
- in case of other entities – up to PLN 5,000,000 or amount equivalent to 5% of the total annual income shown in the last audited financial statement for the financial year, if it exceeds PLN 5,000,000.

Where it is possible to establish the amount of the benefit achieved or loss avoided as a result of the infringement referred to in Art 97 paragraph 1a of the Act on Offering, by the entity failing to make such a notification referred to in Art 69-69b of the Act on Offering, or making such a note in violation of the conditions set out in those provisions, instead of the penalty referred to in paragraph 1a, the Authority may impose a fine up to twice the amount of achieved benefits or avoided loss.

Where the entity is a parent that draws up a consolidated financial statement, the total annual income referred to in paragraph 1a above, constitutes the amount of comprehensive consolidated annual income of the issuer disclosed in the recent audited consolidated financial statement for the financial year.

In accordance with Art. 99 paragraph 1 of the Act on Offering, a person who makes a public offering of securities without the required by the act approval of the Prospectus, submission of a note covering an Information Memorandum or sharing of such a document with public or to the investors concerned, is liable to a fine amounting up to PLN 10 million or imprisonment up to 2 years or both those penalties jointly. A person who shares with 150 people or with a greater number of persons or with an indeterminate addressee, in any form and in any manner, information for the purpose of promoting, directly or indirectly, purchase or subscription for securities or encourages, directly or indirectly, to acquire or subscribe for the securities, unless the sharing is not associated with applying for admission of these securities to trading on the regulated market or a public offering of these securities within the meaning of Art. 3 paragraph 1of the Act on Offering is liable to the same penalty. In the case of a minor offence a fine amount is PLN 2.5 million.

The risks associated with the possibility of failure or breach in reference to the obligations laid down in the regulations of the regulated market – FSA permissions

In a situation where public companies do not fulfil the specific obligations referred to in Art. 157 and 158 of the Act on Trading, the FSA may impose on the entity that has not fulfilled the obligations, the penalty to the amount of PLN 1,000,000.00 million or can issue a decision on delisting of shares from trading on the regulated market or impose two penalties jointly.

Moreover, according to Art. 20 of the Act on Trading in case where trading in specified securities is effected in circumstances indicating the possibility of threatening the proper functioning of the regulated market or the security of trading on that market or the infringement of investors' interests, upon request of the FSA, the WSE suspends trading in these securities or instruments for a period no longer than a month. Upon request of the FSA, the Exchange delists from trading indicated by the FSA securities in case when such trading would materially threaten the proper functioning of the regulated market or the security of trading on that market or the infringement of investors' interests.

4.30 Statement of the Management Board on the Corporate Governance

4.30.1 Indication of the set of corporate governance principles to which the Issuer is subject, and the place where the text of the set of principles is publicly available

Since the beginning of 2017 until the day when the quotations were transferred to the regulated market of the WSE the Issuer applied the principles of Corporate Governance resulting from Attachment NO 1 to the Resolution NO 293/2010 of the Management Board of the WSE of 31st March 2010, constituting the uniform text of "Best Practices for Companies Listed on NewConnect". These principles were placed in 2017 on the Issuer's website: www.unimot.pl.

As of 31.12.2017 the Issuer complies with the recommendations and principles of Corporate Governance adopted in the document „ Best Practices for WSE Listed Companies 2016", constituting an Attachment to the Resolution NO 26/1413/2015 of the Supervisory Board of the WSE of 13th October 2015. Information on the state of applying by the Company the recommendations and principles included in the Set of Best Practices for WSE Listed Companies 2016 was first published on 07.03.2017, on the day when shares debuted on the WSE. The scope of applying Best Practices is presented on the Issuer's website: www.unimot.pl.

4.30.2 An indication of the extent to which the Issuer has waived the provisions of the set of corporate governance principles, together with explanation

In the scope of the "Best Practices of Companies listed on NewConnect" utilised at the balance sheet date 31/12/2016 the Issuer waived the principles:

- *Principle No. 1 in the scope of broadcasting of the General Meeting via the Internet, video recording of the progress of the meeting and making such a recorded video available to the public* - the Issuer has not used this practice due to the cost of such a broadcast. In the event of future circumstances justifying the solution, the Company is prepared to take such an action. Currently all the relevant information concerning the convening and progress of the General Meeting were published by the Issuer in the form of current reports and in materials posted on its website. According to the Issuer broadcasting of the meetings is not currently necessary to ensure shareholders not taking part in the General Meeting and other interested investors with necessary information about the General Meeting.
- *Principle No. 3 in the scope of posting on the Company-operated corporate website;*

- *Principle No. 3.3 - a description of a market on which the issuer operates, with indication of the issuer's position on that market* - this principle is applied, with the exception of the determination of the exact position of the issuer on that market, due to lack of sufficiently detailed studies to determine the position.

- *Principle 3.17 - information on the reasons for dismissal of the General Meeting, a change of date or the agenda together with justification* - such events have not taken place so far, in the event of occurrence of this type of events, the Company will apply this rule.

- Principle *3.18 - information about a break in the proceedings of the General Meeting and the reasons for such a break (Principle No. 3.18)* – such events have not taken place, in the event of occurrence of this type of event, the company will apply this rule

- *Principle 9.2 in the scope of including in the annual report information on the salary of the Authorised Adviser received from the issuer in respect of the provision towards the issuer services in each field* - the Issuer has not applied this principle, because, in its view, the salary of the Authorised Advisor is the trade secret and should remain confidential.

- *Principle 11 in the scope of organising public meetings with investors, analysts and media, at least 2 times a year the issuer, in cooperation with the Authorised Adviser* - the Company has taken actions towards the organisation of public meetings with investors, analysts and media, by signing contracts with investor services within which, among others, a chat with investors will be conducted, the Company provides for the possibility to organise a teleconference.

- *Principle 12 in the scope of including a precise indication of the issue price or the mechanism of its determination or commitment of the body authorised thereto, to determine it before determining the pre-emptive rights, in sufficient time allowing for taking investment decision in the resolution of the General Meeting on the rights issue* - such events have not taken place so far, in the event of occurrence of this type of event, the company will apply this rule.

- *Principle 13 The resolutions of the General Meeting should provide keeping necessary interval between decisions that produce specific corporate events and dates at which the shareholders' rights arising from those corporate events are determined* - such events have not taken place so far, in the event of occurrence of this type of events, the Company will apply this rule.

- *Principle 16: in the scope of publishing monthly reports within 14 days from the end of the month* - the Issuer applied this principle in respect of information on income obtained on a monthly basis, considering it sufficient for the assessment of the development of the Issuer's business activity in relation to the nature of its business.

In the scope of "Best Practice of Companies listed on the WSE 2016", applicable as of the date of publication of the report the Issuer does not apply the following:

- *Recommendation II.R.2. Persons taking decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience* - the choice of personnel in the Company is not dependent on criteria such as gender and age. The main selection criteria to perform functions in the body are skills, professionalism and competence of a candidate to perform the function. Despite the lack of policy, the current composition of the Supervisory Board of the Company ensures the diversity both in terms of experience, education, and age, and the composition of the Management Board of the Company in terms of experience, education and gender.
- *Recommendation III.R.1. The company's structure should include separate units responsible for the performance of tasks in individual systems or functions, unless the separation of such units is not justified by the size or type of the company's activity* - due to the size and nature of the activities and the organisational structure, the Company will not separate special bodies responsible for implementing the tasks in individual systems and functions, i.e. units for internal control, risk management, compliance and internal audit function.
- *Principle III.Z.1. The company's management board is responsible for the implementation and maintenance of efficient internal control, risk management and compliance systems and internal audit function* - this principle will be applied only to the extent of the internal control system and risk management applicable within the Company. Due to the size and nature of the activities and the organisational structure formalised systems relating to compliance and internal audit have not been implemented. Compliance tasks as examination of acting in compliance with laws and internal audit are carried out by the bodies of the company within the scope of their statutory competence, and employees of the Company directly subject to the Management Board, responsible for the functioning of specified departments.
- *Principle III.Z.2. Subject to principle III.Z.3, persons responsible for risk management, internal audit and compliance should report directly to the president or other member of the management board and should be allowed to report directly to the supervisory board or the audit committee* - due to the size and nature of the activities and the organisational structure persons responsible for risk management, internal audit and compliance are not employed in the Company. Internal control tasks, compliance as examination of acting in compliance with laws and internal audit are carried out by the bodies of the company within the scope of their statutory competence, and employees of the Company directly subject to the Management Board, responsible for the functioning of specified departments.
- *Principle III.Z.3. The independence rules defined in generally accepted international standards of the professional internal audit practice apply to the person heading the internal audit function and other persons responsible for such tasks* - due to the size and nature of the activities and the organisational structure a person heading the internal audit function is not employed in the Company.
- *Principle III.Z.4. The person responsible for internal audit (if the function is separated in the company) and the management board should report to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle III.Z.1 and table a relevant report - this rule will be applied only to the*

extent of the internal control system and risk management applicable in the Company. Due to the size and nature of the activities and the organisational structure formalised systems relating to compliance and internal audit have not been implemented. The Management Board of the Company assesses the risk relating to the functioning of the Company on an ongoing basis and manages this risk. Internal control tasks, compliance as examination of acting in compliance with laws and internal audit are carried out by the bodies of the company within the scope of their statutory competence, and employees of the Company directly subject to the Management Board, responsible for the functioning of specified departments. For these reasons, only the Management Board of the Company as the body responsible for the effectiveness of these systems can evaluate their functioning, to the extent that such systems are applicable in the Company.

- *Recommendation IV.R.2. If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a General Meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a General Meeting using such means, in particular through:*

- *real-time broadcast of the General Meeting,*
- *real-time two-way communication enabling shareholders to address the General Meeting from a remote location,*
- *exercise of the right to vote during a General Meeting either in person or through a plenipotentiary.*

The Issuer, bearing in mind the need for multiple steps of organisational and technical nature, the need to ensure the safety of the systems used and the costs and risks associated therewith and small market experience in this regard, at the moment decides not to: broadcast the General Meeting in real time, two-way communication in real time enabling shareholders to address the General Meeting from a remote location, and also exercise the right to vote during a General Meeting either in person or through a plenipotentiary.

- *Principle IV.Z.2. If justified by the structure of shareholders, the company should ensure publicly available real-time broadcasts of General Meetings - shareholding structure of the Issuer and the existing little interest of the shareholders in participation in the General Meetings of the Issuer does not justify the application of this principle to the Company.* The Issuer, bearing in mind the need for multiple steps of organisational and technical nature, the risks associated therewith and little market experience in this regard, and also having regard to the shareholders' structure, at the moment decides not to enable participation in the General Meeting from a remote location, using means of electronic communication, i.e. through real-time broadcast of the General Meeting.

In the scope of "Best Practice of Companies listed on the WSE 2016", the Issuer made the following modifications in 2017:

previously:

- *Recommendation II.R.2.* Persons taking decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience - the choice of personnel in the Company is not dependent on criteria such as gender and age. The main selection criteria to perform functions in the body are skills, professionalism and competence of a candidate to perform the function. Despite the lack of policy, the current composition of the Supervisory Board of the Company ensures the diversity both in terms of experience, education, and age, and the composition of the Management Board of the Company in terms of experience, education and gender.
- *Principle II.Z.8. The chair of the audit committee should meet the independence criteria referred to in principle II.Z.4.* - The Chair of the Audit Committee is Mr. Bogusław Satława who is not an independent member. The Audit Committee is not composed in accordance with the provisions of good practice of companies listed on the regulated market. In connection with the admission of the Company's shares to trading on the regulated market, during the forthcoming meeting of the Audit Committee appropriate change to the position of the Chair of the Audit Committee will be made in order to adapt the company to the application of this principle.

presently:

- *Recommendation II.R.2. Persons taking decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience* - the choice of personnel in the Company is not dependent on criteria such as gender and age. The main selection criteria to perform functions in the body are skills, professionalism and competence of a candidate to perform the function. The current composition of the Supervisory Board and the Management Board of the Company ensure the diversity both in terms of experience, education, and age.

- *Principle II.Z.8. The chair of the audit committee meets the independence criteria indicated in principle II.Z.4.* – The principle has been implemented and has been adhered to.

On 18th May 2017 the Issuer published report 2/2017 on incidental infringement to principle I.Z.1.20 through not including the audio file from the Extraordinary General Meeting of Shareholders of 18th May 2017.

Information on applying by the company recommendations and principles included in the Code of Best Practices for WSE Listed Companies in 2016 has been placed on the Issuer's website: dobre_praktyki_unimot.pdf

4.30.3 Description of the main features of the Group enterprise's internal control and risk management systems in relation to the financial reporting process and consolidated financial statements

Due to the size and nature of the activities and the organisational structure, there are no special control units separated in relation to the financial reporting process in the Group. The financial statements are prepared on the basis of data received from persons responsible for individual sections of the Group and on the basis of accepted and verified accounting evidence. Accounting operations are subject to operational and acceptance procedures.

Access to information systems containing financial data is limited by granting of special rights to authorised employees only within the scope of the tasks entrusted to them.

The Chief Accountant is responsible for correct bookkeeping, in accordance with applicable law and the Accounting Policy adopted in the Issuer. who is also responsible for keeping the accounts of subsidiaries: Unimot System Sp. z o.o., Blue Cold Sp. z o.o., Blue Lng Sp. z o.o., PPG Warszawa Sp. z o.o., Unimot Energia i Gaz Sp. z o.o., Energogas Sp. z o.o. S.K.A. Accounts of Tradea Sp. z o.o. and tankuj24.pl Sp. z o.o. are kept by external accountancy offices. Supervision of the proper bookkeeping is performed by the member of the Management Board acting as the Chief Financial Officer. The CFO also supervises the preparation of the financial statements, the completeness of the data and the scope of their presentation.

The control function in the Group is served by an Audit Committee, which includes a person meeting the criteria of independence and having qualifications in the field of accounting or auditing required under the Act of 11th May 2017 on statutory auditors, audit firms and public supervision (Dz.U. z 2017 r. poz. 1089). The first audit committee in the Group was appointed under the resolution of the Supervisory Board of 18 January 2013. The tasks and procedures of the audit committee in Unimot S.A. are determined by the Rules of Audit Committee adopted by the resolution of the Supervisory Board No 5/12/2017 of 11th December 2017. The Group has accepted policies in the scope of selecting the auditing office and in the scope of additional services rendered by the auditing office. The present composition of the Audit Committee: Piotr Cieślak – president, Piotr Prusakiewicz – member, Ryszard Budzik – member.

The Group's semi-annual financial statements are subject to a review, and the annual financial statements are subject to audit by the independent statutory auditor.

Members of the Audit Committee have direct contact with the Director of the Auditor's Office. The auditor is obliged, in the course of his or her procedure, to report or, if necessary, consult with the Audit Committee. Notwithstanding this, before completing the audit of financial statements the Auditor draws up and submits a written report to the Audit Committee.

4.30.4 Indication of shareholders owning, directly or indirectly, qualifying holdings, together with an indication of the number of shares owned by those entities, their percentage in the share capital, the number of votes resulting therefrom and their percentage in the total number of votes at the General Meeting as of 31/12/2016 and as of the date of the statement preparation.

Issuer Shareholder's Structure as of 31.12.2017

Shareholder	Votes number	Share in capital %	Votes number	Share in votes %
Unimot Express Sp. z o.o.	3 454 120	42,13%	3 804 120	42,75%
Zemadon Limited	1 572 411	19,18%	1 922 411	21,61%
Others	3 171 287	38,68%	3 171 287	35,64%
Total	**8 197 818**	**100,00%**	**8 897 818**	**100,00%**

Shareholders **directly** having qualifying holdings as of 31.12.2017 and the day of preparing the present statement:

- Unimot Express sp. z o.o. having 3,454,120 shares of the Issuer, representing 42,13% of the share capital entitling to 3 804 120 votes at the General Meeting, i.e. 42,75% of votes at the general meeting.
- Zemadon Ltd having 1,572,411 shares of the Issuer, representing 19,18% of the share capital entitling to 1 922 411 votes at the general meeting, i.e. 21,61% votes at the general meeting.

Shareholders **indirectly** having qualifying holdings as of 31/12/2016 and as of the day of preparing the present statement:

- Adam Antoni Sikorski controlling "Family First Foundation" based in Vaduz, Liechtenstein, holding 100% of shares in Zemadon Ltd based in Nicosia, Cyprus, and therefore:
  a) he indirectly controls 1,572,411 shares of the Issuer, representing 19,18% of the share capital entitling to 1 922 411 votes at the general meeting, i.e. 21,61% votes at the general meeting, which belong to Zemadon.
  b) indirectly with his spouse Magdalena Sikorska on the basis of an oral agreement on conducting a common policy towards Unimot Express sp. z o.o. and Unimot S.A. through Zemadon Ltd. and Unimot Express sp. z o.o. controls 3,454,120 shares of the Issuer, representing 42,13% of the Share capital entitling to 3,804,120 votes at the General Meeting, i.e. 42,75% votes at the general meeting.
  c) "Family First Foundation" based in Vaduz, Liechtenstein holding 100.00% of votes in Zemadon Ltd based in Nicosia, Cyprus through which it indirectly controls 1,572,411 shares of the Issuer, representing 19,18% of the share capital entitling to 1 922 411 of votes at the general meeting, i.e. 21,61% of votes at the General Meeting, owned by Zemadon Ltd. and in connection with the agreement between the spouses Adam Antoni Sikorski and Magdalena Sikorska concerning the conduct of a common policy towards Unimot Express sp. z o.o, and Unimot S.A. indirectly through Unimot Express sp. z o.o. held 42,13% of share in the Issuer's share capital, i.e. 42,75% votes at the general meeting of the Issuer.

4.30.5 Indication of the holders of any securities with special control rights and a description of those rights

Unimot Express Sp. z o.o. holds 100,000 series A shares and 250,000 series B shares of the Issuer privileged in relation to voting in such a way that there are two votes at the General Meeting of Shareholders for one share.

Zemadon Ltd holds 350,000 series A shares of the Issuer privileged in relation to voting in such a way that there are two votes at the General Meeting of Shareholders for one share.

As of the balance sheet day 31.12.2017 Unimot Express Sp. z o.o. holds in total 3.454.120 shares of the Issuer, representing 42,13 % in the share capital and entitling to do 3.804.120 votes, i.e. 42,75% votes at the general meeting.

As of the balance sheet day 31.12.2017 Zemadon Ltd held in total 1.572.411 shares of the Issuer, representing 19,18 % in the share capital and entitling to 1.922.411votes, i.e. 21,61% votes at the general meeting.

4.30.6 Indication of any restrictions on exercising the right to vote, such as restrictions of the exercising the right to vote of holders of a given percentage or number of votes, deadlines for exercising voting rights, or provisions, according to which, with the company's cooperation, the capital rights relating to securities are separated from the holding of securities

The Issuer's shares do not hold any restrictions on the exercise of voting rights at the General Meeting of Shareholders. The restrictions may arise from generally applicable laws, among others the Act on Offering in the event of a breach of the provisions on the calls and the Commercial Code Art. 6.

4.30.7 Indication of any restrictions on the transfer of ownership rights of the Issuer's securities

There are no restrictions on the transfer of the ownership rights of bearer shares.

The transferability of registered privileged as to the vote Series A shares and Series B Shares is limited on the basis of § 10 of the Statute of the Company. Other shareholders of the registered shares, proportionally to the quantity of owned registered shares are entitled to the priority right to acquire registered shares in the Company.

The transferability of the Series C Shares, Series D Shares, Series E Shares, Series F Shares, Series G Shares, Series H Shares and Series I Shares is not restricted under the Statute of the Issuer.

The following shares of the Issuer are subject to lock-up based prohibition of sale laid down on the basis of lock-up agreements concluded on 13 February 2017 by the Issuer with the major shareholders of the Company, i.e. Zemadon LTD, based in Nicosia, Cyprus and Unimot Express Sp. z o.o. based in Warsaw: 100,000 Series A Shares, 600,000 Series B Shares, 2,076,120 Series C Shares, 22,411 Series E Shares, 400,000 Series F Shares, 400,000 Series G Shares, 400,000 Series H Shares and 1,028,000 Series I Shares.

By virtue of the concluded contracts the above-mentioned shareholders undertake that within the next 12 calendar months from the date of the first quotation of the Company's shares on the regulated market run by the WSE, they will neither sell, transfer, burden or dispose of any of their shares, nor will they enter into any agreements with respect to the sale, transfer, burden or disposal of the shares held in the future without prior written consent of the Company. The obligation does not apply to sales in response to a call for subscriptions for the Issuer's shares. The Company may agree to the sale of shares provided that an identical agreement is signed with the buyer of these shares.

The following shares of the Issuer are subject to „lock- up" resolution established pursuant to the agreement on disposing the shares, concluded on 12th June 2017 by the Issuer with the Company's shareholder, i.e. Marcin Kapkowski: 124.516 of K series shares.

By virtue of the concluded contracts the above-mentioned shareholders undertake that within the next 12 calendar months from the date of signing the agreement without a prior written consent of the Company, he will neither sell, transfer, burden or dispose of any of his shares, nor will he enter into any agreements with respect to the sale, transfer, burden or disposal of the shares held in the future.

Transferability of the remining shares of C, D, E and K series is not limited in the basis of legal activities made by their owners.

4.30.8 Description of the principles on the appointment and dismissal of managers and on their powers, in particular the right to take the decision to issue or buy back shares

The managers constituting the Management Board act under the Act on Commercial Code, the Company's Statute and Rules of the Management Board. Their work is directed by the principles adopted by the Company in the code "Good Practice of Companies Listed on the WSE 2016 ". The Management Board of the Company comprises of one up to five people who are appointed and recalled by the Supervisory Board. The number of the Management Board members is set by the Supervisory Board. It is possible to change the number of members of the Management Board during the course of the common term of office of the Management Board. The members of the Management Board are appointed for a period of the common term of office of five years. It is acceptable to appoint the same people for the next term of office of the Management Board. The shareholders, and also persons outside the Company may be appointed to the Management Board.

General principles of operation of the Company's Management Board defines the Company's Statute § 16a.

The competence of the Management Board includes all cases non-reserved by law or by the Statute to other bodies of the Company. Acquisition and disposal of real estate, right of perpetual usufruct or participation in the real estate is the competence of the Management Board and does not require a resolution of the General Meeting.

Each Member of the Management Board individually to the amount of PLN 500,000.00, two Members of the Management Board together or one Member of the Board together with a Proxy over 500,000.00 are entitled to make representations in respect of property rights and obligations of the Company, including signing contracts and entering into commitments. Each member of the Management Board individually is entitled to make representations in respect of non-property rights and obligations of the Company.

In principle, the Management Board decides in the form of resolutions on the meetings convened by the President of the Management Board on his or her own initiative or upon a motion of the Member of the Management Board or upon a motion of the Supervisory Board. If the Management Board has more than one member, the resolutions of the Management Board may also be adopted outside the meeting of the Management Board in writing or by means of direct remote communication, provided that all members of the Management Board have been notified of the content of the draft resolution. Voting in the mode described in the previous sentence can be called for by the President of the Management Board or by any other Board Member. Should there be an equal number of votes for and against the vote of the President of the Management Board is decisive if the Management Board has more than one member.

The Management Board Member informs the Management Board of any conflict of interest in connection with its function or the possibility of conflict, and refrains from taking the floor in the discussion and participation in voting on the resolution in relation to which the conflict of interest has arisen.

The General Meeting has the right to take the decision to issue or buy back shares.

4.30.9 Description of rules for amending the Statute or the Articles of Association of the Issuer's company

Amendment of the Statute is made under the Commercial Code.

4.30.10 The mode of action of the General Meeting and its essential powers and description of shareholders' rights and manner for exercising them, in particular the principles resulting from the Rules of the General Meeting, if such rules have been adopted, as far as the information in this respect do not result directly from legal provisions

The superordinate legal act governing the action of the General Meeting is the Commercial Code. The detailed actions of the General Meeting are determined by the Company's Statute and the Rules of the General Meeting of Shareholders of UNIMOT S.A.

The General Meeting may be ordinary or extraordinary. The Ordinary General Meeting is convened by the Management Board not later than 30 June each year. The Extraordinary General Meeting is convened by the Management Board on its own initiative or at the written request of the Supervisory Board or at the request of the shareholders, representing at least 1/20 of the Share capital. Resolutions of the General Meeting are adopted by an absolute majority of votes, unless the Commercial Code or the provisions of this Statute provide for stricter conditions for adopting the resolutions. The General Meetings take place at the Company's registered office, in Czestochowa or in Warsaw.

The Resolutions of the General Meeting require:

- consideration and approval of a report of the Management Board of the Company's activities and of a financial statement for the previous financial year and granting discharge to the members of the Company's bodies in respect of fulfilment of their duties,
- adoption of a resolution on the distribution of profits or the financing of losses,
- determination of the dividend date,
- decisions concerning claims for redress of damage caused upon formation of the Company or in the course of management or supervision,
- sale or lease the Company business or organized part thereof as well as establishment of limited proprietary rights thereon;
- issue of convertible bonds or with pre-emptive rights and issue of subscription warrants referred to in Art.453 § 2 of the Commercial Code,
- acquisition of own shares in the case specified in Art. 362 § 1 point 2 of Commercial Code and authorisation to acquire them in the case specified in Art. 362 § 1 point 8 of the Commercial Code,
- conclusion of the agreement referred to in Art. 7 of the Commercial Code,
- determination of number of and remuneration of the members of the Supervisory Board.

In accordance with the provisions of the Commercial Code (Art. 402^1 – 402^3) convening of the General Meeting is effected by an announcement made on the Issuer's website and in the manner prescribed for the transmission of current information (in the form of the current report). The announcement is made at least twenty-six days before the date of the General Meeting.

The agenda of the General Meeting is set by the Management Board and it is contained in the announcement convening the General Meeting. The Supervisory Board or other entity entitled to convene the General Meeting on the basis of separate laws determines the agenda only in case the meeting is not convened, or the agenda of the General Assembly not determined by the Management Board. The Supervisory Board as well as a shareholder or shareholders representing at least one-twentieth of the Share capital may request the inclusion of certain matters in the agenda of the forthcoming General Meeting. In matters not covered by the agenda a resolution cannot be adopted, unless all the share capital is represented at the General Meeting, and none of the participants raises objections concerning the resolution. A resolution on convening an Extraordinary General Meeting and resolutions of administrative nature can be adopted, even though they were not placed on the agenda.

In accordance with the wording of Art. 406^1 - 406^3 of the Commercial Code the right of attending the General Meeting of a public company is held only by persons who are shareholders of the Company, sixteen days before the date of the General Meeting (date of registration of attending the General Meeting). However, the persons authorized on prescribed shares and temporary certificates as well as pledgees and users entitled to the right to vote, have the right to attend the General Meeting if they are registered in the share register on the day of registration of attending the General Meeting. At the request of a person entitled by dematerialized shares submitted no earlier than after the announcement of the Meeting convention and no later than on the first business day following the day of registration the attendance, the entity running the securities account issues a named certificate entitling to attend the General Meeting.

Under Art. 412 – 412^2 of the Commercial Code, each shareholder may attend the General Meeting and exercise the right to vote in person or by proxy. The proxy exercises all the powers of the shareholder at the general meeting, unless the content of the power of attorney states otherwise. The power of attorney to attend the General Meeting and exercise the voting right requires a written or an electronic form.

4.30.11 Information on the personal composition and changes that it underwent over the last fiscal year concerning the management bodies, supervisory and administrative bodies and their committees

Composition of the Management Board of the Parent Entity as of 31.12.2017:
Robert Brzozowski – President of the Management Board
Marcin Zawisza – Vie-President of the Management Board

Michał Parkitny – Member of the Management Board

In 2017 the following changes occurred in the Management Board of the Parent Entity:

- On 20th June2017 Mrs Małgorzata Garncarek submitted her resignation from the position of the Management Board Member. On 20th June 2017 the Supervisory Board appointed Mr Michał Parkitny as a Member of the Management Board.
- On 11th December 2017 the Supervisory Board appointed Mr Maciej Szozda since 1st January 2018 as the President of the Management Board. Simultaneously, the Supervisory Board entrusted the former President of the Management Board – Mr Robert Brzozowski the position of the Vice-President of the Management Board since 1st January 2018.

Composition of the Management Board of the Parent Entity as of the day of preparing the present statement:
Maciej Szozda – President of the Management Board
Robert Brzozowski – Vice-President of the Management Board
Marcin Zawisza – Vice- President of the Management Board
Michał Parkitny – Member of the Management Board

Composition of the Supervisory Board as of 31.12.2017:
Adam Antoni Sikorski – President of the Supervisory Board
Bogusław Satława - Member of the Supervisory Board
Piotr Prusakiewicz – Member of the Supervisory Board
Piotr Cieślak – Member of the Supervisory Board
Isaac Querub – Member of the Supervisory Board
Ryszard Budzik - Member of the Supervisory Board

In 2017 the following changes occurred in the composition of the Supervisory Board of the Parent Entity:

- On 20th June 2017 the Ordinary General Meeting of Shareholders adopted a resolution on appointing Mr Adil A. Al.-Tubayyeb into the composition of the Supervisory Board
- On 14th November 2017 Mr Adil A. Al.-Tubayyeb submitted his resignation from the position of the Member of the Supervisory Board of the Company.

According to the Act of 7 May 2009 on Statutory Auditors and Their Self-Government, Entities Authorised to Audit Financial Statements and Public Supervision (i.e. as of 20 June 2016, Dz.U. of 2016, item 1000) an Audit Committee, of which members are appointed by the Supervisory Board or the Review Panel from among its members, of which at least one must meet the conditions of independence and be qualified in the field of accounting or auditing, operates in units of public interest.

According to § 18 paragraph 8 of the Company's Statute, the Supervisory Board of the Company appoints the Audit Committee responsible for the supervision of the financial affairs of the Company. The Audit Committee should be composed of at least three members, including the Chairman, appointed by the Supervisory Board, including at least two independent members of the Supervisory Board of which a least one is qualified in the field of accounting or auditing. The Chairman of the Audit Committee is appointed by the Supervisory Board from among the independent members of the Supervisory Board. Detailed rules and mode of operation of the Audit Committee are determined by the Rules of the Audit Committee annexed to the Rules of the Supervisory Board.

The first audit committee in the Company was appointed under the resolution of the Supervisory Board of 18 January 2013. The tasks and procedures of the audit committee in the Company are determined by the Rules of Audit Committee adopted by the resolution of the Supervisory Board No. 02/1 of 18 January 2013.

On 23 February 2016 in connection with the appointment of the member being qualified in accounting or auditing into the composition of the Audit Committee, new composition of the audit committee was established: Mr. Bogusław Satława as the Chairman of the Audit Committee, Mr. Piotr Prusakiewicz, Mr. Piotr Cieślak and Mr. Ryszard Budzik.

Four people included in the Supervisory Board, i.e. Mr. Piotr Cieślak, Mr. Piotr Prusakiewicz, Mr. Isaac Querub and Mr. Ryszard Budzik, meet the criterion of independence of a Member of the Supervisory Board specified in Good Practice of Companies listed on the WSE.

The member of the Supervisory Board meeting the criteria of independence and having qualifications in the field of accounting or auditing required under the Act of 7 May 2009 on Statutory Auditors and Their Self-Government, Entities Authorised to Audit Financial Statements and Public Supervision (i.e. as of 20 June 2016, Dz.U. of 2016, item 1000), is Mr Ryszard Budzik.

There has been no remuneration committee appointed in the Parent Entity.

4.30.12 Description of the diversity policy applied to the administrative, management and supervisory bodies of the issuer with regard to aspects such as age, sex or education and professional experience, the purpose of this diversity policy, its implementation method and effects during the reporting period

As of the date of publication of this report the Issuer does not meet Recommendation II.R.2. Good Practice of Companies Listed on the WSE 2016 worded as follows: *"Persons taking decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience".* The choice of personnel in the Company is not dependent on criteria such as gender and age. The main selection criteria to perform functions in the body are skills, professionalism and competence of a candidate to perform the function. Despite the lack of policy in this regard, the current composition of the Supervisory Board of the Company ensures the diversity both in terms of experience, education, and age, and the composition of the Management Board of the Company in terms of experience, education and gender.

REPRESENTATION OF THE

MANAGEMENT BOARD OF UNIMOT S.A.

REPRESENTATION

We hereby represent, that, according to the best of our knowledge the annual separate financial statement for the fiscal year 2017 and the comparable data for the year 2016 have been drawn up in accordance with the provisions in force in relation to the Issuer, and that they reflect in a true, honest and clear manner the property and financial situation of the Issuer and its financial result, as well as that the Statement on the activities of the Issuer includes the real picture of the Issuer's standing, including a description of the main threats and risks.

Zawadzkie, 21st March 2018

………………………………………	………………………………………	………………………………………	………………………………………
Maciej Szozda	**Robert Brzozowski**	**Marcin Zawisza**	**Michał Parkitny**
President of the Management Board of Unimot S.A.	Vice-President of the Management Board of Unimot S.A.	Vice-President of the Management Board of Unimot S.A.	Member of the Management Board of Unimot S.A.

REPRESENTATION

We hereby represent, that, the entity authorised to audit the annual separate financial statement, i.e. Deloitte Polska Sp. z o.o. Sp. K. with its registered office in Warsaw, was selected in accordance with the law, and that this entity and the statutory auditors who audited the statement for 2017, complied with the conditions to give unbiased and independent opinions about the audit, in accordance with the relevant provisions of national law.

Zawadzkie, 21st March 2018

………………………………………	………………………………………	………………………………………	………………………………………
Maciej Szozda	**Robert Brzozowski**	**Marcin Zawisza**	**Michał Parkitny**
President of the Management Board of Unimot S.A.	Vice-President of the Management Board of Unimot S.A.	Vice-President of the Management Board of Unimot S.A.	Member of the Management Board of Unimot S.A.